



A new value proposition for health, connection and learning



HED-Net development



Promotion of the Family Suite Model



Main ESG Themes

Contributing to Health, Longevity and Wealth



Basic concept

Since its founding, the Sekisui House Group has focused on supplying houses of high quality that are safe, secure, and comfortable. In response to changing times, we have worked to develop construction methods that make homes highly resistant to natural disasters, with a focus on comfort and environmental considerations. Over the coming 30 years, as the era of the 100-year lifespan comes to the fore, in the quest to build “homes for happiness” we aim to apply the emerging fusion of tangible and intangible products and services to social issues. We plan to utilize technical resources developed in Japan, a country with an aging society and a long-lived population. Our aim is to bring these new services to the global marketplace to address social issues and contribute to fuller living.

Action policies ①

First initiative to build in-home early illness detection network for “houses that support good health”

Supporting Health and Longevity through the Platform House Concept



Development of HED-Net (In-Home Early Detection Network)

Activity report

What is The Platform House Concept?

Our global vision at Sekisui House is to make the home the happiest place in the world. The Platform House Concept was developed and announced in 2019 based on this vision. The concept encompasses systems that will support the health and happiness of residents of the houses we build as we enter the era of 100-year life.

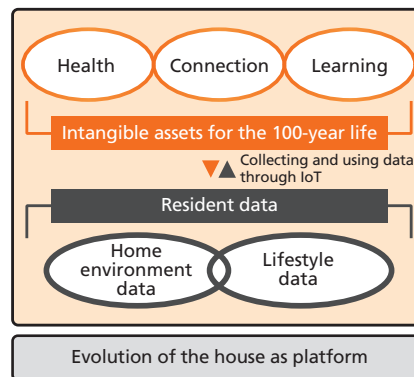
The Platform House will have a range of services installed that promote health, connection, and learning—a new concept that utilizes data from residents to enable active living to and beyond the age of 100.

Good health, social connection, and opportunities to learn become intangible assets for residents. Sekisui House aims to develop services that offer and promote these intangibles through business models.

The Platform House Concept proposes the home as not only a place for settling down but as a launchpad for new departures. Vitalized by good health, a sense of connectedness, and the stimulation of learning, residents become motivated to engage in new endeavors to reach their full potential. This launchpad concept is embodied in our use of “platform.”

Our first initiative is centered on health—the foundation for “houses that support good health.” This initiative involves offering services that provide medical emergency response, health monitoring over time, and preventative care.

The Platform House Concept



President Nakai presents the Platform House Concept at CES 2020

HED-Net addresses issues in a healthy, long-lived society

The first initiative in the Platform House Concept is the world's first in-home early detection network, HED-Net. It is estimated that approximately 70,000 people in Japan die each year in their homes from an incident that involves either a stroke, heart failure, drowning, or a fall or collapse—a far greater number of deaths than are due to traffic accidents (about 3,500/year). Strokes occur in approximately 290,000 people annually in Japan; 79% of the time they happen at home, and about 150,000 people die at home without help. When people suffer from a heart attack, 66% of the time it occurs at home, while over 5,000 people annually drown at home, often in the bathtub. Falling or collapsing in the home accounts for approximately 3,000 deaths annually.

Traffic accident deaths have declined with the advent of airbags, anti-lock braking systems, and other automobile safety features. However, little has yet to be done anywhere in the world to combat accidents in the home or to provide early detection of a medical emergency. In the case of a stroke, a person needs to get treatment at a hospital within four and a half hours from the onset of the stroke to prevent death or long-term damage. It is clear that how quickly a person is found holds the key to their treatment and recovery. We began research and development on the HED-Net system to address this specific issue.

Medical condition detection through non-contact sensors eliminates residents' stress

The sensing technologies installed in the home, integrated with the HED-Net system, detect and analyze a resident's vital data such as heart rate and respiration rate. The key feature of this system is the use of non-contact sensors, which cause no stress to the resident. If a possible medical emergency is detected, a medical alert is sent immediately to the emergency call center. The operator then calls to confirm whether there is an emergency or not, and if so, dispatches an ambulance. When the paramedics arrive, the resident's door can be unlocked remotely and locked again afterward.

This is the first system in the world set up to cover every step from vital sign detection to paramedic rescue. It can reduce the social cost (medical/nursing care costs, etc.) from accidents in the home by as much as 1.9 trillion yen.

As countries around the world, including Japan and other developed nations, face significant challenges ahead in terms of "closet caregivers" for an aging population, there will be a growing need to find ways to cope with the issue. In Japan, strokes account for 18.5% of cases where people start requiring nursing care*. Sekisui House believes that the Platform House Concept can help reduce the number of people who need care, as well as the number of workers who leave their positions to care for an elderly family member.

*Ministry of Health, Labour and Welfare, FY2013 Comprehensive Survey of Living Conditions

Pilot project to begin in 2020

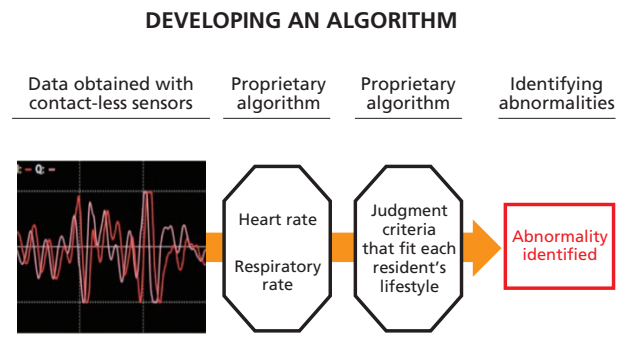
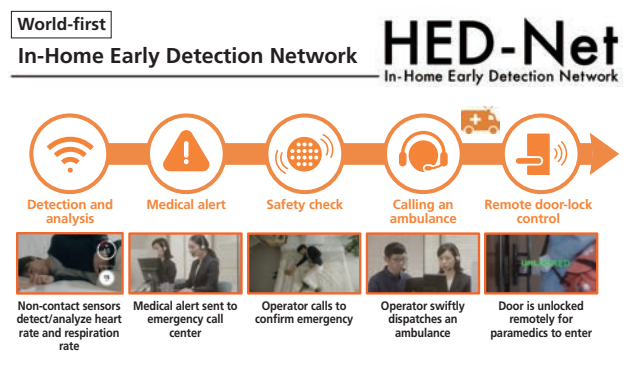
To research and develop HED-Net, Sekisui House is partnering with academic institutions and other corporations with field-specific expertise to build a broad alliance. Patents have already been obtained for systems to be used in Japan, and international patents are pending.

Following proof-of-concept tests at the Platform House Lab and verification tests at our testing facility, the system will be rolled out in a resident-participation pilot project in 2020, soliciting 30 to 50 households to join. This pilot project will bring the technologies closer to people in real-life situations with the aim of full-scale social implementation in the future.

Furthering the concept by monitoring changes over time and in-home prevention

Starting with HED-Net's early detection of a medical emergency, further development will involve monitoring changes over time and in-home prevention.

It will be possible, for example, to detect apnea syndrome from data acquired on breathing while asleep. Or, sensors installed in the bathroom sink mirror will be able to detect high blood pressure or other symptoms monitored over time, thereby allowing the early discovery of illness through risk detection. It then becomes possible to develop services that prevent the risk of illness—including exercise, good sleep, and diet services. Beyond health, services can be installed in the areas of social connection and learning, thereby promoting happiness in the home for the era of 100-year life.



Highlights

Homes for happy living in the era of the 100-year life

Exhibiting at CES 2020

The Platform House Concept, First Initiative: The world's first in-home early illness detection network—HED-Net presented at CES

The world's largest consumer electronics show, CES, was held from January 7 to 10, 2020 in Las Vegas, USA. Sekisui House presented HED-Net, the world's first in-home early illness detection network, at the show.



At the CES 2020 site



HED-Net protects people and prevents delays in treatment

If you were at home alone and suffered a stroke or other acute medical condition, who would find you?

If you ever have a stroke, heart attack or accident in your home, the most important thing is to be found quickly.

At CES 2019, Sekisui House announced the Platform House Concept as a new project to provide services for promoting health, connection, and learning in the home in order to bring people happiness in an age when they are living to the age of 100. HED-Net is the first extension to the plan, announced a year later.



Sekisui House exhibition booth



Actual system demonstration

Working to resolve near-future issues that the world will face

At the press event held on January 7, 2020, President Nakai explained how the realization of the Platform House Concept could lower social costs, including medical and nursing care costs, and that such a development could be very useful in solving social problems of the near future for a super-aged society like the one in Japan as a model for the world.

Mr. Ishii, the Senior Manager of the Platform House Promotion Department, shared his thoughts on developing services for residents who "are concerned primarily with living as they always have, which is why we insist on contactless sensors that can pick up readings and analyze data in a stress-free way without infringing on residents' privacy."

"This is a long-term, 30-year plan. Over the next three decades we will be working to refine the concept and implementation of homes for happy living in the era of the 100-year life," said the president. The idea of a plan to bring about happiness through the home environment drew great interest at the show.

Approximately 6,600 people visited the Sekisui House booth over the four days of the show, sharing such opinions as: "I think the homeowner can be happy and feel safe and protected, which is great!" and "This may be just a future scenario, but it would be great if it could be possible right now!"

Sekisui House will continue to conduct pilot tests and pursue research and innovation using advanced technologies in the effort to bring the Platform House Concept into widespread use.



President Nakai presenting HED-Net



An attentive audience hearing about the world-first system

The fusion of structural technology development and happiness research



Diffusion and promotion of the Family Suite model

Activity report

Happiness research leads to development of the Family Suite model

The Family Suite model, brought to market in October 2018, is the product of Sekisui House's research into technologies and services for happiness, developed and deployed in structural areas to support happy living. The Family Suite model proposes a new kind of living space that departs from the conventional "LDK" (living-dining-kitchen) concept to enable families to spend a rewarding time together in whatever way they choose.

According to Sekisui House's research survey on happiness, families with parents and children highly value the time they spend all together in the "family hearth." Even though everyone is spending a long time together in the living room, each person is doing their own thing and relaxing in their own way. When you have one large, undivided living room space, everyone can maintain a comfortable distance from one another while feeling each other's presence. This creates a sense of togetherness that makes a family feel happy. It is the concept behind the Family Suite model, and a key takeaway from the happiness research.

In April 2019, we started offering this Family Suite model to customers irrespective of the type of construction (steel or wood frame) or interior/exterior design variations. The concept is to provide a broad range of choice leading to more relaxed lifestyles for families by creating a spacious living room area that includes an extended area under the eaves. The design promotes happiness in the form of connecting with one another, living in one's own style, and maintaining good health.

Since its launch, the design concept has won accolades among a great many happy homeowners who appreciate that family communication can be maintained as everyone naturally gravitates to the living room because it is so pleasant there.



Large living room: about 50 m² in a total house space of 100–135 m²

Further research on houses where happiness grows the longer you live there

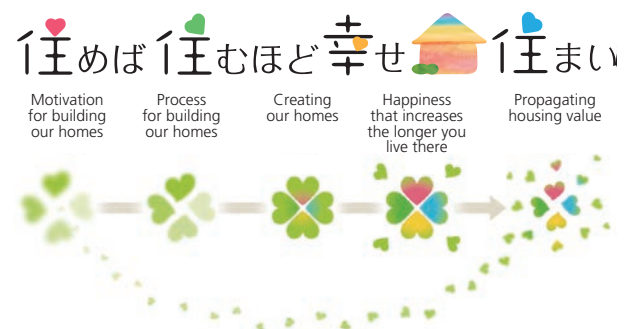
In August 2018, we opened the Human Life R&D Institute to pursue the happiness research that started with research to develop the Family Suite model. Sekisui House thus became the first Japanese company to study happiness. In building homes, it is vital to consider changes in the homeowner's life and lifestyle over time. With a broad view of the human lifespan reaching 100 years, we refocused on the importance of building homes that take an extended timeline into full consideration.

The Human Life R&D Institute has been pursuing research in a wide range of areas related to home living based on the theme of "houses where happiness grows the longer you live there." Attention is being focused on research themes that involve happiness, such as the intangibles of health and familial bonds, in addition to the ongoing research themes of safety, security, and comfort. The goal is to use the research results in designing "happy houses" that promote a sense of well-being and allow its residents to experience greater happiness the longer they live in their home.

In 2019, we adopted the principles learned through the research in new offerings such as Family Suite Renovation work on existing houses and the Regnum Court model houses that propose a new style of comfortable urban living.

Kobayashi-sanchi is a model house in Sekisui House's *Sumai-no-Yume-Kojo* Center in the Kanto region. The model house includes new ideas for the use of space by families with a baby derived from happiness research related to design for kids, such as a bedroom that promotes good sleep for parents and child, and baby-care-friendly water areas in the home.

Concept diagram for "houses where happiness grows the longer you live there"





Maximizing customer value through the value chain



Applying big data



Sharing data with suppliers



Main ESG Themes

Pursuing Customer Satisfaction through Our Value Chain

Basic concept



People these days are seeking new and different types of value in a house while housing companies are similarly looking for new ways to provide optimal value to customers. Being able to see the big picture in a complex business is necessary for maximizing customer value through the value chain. The key to accomplishing this is in the industry-leading “big data” we have been able to gather through diverse channels. The analysis of such data allows us to anticipate both customer needs and shifts in social trends. Making use of the data throughout the group and sharing it with our suppliers leads to high levels of productivity and top-drawer performance, quality, and after-sales services; it also helps to build a market in which a house is a good social asset.

Five action policies

1 Creating safety, security, comfort, and health by integrating tangible (technological development) and intangible elements

Tangible elements refer to the top-quality products and technologies we have developed over half a century that ensure safety, security and comfort. We also pursue research on happiness—an intangible element—aiming to generate new value in such areas as health, connection, and learning.

2 Meticulous supply chain management for material procurement

As interest in ESG investment rises, we are promoting highly sustainable procurement and other practices, and working to create long-term benefits for both our company and its suppliers, as well as strengthening our collaborative relationships.

3 Enhancing production and distribution quality and improving operational efficiency

We combine small lot, multi-variant, and built-to-order types of production while maintaining efficient systems, and we are increasingly automating our production lines and utilizing AI and IoT to supply high-precision structural components. We are also setting up an on-premises logistics visualization system and working to achieve high efficiency and high quality in the shipment loading process.

4 Strengthening our workmanship and maximizing our construction capabilities

In producing high-precision structural components in our factories, we rely on our strengths—our more than 8,000 construction technicians, plus the close coordination we are able to achieve with Sekisui House Group companies and our partner building contractors (the Sekisui House Association). We are also actively engaged in maintaining and ensuring quality workmanship.

5 Providing long-term support for customer lifestyles and maintaining and improving housing property value

We offer asset management and maintenance optimized to individual customers. We provide repairs and equipment renewals, as well as remodeling for improved comfort and convenience. In addition, we are stepping up renovations that involve significant alterations and changes of purpose.



Customer satisfaction level 95.9%

Satisfaction has remained over 95% since FY2010.

Note: Based on answers collated from a questionnaire one year after moving in, counting the top 3 of 7 choices—very satisfied/satisfied/somewhat satisfied

① Before building housing

Due to the characteristics of community-based projects, we endeavor to ensure open communication with the community and to understand changes in lifestyle needs and make home building more open to society.

Research and development

We promote research and development concerning both tangible and intangible elements that reflects valuable customer opinions and new social needs.

Model homes and tours

We collect the opinions of visitors to initiatives such as model homes that take advantage of regional characteristics, construction site tours held in cooperation with owners, and hands-on centers.

② Until the housing is completed

We create freely designed housing that responds to customer needs by making full use of the advantages of industrialized housing to secure structural safety and by utilizing our highly precise responsible construction system.

Supply chains

We emphasize collaboration and cooperation with our high-quality suppliers to secure the vast amount of structural components that we use for our housing.

Production

We carry out built-to-order production using high-quality and highly precise original structural components at our factories.

Construction

We ensure the stability of our highly precise construction through our construction systems, human resource development and collaboration with one of Sekisui House Group's strongest assets, the Sekisui House Association.

③ For lasting safety, security and comfort

We extend the life of our housing by enriching after-sales support, aiming to maintain and increase housing value through remodeling and renovation.

After-sales support

The dedicated staff at our Customer Service Centers who support our customers make up 10% of all our employees.

Long-term warranty

We offer an initial 30-year warranty for structural framework and any parts used to prevent rainwater leakage to ensure that our customers have a lifelong home.

Remodeling and renovations

We are intensifying our efforts to create long-term, high-quality assets and make effective use of resources as well as responding to a wide range of customer needs.

Creating safety, security, comfort, and health by integrating tangible (technological development) and intangible elements

Flexible β System employed for greater design freedom ▶ Expanded choice for urban houses

Activity report

Construction method to resolve urban architectural issues

Since the company's founding, Sekisui House has been creating high-quality housing that offers safety, security, and comfort through the use of advanced technologies developed through R&D initiatives addressing both tangible and intangible elements. In 2017 we developed the Flexible β System using all of our design and technological strengths as a new method for building three- and four-story houses to meet a wide range of urban architectural needs.

The Flexible β System employs heavy-gauge steel for the columns and beams of a structure to greatly increase design freedom and the ability to create spatial solutions. The system can now be used for detached houses, rental housing, dual-use commercial/residential buildings, and houses designed for the elderly, as well as nursery schools, hotels, hospitals, public facilities, and other non-residential buildings.

To accompany technological development, one pursuit in the area of intangibles is our happiness research. We conduct research on topics related to the feeling of being fortunate, including good health and connection to family. Sekisui House has established unique strengths through this integration of tangible technologies and intangible feelings.

One result of such endeavors has been new ideas for a non-housing business area of Sekisui House—building nursery schools. In areas with growing demand and not enough facilities, we built nursery schools, four of which won the Kids Design Award from a METI-affiliated NPO. We have been able to apply our expertise in building houses to childcare facilities, thereby supporting children's healthy upbringing and facilitating the working lives of childcare workers, parents, and guardians. In addition, the open-exterior designs help to integrate the nursery schools into their communities.



Exterior of Nursery Room Berry Bear Fukagawafuyuki in Koto-ku, Tokyo

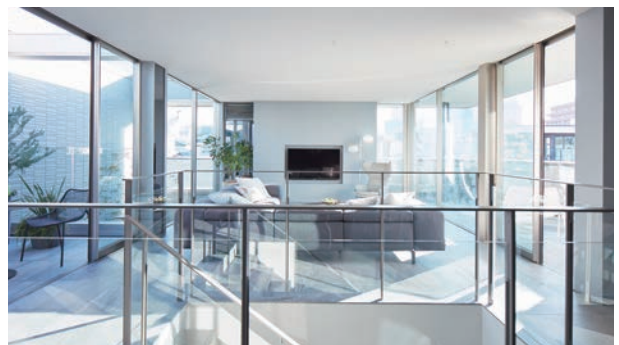


Inside same nursery school (2018 Kids Design Award) Excellence Award (Minister of State for Measures for Declining Birthrate Award)

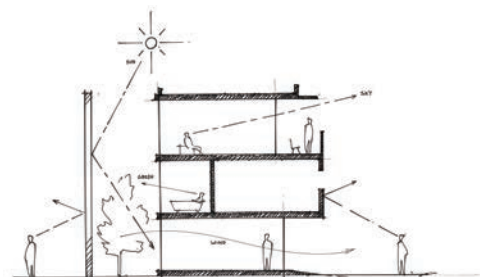
Regnum Court New Ideas for an urban house

The Regnum Court brand was released in October 2019—three- and four-story steel-frame detached houses for urban settings designed using Sekisui House's Flexible β System. This system eliminates the through pillars to provide greater freedom in designing the layout of each floor, the size and position of windows, etc. A variety of wall and window design possibilities can provide a sense of openness while protecting privacy under a range of unique conditions. A bright, large living space can be created with large openings to bring light, breezes, and greenery into the interior space. The residents can feel nature as part of the enjoyment of their lifestyle and pursuit of their interests. These new choices are attractive even to people who might prefer living in a tower condominium. Our original super-insulating resin-aluminum composite sash (SAJ sash) provides higher performance than ordinary resin-aluminum composite window sash, while the entire house itself is highly insulated and compliant with Japan's Net Zero Energy House (ZEH) standards.

Backing the emergence of Regnum Court is Sekisui House's happiness research. The concepts used in Regnum (which means "kingdom" in Latin) grew out of this research as ideas for an affluent population and people who take special care in designing their living environment. The completion of a well-designed house on a land site that offers one-of-a-kind views in which you have family connection and can enjoy getting together with friends—that kind of place we see as a kingdom, which is the basis upon which Regnum Court was developed.



Regnum Court's large living area integrates interior and exterior for a restful, open feeling



Light pours in, while an atrium protected by an outer wall plus terraces connect the large living space to the outdoors

Action policies ②

Meticulous supply chain management for material procurement

New form of CSR evaluation ▶ From CSR procurement ahead to SDG-based procurement

Activity report

From reviewing CSR evaluations to SDG-based (sustainable) procurement

To encourage our suppliers in their socially responsible efforts, we carried out CSR evaluations using a check-sheet method in FY2017 and FY2018. In FY2018 we established CSR Procurement Guidelines and required suppliers to submit a consent form to ensure that they agreed with the intent of the guidelines in an effort to reappraise and establish our sustainable procurement strategy going forward.

Following our signing of the United Nations Global Compact in 2018, Sekisui House joined the Supply Chain Working Group of the Global Compact Network Japan (GCNJ). In FY2019, we switched from using an in-house CSR assessment check sheet to carrying out evaluations based on the standards set forth in the more comprehensive GCNJ Self-Assessment Questionnaire (GCNJ SAQ*). The questionnaire has nine categories of procurement standards with items not covered by the previously used check sheet, including corporate governance and supply chain questions.

In February 2020, we reorganized the former Materials Department into the Procurement Department, and significantly changed the organizational structure involved in production and procurement.

Through such actions, we are making the shift from procurement methods of the past to an active participation in the supply chain (SDG-based procurement) to work toward building a sustainable society.

*SAQ: The Self-Assessment Questionnaire is a self-diagnosis tool that a company uses for analyzing its actions.

GCNJ SAQ themes and topics (from CSR Procurement Guidelines)

	Theme	Topic
1	Corporate governance	Compliance with laws and regulations; Establishment of a CSR promotion system; Establishment of internal controls; Establishment of a business continuity planning (BCP) system; Establishment of a whistle-blower system; Dispatch of CSR-related information inside and outside the company
2	Human rights	Basic attitude; Respect for human rights and prohibition of discrimination; Avoidance of complicity in (or contribution to) human rights abuses; Respect for indigenous peoples and local communities
3	Labor	Basic attitude; Prohibition of discrimination in the workplace; Provision of equal opportunities to employees regarding human resources development; Prohibition of inhumane treatment; Payment of fair wages; Fair application of working hours; Prohibition of forced labor; Prohibition of child labor; Respect for the religious traditions and customs of the country of operation; Recognition of and respect for freedom of association and the right to collective bargaining; Proper management of employee safety and health
4	Environment	Basic attitude; Management of chemical substances; Control and reduction of waste water, sludge and air emissions; Sustainable and efficient utilization of resources (energy, water, raw materials, etc.); Reduction of GHG (greenhouse gases); Identification, management, reduction, and responsible disposal or recycling of waste; Initiatives related to biodiversity
5	Fair business practices	Basic attitude; Establishment of appropriate relationships with governments and public officials in countries where business activities are conducted; Prevention of the giving and receiving of improper advantages with customers and trade partners; Prevention of competition law violations; Rejection of relationships with antisocial forces/organizations; Prevention of unauthorized use of intellectual property and of illegal reproduction of copyrighted works; Services for responding to complaints from outside the company and for consultations; Prohibition of insider trading; Prohibition of acts with conflicting interests; Import and export control
6	Quality and safety	Basic attitude; Ensuring product and service quality and safety; Appropriate response to product and service accidents and the circulation of defective goods
7	Information security	Basic attitude; Defense against attacks on computer networks; Protection of personal data and privacy; Prevention of misuse of confidential information
8	Supply chain	Basic attitude; Use of raw materials not involved in conflict or crime (initiatives against conflict minerals)
9	Local communities	Initiatives to reduce negative effects on local communities; Initiatives with local communities toward sustainable development

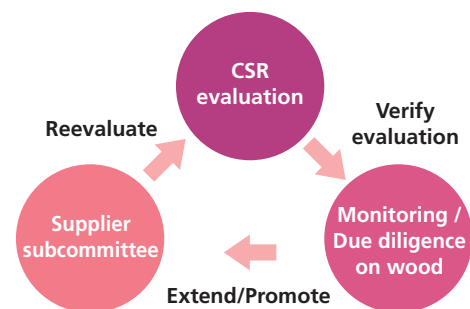
Monitoring and due diligence to verify evaluations

We conduct monitoring of suppliers flagged by the results of the CSR evaluation through on-site interviews (to provide advice on evaluation standards and how to meet the standards). In FY2019 we conducted such on-site interviews for three suppliers.

Another area of increasing importance to us is related to climate change—reducing CO₂ emissions in the production processes within the supply chain. We are therefore using the SAQ and other tools in a steady effort to achieve those reductions.

Additionally, as a construction company that uses a high volume of lumber, we recognize the particular need for rigorous participation in the procurement of large trees where infringement risks are high, so we conduct due diligence targeting approximately 50 companies that are major wood material suppliers. As necessary, we also conduct on-site inspections of logging areas at overseas producers upstream from our suppliers. (For further information, see page 26.)

How supplier evaluation works



CSR supplier subcommittee seminars held to extend and promote SDG procurement

In the construction industry, which has so many small and medium-sized suppliers, we realize that building a sustainable supply chain involves more than simply a one-way evaluation of adherence to guidelines. It is indispensable to educate suppliers and provide advice.

For that purpose, in 2018 we set up a CSR supplier subcommittee under the CSR committee to conduct training on the importance of ESG management and related matters. We obtain the agreement of suppliers to ensure the effectiveness of the SAQ in supporting a sustainable supply chain. In FY2019 training seminars were expanded to the partner companies of our factories in addition to approximately 150 suppliers.



Supplier subcommittee seminar held to promote understanding of CSR efforts and SDG procurement

Enhancing production and distribution quality and improving operational efficiency

Utilizing AI, IoT and big data ▶ Improved production efficiency and reformed workstyles

Activity report

Semi-automating combined processes to boost production efficiency

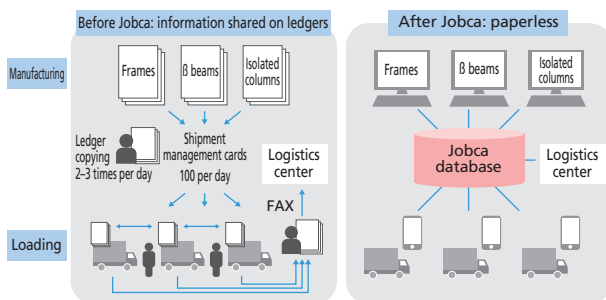
Sekisui House commits resources to making labor-saving improvements to our facilities in order to boost productivity while maintaining high quality. We had already improved the processes that combine multiple building components at the factory in advance to improve work efficiency at construction sites, but in 2019 we began looking into building semi-automated lines. We are making significant improvements to labor-intensive processes such as combining wall frameworks with exterior walls and window sashes, for example, or attaching metal fittings to columns and beams to build a wood-frame house.

We continue to automate all of our Japan-based factories and have already introduced a total of 540 robots to perform handling, welding, and other functions. We are also rolling out smart systems that take advantage of AI, IoT, and big data. We plan to utilize the data obtained from these facility improvements to further expand our semi-automated lines.

In-factory logistics visualization system improved by sharing component flow information

At our Shizuoka Factory we built the “Jobca” logistics visualization system, which has improved efficiency, quality, and response timeliness of loading work from manufacturing to shipping. Prior to implementation of the system, paper was used to confirm information—numbers of components manufactured at the factory and components supplied to the factory, or compiled data on delivered product by type. The introduction of a more streamlined system that employs PCs, iPads, and 2D barcodes that leverage IoT tech has greatly lightened the load for workers and reduced losses, while enabling high-efficiency, high-quality loading work.

In addition, the utilization of cumulative data has sped up the Plan-Do-Check-Act cycle, which has contributed to significant reductions in truck waiting times at factories. As a result, a number of improvements were made—about 170 person-hours per month cut, the number of trucks waiting over two hours at a factory cut to zero, 90% of errors in loading eliminated, more jobs standardized to allow anyone to do them, and overtime hours reduced. The system is now starting to be implemented in other factories.



Improvement of component flow information sharing through Jobca

Boosting production efficiency with AI technology

On the production line of our Bellburn ceramic exterior wall panels we introduced a quality management system that employs image-processing-specific AI technology. The system enables the management of conforming output in real time, which has resulted in higher production efficiency, better quality management, and reduced inventory.

We have also introduced a smart system that makes excellent use of IoT, big data, and AI in the steel beam production lines of our B System, a construction method for three- to four-story steel-frame houses. This smart system makes it possible to automate adjustments to our production volume and work scheduling that previously required the expertise of supervisors. The system has also increased operational efficiency and contributed to power savings.



AI-based quality management system for Bellburn earthenware wall panels

Strengthened production of original exterior-wall components

Dyne Concrete, a component of our highest quality lightweight steel-frame “IS Series” two-story housing product and the Bellburn ceramic exterior walls on our SHAWOOD wood-frame detached homes are original exterior-wall components produced by Sekisui House. These components are unique in that they are beautifully designed as well as water resistant, weather resistant, and highly durable. We are planning to incorporate AI and other cutting-edge technologies, automate the production line, and strengthen system development to further boost manufacturing yield and improve quality.

Improving the work environment at production factories

We carry out essential health and safety management at each of our factories in an effort to prevent accidents or health problems that might occur during work operations. We work to assure the safety and health of our employees, and endeavor to create a comfortable work environment, facilitate smooth work, and improve productivity. Health and Safety Committee meetings are held once a month, along with quarterly Production Department Health and Safety Promotion Council meetings, at all factories, to share information regarding the current condition of each factory, specific areas for improvement, and our vision for the future.

Action policies ④

Strengthening our workmanship and maximizing our construction capabilities

Diverse strengths as a group

Improving on-site productivity through physical resources, systems, and people

Activity report

Cooperation with the Sekisui House Association

The Sekisui House Association, made up of the 17 Sekiwa Construction companies and partner building contractors, cooperates with Sekisui House business offices to pursue a range of initiatives including efforts to improve construction quality, implement safety measures, beautify work sites, foster human resources, and improve work environments.

In 2019 Japan was hit by several natural disasters, including torrential rains in northern Kyushu in August, Typhoon Faxai (No. 15) in September, Typhoon Hagibis (No. 19) in October, and subsequent heavy rainfall events. After such natural disasters, we are able to take advantage of our Japan-wide network to assist with restoration and reconstruction work by having local Sekisui House Association branches send large numbers of technicians to the disaster-stricken area as needed. We are responding to the increasing demand for construction by working to ensure ongoing, reliable workmanship and using our group network to the fullest.

Working to improve work site productivity

One in three construction industry workers in Japan is 55 years of age or older, and ages are rising overall. The total number of construction workers is on the decline, and how to get and train new workers, and how to improve retention rates are key issues for the industry as a whole.

The same decline is happening within the Sekisui House Group, so we are working to ensure ongoing, reliable construction management by strengthening both our technologies and our alliances with partner building contractors, while also taking steps to make the most of our existing construction capabilities. We have launched two sets of working groups—one to focus on solutions employing physical resources and the other to focus on solutions involving systems and people—to improve productivity and reduce person-hours.

We have organized a Technical Directors' Council, Construction Management Committee, and Work Site Productivity Improvement Working Group, consisting of technical deputy directors representing locations around the country, the head office, and factories. These bodies are identifying and exploring areas for productivity improvement, such as the AS Balcony, which leads to labor savings in construction by employing an integrated aluminum floor for waterproof construction, and the "B Thermal Insulation Material Search App" that speeds up searches for construction materials using an iPad.

In August 2019 we established the House Association–Sekiwa Construction Factory and Construction Committee to discuss, review, and provide feedback in response to construction site improvement requests submitted by the Sekisui House Association and Sekiwa Construction.

Our slogan for these work site productivity improvement efforts is: "Let's work as a team to steadily increase the number of houses that can be built annually." These efforts, which pool the resources of the entire company, are leading to reliable and proper construction of houses for our customers.



B Thermal Insulation Material Search App, a "systems and people" solution



AS Balcony, a "physical resources" solution

Technical training center opened in Hanoi to prepare for hiring skilled workers from Vietnam

In preparation for an anticipated shortage of labor in construction, at Sekisui House we are promoting measures that include rebuilding our construction worker database and getting recruitment support from partner building contractors.

Also, to further ensure our construction capabilities, we have begun a full-scale effort to take on technical trainees from Vietnam based on a policy of promoting diversity. In November 2019 we became the first housing manufacturer in Japan to establish a technical training center in another country with our facility in Hanoi. Explanatory meetings for families, training fees, and other expenses are all covered by Sekisui House and a supportive atmosphere is created so that technical trainees can come to Japan without any concerns. Prior to coming to Japan, the trainees learn Sekisui House's construction methods (foundation, exterior frame, interior finishing) and the company's philosophy so that they can start training when they arrive in Japan without any problems.

We also provide active support to Sekiwa Construction and our partner building contractors who take on the trainees. By 2022 we plan to employ close to 300 Vietnamese workers.



Technical training center in Hanoi, Vietnam (exterior)



Exterior frame building exercise in Hanoi, Vietnam

Providing long-term support for customer lifestyles and maintaining and improving housing property value

Support and renovation based on advanced technologies

Ensuring customer satisfaction and building a market for quality housing stock

Activity report

Enhancing our initial 30-year warranty program, U-trus System, and housing history information database *le-Log*

Sekisui House offers an initial 30-year warranty program (for contracts signed starting April 1, 2018) that covers the structural framework and any parts used to prevent rainwater leakage. This program provides 20 years of warranty on top of the 10-year defect liability period required under the Housing Quality Assurance Act. In addition, all other parts are under warranty for a specified period of time. Even after the warranty period has expired, homeowners can take

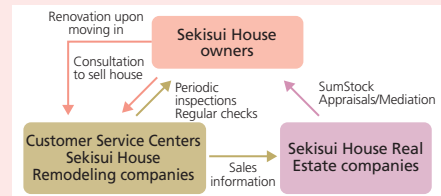
advantage of our unique U-trus System to extend warranties in 10-year intervals.

We also operate *le-Log*, a database that shares digital information concerning the various building components of each property and other data. This is based on the Long-Life Quality Housing Certification Program in Japan, which aims to build up a stock of high-quality housing that can be used in the long term. Group companies utilize the historical data accumulated through *le-Log* to propose remodeling and renovations.

Highlights

Promoting SumStock together as a group

SumStock is a new circulation system aimed at invigorating the market for high-quality existing housing stock. It is run by the Provision of Quality Housing Stock Association, a general incorporated association comprised of 10 major housing manufacturers including Sekisui House, and is chaired by Sekisui's current chairman, Toshinori Abe. The circulation system is an integrated system for its members that covers all steps from value appraisal to certification through to resale. The Sekisui House Group is also using *le-Log*, our proprietary housing history database to actively promote SumStock proposals. Our Customer Service Centers and group companies work together to further expand the number of houses in the SumStock system.



Smart Inspection system allows remote appraisals

During periodic inspections, high-resolution images are supplied by a drone, underfloor inspection robot, and attic inspection robotic camera. The images are uploaded to the cloud and dedicated staff on standby at our office support desk can quickly determine if any defects exist. This new type of inspection system for detached homes that we have dubbed "Smart Inspection," went online in August 2019. It will be rolled out at 29 Customer Service Centers across the country one by one.

The equipment can easily be controlled remotely by smartphone or tablet from any location. Because an inspector does not have to climb to a dangerous height or crawl under floors, the system improves the work environment for our employees. This means that inspection work can be done by women or seniors, expanding work opportunities in a way that will help mitigate the construction industry problem of labor shortages and an aging workforce.



Semi-automatically controlled drone



Underfloor inspection robot



Conducting an inspection using a robotic camera designed for attic inspection

Family Suite Renovation New living proposals for existing houses

Our Family Suite concept for newly built houses proposed a new mode of living. Family Suite Renovation is a system begun in September 2019 that is adapted for existing houses. Many of the existing houses we have built use a lightweight steel frame. Our newly developed RF Support Beam System allows structural columns to be removed to renovate a house by converting compactly partitioned areas into a large living room space. In so doing, the asset value of the house is maintained and improved.



RF Support Beam structure illustration

Life Step System gives back to customers

With the aim of extending the longevity of a house by providing extended after-sales support, we have been able to increase our contact with a large number of owners, and this leads to the building of a solid client base.

Including renovation work done since February 2019, for every interaction with the Sekisui House Group, a homeowner earns a number of "steps" and is issued "Life Step System tickets" that can be used, when a certain number are accumulated, for renovation discounts or in other ways.



Enabling abilities and diverse workstyles



Promoting women's participation



Work-Life Balance



Main ESG Themes

Promoting Diversity



Basic concept

Sekisui House embraces diversity in the workplace and aims to establish a work environment that enables everyone to reach their full potential. Efforts toward this end began in 2006 with a basic personnel policy that guides the company toward human resource sustainability, consisting of three pillars: promoting the participation of women; utilizing diverse personnel; and promoting diverse workstyles and work-life balance. We are constantly working to put in place mechanisms that help create an environment in which employees and the company can work together to achieve sustainable growth.

Action policies ①

Building a system that encourages women's participation in a broad range of areas

Management training and career development support

FY2022: 260 women in managerial positions

Activity report

Implementing consistent measures to specifically promote women's participation

At Sekisui House, women started to be actively employed in sales positions in 2005. Today, we have 310 women in sales positions nationwide. We also have a specific policy of training young women and helping them to get established and promoting women to branch manager positions. This is carried out through regular training sessions for women and working group seminars. Since 2007 we have been holding an annual nationwide Women's Sales Representative Conference that provides motivation, helps build skills, and provides an excellent opportunity for networking. A Women's Sales Support Committee, comprised of women with a strong sales record who are capable of leading a younger generation of women, works with the heads of training at sales administration headquarters to hold regular workshops in each area. The committee has also designed a one-to-one mentoring system that gives women a chance to consult with another woman to get advice on any matters that may trouble them. The system was implemented in August 2019.

For women in technical positions, not only training specialists, we offer role models and networking opportunities through meetings like the Conference for Women as Technical Personnel. Systematic efforts are also being made to encourage more women to move into on-site supervisor positions. The Female On-site Supervisor Support Program and the Working During Pregnancy Guide are among several efforts being rolled out to create an environment that is easy for women to work in. These include the designing of hand tools especially for women and maternity uniforms for engineering employees.

Sekisui House Women's College is a program to develop female leaders that was established in 2014. Its aim is to train promising female management candidates. Every year, 20 women are selected to study in the two-year program, which offers women systematic and effective preparation for taking on a managerial

position. The program is currently in its sixth term, and already 51 of the female graduates have been promoted to managerial positions. The result has been a significant increase in women in managerial positions (section manager or higher)—to 206 in FY2019 from 15 in FY2006. This means that the targets set for FY2020 based on the Act on Promotion of Women's Participation and Advancement in the Workplace were reached a year ahead of schedule. In addition to three female officers (one outside director, one outside auditor, and one executive officer) Sekisui House has brought a more diverse perspective to management by promoting more women to senior manager positions.



Women's Sales Representative Conference



Maternity uniforms for engineering employees



Winner of METI's New Diversity Management Selection 100 for enterprises



Selected as a Nadeshiko Brand by METI and the TSE as an outstanding TSE-listed enterprise that encourages women's success in the workplace

Diversity Month

Since 2016, every June has been designated “Diversity Month,” during which active discussions are held at workplaces to promote a deeper understanding of diversity and inclusion. In 2019, discussions were held on “surface-level (visible) diversity” and “depth-level (invisible) diversity,” and each employee was encouraged to identify and state a small action they could begin to take that day. Also, on the blog

written by top management* on our internal website, the president wrote about the importance of discussing diversity and the expectations he has for innovation arising from that effort, thereby raising awareness among employees even further.

*A tool for communication between top management and employees that is written by four representative directors to share their thoughts and business philosophy.

Highlights

I have developed an interior proposal system and used my expertise and connections to train young coordinators

Since joining the company, I have been involved in developing and revising the Sekisui House Interior Coordination System (SHIC), which assists interior coordinators in making high-level proposals that exceed certain standards regardless of their skill or experience level.

I have also been involved in work system revisions and workstyle reforms that affect our 400-plus interior coordinators nationwide. At the same time, I have tried to create opportunities for interior coordinators to get training and to network with one another, which helps to improve their skills and build motivation.

I am grateful to the many people who have lent me their support, both inside and outside the company, and I consider the experience I have gained and connections I have developed as an interior coordinator—a job so closely linked to lifestyles—to be truly valuable assets.

Looking ahead, I want to focus on training specialists and creating proposals worthy of our vision of “making home the happiest place in the world.” I want to include the perspective of business being done outside of Japan and wish to encourage the active participation of a diverse range of people in this work.”



Kazumi Maehara
Senior Manager
Planning & Design Department
Interior Promotion Group

Joined the company in 1990. Ms. Maehara supervises the interior design of exhibition halls and develops training systems for interior coordinators. She is also involved in international business operations and has been in her current position since 2017.

Action policies ②

Utilizing diverse personnel and allowing everyone to reach their full potential

Encouraging understanding of sexual minorities

Promoting the participation of employees with disabilities



Becoming an industry leader on LGBT efforts

Newly established Promotion of Employment of Persons with Disabilities Office

Activity report

Education and policy-setting begin on gender and sexual diversity

Sekisui House strives to create a corporate culture that encourages all employees to accept one another no matter their orientation so that everyone may reach their full potential and we may build a society in which everyone can feel secure and free to work in their own way. Our Corporate Ethics Guidelines state that we must not engage in any form of unreasonable discrimination based on sexual orientation or gender identity.

In September 2019 a new system was established for registering one’s partner in a common law or same-sex marriage under company rules as part of our employee welfare system. The system went into effect in November last year, and a consultation desk to assist employees with questions.

In 2014, long before this system was established, we had been conducting human relations training and participating in outside events to develop and promote understanding of LGBT issues. In 2019 we created and distributed a pamphlet on how to approach gender and sexual diversity in order to promote awareness and acceptance among our employees. We also became the first housing manufacturer to be awarded a gold rating—the highest ranking—for two years in a row, 2018 and 2019, on the PRIDE Index, created by *work with Pride*, a Japan-based organization, which evaluates and ranks corporate efforts to support inclusiveness for LGBT employees and other sexual minorities. In such ways we have set a clear course as a company



A pamphlet distributed to all employees to encourage reflection on gender and sexual diversity

and continue to put in place measures that allow members of the LGBT community to work with greater peace of mind.



Sekisui House has participated every year since 2017 in Japan’s biggest LGBT event, Tokyo Rainbow Pride. We host a booth and join in the parade, declaring to society our corporate stance as an ally (supporter) for the LGBT community.

Enabling employees with disabilities to take on greater roles at work

As a company, we strive to live up to the ideal of providing lifelong housing. Our aim is to employ at least one person with a disability at every worksite, and we consider the hiring of people with disabilities to be a social mission.

We hold events that give employees with disabilities the chance to exchange ideas with their superiors; we have also established the Career Challenge System—a framework that makes it easier for employees with disabilities to transition from regional positions to career-track positions with the potential for promotions. In these and other ways we are proactively working to improve the workplace environment and enable employees with disabilities to take on greater roles.

In February 2020, we set up the Promotion of Employment of Persons with Disabilities Office, a new section in the Personnel Department.



Smart work and health-building assisted by IT



Male childcare leave

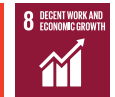


Health management



Main ESG Themes

Workstyle Reforms



Basic concept

Workstyle reforms to stimulate innovation are essential for a company to grow sustainably in times of diversifying life values. Such reforms include reassessing work-life balance in an era of 100-year lifespans and efforts to secure a proper workforce when the population is aging and in decline due to dropping birth rates. Based on the key phrase “innovation & communication,” we are taking steps to promote good health management and create a workplace environment that allows every employee to work with peace of mind and reach their full potential. We have also created a support system that allows individuals to work while taking care of a child or an elderly person, or getting treatment themselves for a medical condition. These are workstyle reforms that go beyond past efforts to stimulate innovation.

Action policies ①

Paid childcare leave for men (“Ikumen Leave”) to create a new norm for society

Start of *Ikumen* Leave system

▶ 100% of eligible male employees take a month or more of childcare leave

Activity report

All eligible male employees take parental leave for at least one month

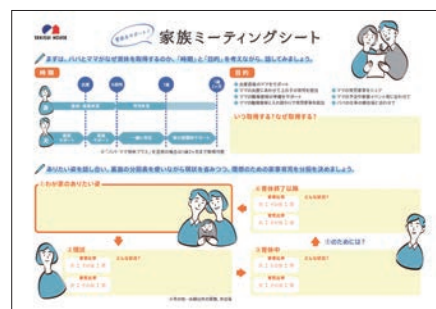
As a company that promotes Kids-First initiatives, in September 2018 Sekisui House launched a special childcare-leave program to encourage male employees with a child or children under the age of three to take at least one month off work to focus on childcare (dubbed “*Ikumen* Leave”). For both male and female employees, leave is paid for the first month, which can be divided into as many as four stretches of time to adapt as needed to one’s individual circumstances.

Since the program went into effect, the company has made a concerted effort to encourage all eligible male employees to take advantage of the system. In the year from February 1, 2019 to January 31, 2020, a total of 415 male employees with a child or children under the age of three took advantage of the paid leave system—100% of the eligible individuals.

As Japan’s rate of male parental leave stays flat, Sekisui House not only has a policy of male parental leave, but educates through forums and encourages the full use of the system through tools and various incentives. We make available on our website a “family meeting sheet” that facilitates a dialogue between partners on such issues as determining when to take the leave and what tasks each person will take care of in the home during the period of leave.

Ikumen Forum 2019 was held on September 19 to discuss how the promotion of male parental leave can help build a better society. Sekisui House then designated this day of the calendar, “Think About Childcare Leave Day.” We conducted a nationwide survey on childcare leave and released the results as the *Ikumen* White Paper 2019 (based on data from 9,400 fathers and mothers in their 20s to 50s across 47 prefectures).

We will continue to gather feedback from employees who take *Ikumen* Leave and study how men’s sharing of childcare and household duties encourages women in their career development and impacts workstyle reform efforts. When the results are in and analyses completed, we plan to make the results public to encourage widespread application in society at large.



This Family Meeting Sheet can be downloaded from our website



The *Ikumen* White Paper 2019



Logo for “Think About Childcare Leave Day”

Highlights

Dialogue between the ambassador of Sweden, world-leading country in male parental leave, and Sekisui House President

The idea for the *Ikumen* Leave system originated four months before the system was put into place when President Nakai visited Sweden for matters related to investor relations. Walking in the parks and on the streets there, he was astonished to find that most baby strollers were being pushed by men.

President Nakai related the story to the Swedish Embassy, and this led to a dialogue on the topic in January 2020 with Swedish Ambassador to Japan Pereric Högberg. The two sat down to discuss the encouragement of male employees to take childcare leave and workstyles that promoted happiness.

Ambassador Högberg spoke about how the Swedish government had spent 60 years working to change the culture in Sweden to prepare for the current parental leave system, and that the system succeeded because it is built on the premise of the entire family living a happy and enjoyable life.

Japan has a male childcare leave-taking ratio of less than 10%, which is very low, and many obstacles still remain in trying to raise that number, but the Sekisui House Group will continue to promote *Ikumen* Leave to encourage male childcare leave to become the new norm for Japanese society.



Swedish Ambassador Högberg and President Nakai

Action policies ②

Becoming a company at which all employees can work and lead vibrant lives

Support for better health and medical treatment

Opportunities provided for improving mental and physical health

Activity report

Promoting health management

To become the world's happiest company, our employees must all be able to lead healthy, vibrant, and fulfilling lives both on the job and at home. Understanding that good health management among employees will contribute to the growth and sustainability of the company, we have established health management policies and are working to reduce overtime hours, encourage more employees to take paid leave, and promote better employee health overall. Sound physical health and mental health are both vital to active, effective work. Aiming to deepen awareness of health on those two fronts, especially the mental side, we conduct training programs for managers and employees in their second and third years. We also organize regular meetings of the CSR Committee, which includes four representative directors, other internal representatives, and two experts from outside the company. Under the CSR Committee is the Social Improvement Committee, a group that focuses on the health management component, taking measures to encourage exercise, utilizing health checkup results for improving lifestyle habits, and establishing separate areas for smoking while discouraging people from smoking, for example. In fiscal 2020, based on the company's efforts to address local health issues and promote the health initiatives of the Nippon Kenko Kaigi (Japan Health Council), we have been certified as a "White 500" corporation by the Ministry of Economy, Trade and Industry, commended for our good health management practices. We plan to continue building good mental and physical health through progressive action to foster a happy approach to life in the era of 100-year life.

now offers an original app, Sekisui House FIT, to record one's steps as a way to become more aware of daily exercise and to have fun competing with other employees and departments. The participation rate in the Walking Challenge increased from an initial 52% of employees to 73% in January 2020, and the average number of steps taken by participants has increased by about 400 steps. A survey of participants revealed that 60% feel that they have "become more aware of staying healthy than before" and 44% feel that their "communication with others at the company has increased." Such results will lead to greater health awareness and a more engaged workplace atmosphere.



An original app to record steps

AI-assisted health risk analysis and genetic testing service launched

In February 2020 we introduced AI technology to analyze and predict health risks from health checkup results. Laboratory data was extrapolated three years ahead for each employee, and simulations are used to show how changes in a person's lifestyle habits could affect their health indicator readings. Also, a service for periodic genetic testing was launched with voluntary participation to ascertain one's risk level for a number of diseases associated with lifestyle habits, aimed at improving those habits and avoiding illness.

Support system for living with cancer or infertility treatments while working

In 2019, Sekisui House introduced a support system that makes it possible to work while managing an illness or while getting outpatient treatments for a medical condition. For employees undergoing treatment for cancer or infertility, we have instituted a system that allows for shorter working hours, staggered hours, or working from home to allow the employee to work and get treatment at the same time. The system now allows employees to take accrued annual leave in half-day units, previously only allowed for a minimum of three consecutive days off. It is also possible to choose to take three days off per week (with work days and hours dependent on the diagnosis of the attending physician).

The Sekisui House Group's "happiness" health management

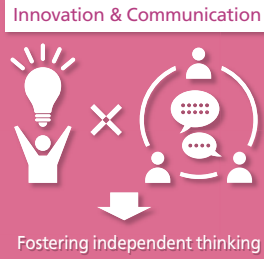
Health management policy

The fundamental philosophy at the heart of the Sekisui House Group is a "love of humanity." In addition to cultivating systems and workplace climates that help employees find fuller happiness through physical and mental health, we embrace that core ideal by promoting workstyle reforms and strive to be a company where employees take the initiative in forming healthy lifestyles.



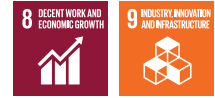
Start of a Walking Challenge

In February 2019 we began a Walking Challenge, an initiative aimed at promoting health through lots of walking. The company



Main ESG Themes

Human Resource Development



Basic concept

At the Sekisui House Group, we put significant energy into optimizing our personnel systems and helping employees to develop their skills. Our focus is on fostering independent thinking—we want employees who are able to innovate and communicate. Our in-house educational systems are designed uniquely for both management and player ranks, and we conduct training systematically to enable all employees to reach their full potential and help us fulfill our role a sustainable company that contributes to society.

Action policies ①

Promoting reforms through a Human Resources Development Office

Fostering the next generation of business leaders

▶ Working to implement management strategy

Activity report

Systematically discovering, handpicking and fostering the best talent

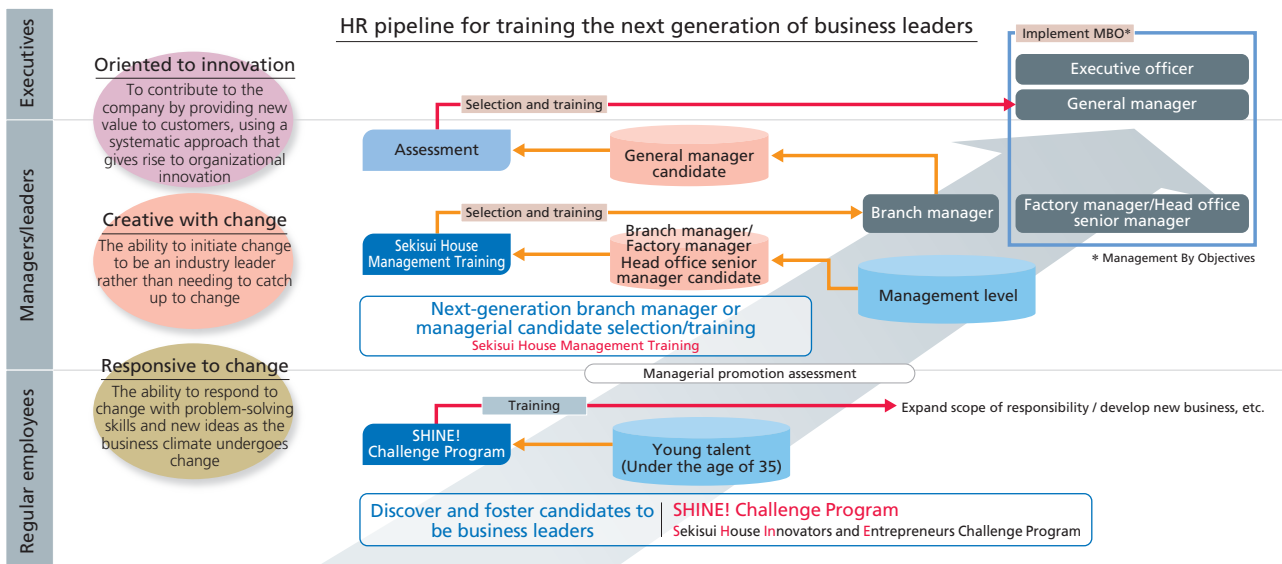
Our new Human Resources Development Office, which was established within the Personnel Department on February 1, 2019, systematically trains and selects personnel for advancement, creating medium- and long-term HR portfolios to implement the group’s management strategies. The office was established with the mission of developing human resources strategically from an HR perspective with a clear view toward the future, in much the same way as top

management employs a business strategy.

Of the many issues it addresses, a central focus of the Human Resources Development Office is to establish a pipeline for individuals with a talent for business, training them systematically to take on roles as the next generation of business leaders.

Following after the launch of Sekisui House Management Training in 2018, we launched the SHINE! Challenge Program in 2019 to help train young leaders.

Personnel training and leadership selection structure



Selective training at each level ▶ For branch manager candidates and young employees

Activity report

First Sekisui House Management Training completed

The Personnel Department (and Human Resources Development Office) are systematically training future leaders at each level—candidates for the positions of general manager and executive officer, candidates for branch managers, and young leader candidates.

The Sekisui House Management Training held in November 2018 had 35 participants. The program's objective is to train and select candidates to become the next generation of branch managers in the Sekisui House Group. Through this training, participants have remarked that their connections at the company had expanded and they had become able to see issues now from a management perspective. The first training session will end in June 2020 and a second session will start thereafter.

The Sekisui House Management Training program emphasizes learning how to expand one's conceptual thinking and boundaries as a human being. Participants get a broader education in liberal arts (including medicine and philosophy), plus exposure to new fields of knowledge such as innovation and digital transformation (DX). They learn financial accounting, engage in concept work, and expand their knowledge in many areas, all of which eventually plays a part in branch management strategy.



Lecture on behavioral economics in the first Sekisui House Management Training

Start of the SHINE! Challenge Program

SHINE stands for "Sekisui House Innovators and Entrepreneurs." This program, begun in October 2019, is designed for training young employees (30 to 35 years of age) who show leadership potential. The goal of the program is to discover, train, and foster talented individuals early on to produce strong candidates for leading the business into the future. The first implementation of the program has 15 participants.

The focus of the training is on the Sekisui House vision for the future of its business and planning for how to achieve that vision. Participants gain the business knowledge they need and a heightened perspective by learning action planning, which teaches them how to explore issues they set themselves and how to take action on them. The program invites people from outside the company in to provide stimulation and

the chance to learn what it takes to be a business leader.

The program has invited young people who have started up venture businesses in the Tohoku region as part of earthquake and tsunami recovery efforts to speak about their work and designers working in a global setting to discuss the future of housing.

We plan to expand the program to cover additional employee levels in the effort to establish a company-wide pipeline for business talent.



First implementation of the SHINE! Challenge Program

Introducing "microlearning" to train young people in detached home sales

At the Sekisui House player level, training for young people in the area of sales of detached homes previously lasted three months. Now, with the implementation of microlearning (video-based study using any device), the training program has been extended to three years and we have just entered the second year. This system allows each employee to watch videos at a time and place of their choosing, and to report back to their superiors on what they learned as part of a feedback process. Much less time is spent gathered together for training than previously, and we hope that this promotes more efficient learning.

Activating senior personnel

We are carrying out recurrent (continuing) education as part of the company's efforts to further train and utilize personnel of a higher age. We started providing middle-career training to personnel at the age of 45 or over six years ago. We offer seminars on pensions for those who reach the age of 60, and other types of education, and plan to take further measures to give employees the motivation to work late into their career.



Respect for the human rights of all stakeholders



Main ESG Themes

Respect for Human Rights



Basic concept

All employees in the Sekisui House Group, by properly understanding and implementing the group’s corporate philosophy, which is rooted in a fundamental love of humanity, meet their responsibility to respect human rights through their actions. To ensure respect for the human rights of all stakeholders in our business activities, we are working to establish a corporate culture that strictly prevents discrimination, harassment, and infringements of human rights based on compliance with international rules on human rights such as the United Nations’ Universal Declaration of Human Rights and a thorough understanding of the SDGs and the Ten Principles of the UN Global Compact.

Highlights

Drafting of a Human Rights Policy

For all stakeholders, from a human rights standpoint ▶ Declaration of policy as a global enterprise

Fulfilling our responsibility to respect human rights by practicing love of humanity

The Sekisui House Group addresses a range of human rights issues, including those pertaining to the inclusion of women, non-Japanese nationals, people with disabilities in the workplace, and systemic *Buraku* discrimination based on ancestry. Following the principles of the SDGs, in October 2019 we partially revised the Sekisui House Group Corporate

Code of Conduct and Sekisui House Group Corporate Ethics Guidelines.

Recognizing that further group efforts will be needed in our global activities to fulfill our social responsibility, in April 2020 we drafted the Sekisui House Human Rights Policy. We declare this policy to all stakeholders involved in or affected by our business activities as our group employees work to expand their efforts to ensure respect for human rights.

Sekisui House Group Human Rights Policy (excerpt)

The Sekisui House Group believes that its mission is to provide safe, secure, and healthy housing and services, aiming to contribute to a sustainable society.

In order to achieve our vision of making home the happiest place in the world, we strongly wish to create happiness for all stakeholders through our various businesses. We express our commitment to fulfill the responsibility of ensuring respect for human rights by practicing love of humanity, which is a fundamental

principle of our corporate philosophy.

Based on our corporate philosophy and code of conduct, the Sekisui House Group human rights policy complements and clarifies our respect for human rights, which is one of the principles outlined in our corporate code of conduct.

Note: Download the PDF to read the entire policy using this QR code.



This policy applies to:

All officers and employees of the Sekisui House Group. We also expect our business partners, including building contractor partners and suppliers, to understand and support this policy.

Supervising responsibility:

The Board of Directors of Sekisui House, Ltd. shall supervise compliance with this policy and its implementation.

Sections:

Respect for internationally recognized standards; Implementation of human rights due diligence; Diversity initiatives; Dialogues with stakeholders; Grievance mechanisms (complaint reporting, consultation, protection); and Disclosure (reporting)

Action policies ①

Implementation of human rights due diligence

Awareness raising, resolution, prevention of recurrence

Improving the human rights due diligence process (PDCA)

Activity report

Toward a harassment-free workplace

To create a welcoming, comfortable workplace environment for all employees of group companies and to raise awareness of human rights issues, annual “human relations training” programs are held with work leaders serving as facilitators.

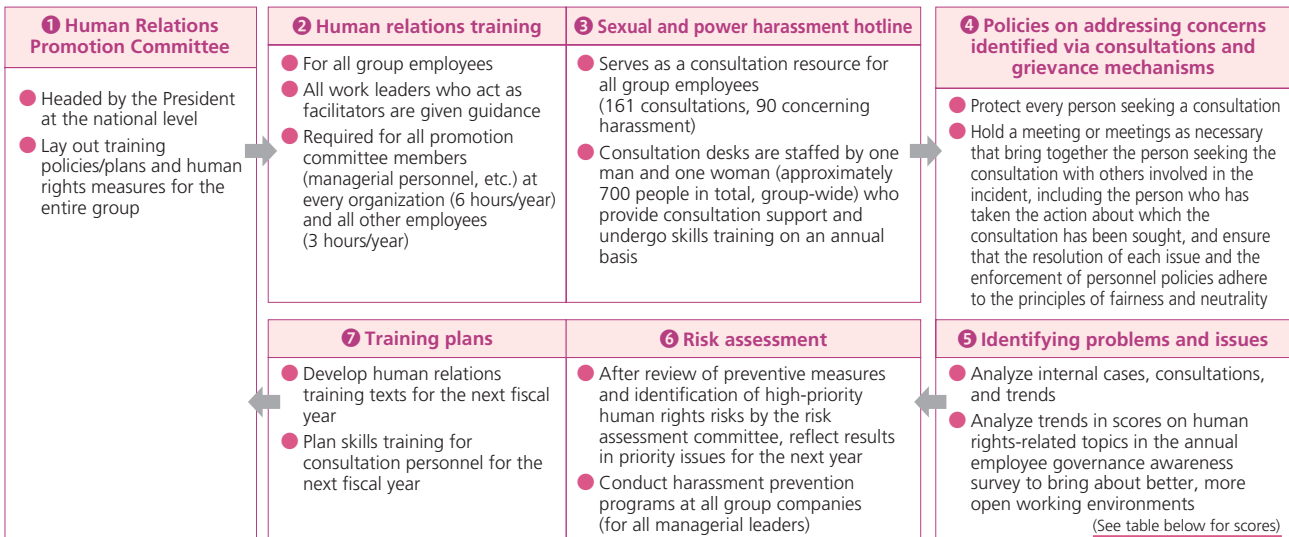
In addition, the Sekisui House Group has established a sexual and power harassment hotline, which operates out of the head office. The hotline offers consultations on all types of harassment—particularly sexual harassment and power harassment—as well as on human rights matters, and takes input on how to optimize working environments for people with disabilities, among its many functions.

The hotline serves as a valuable resource to help make the workplace at all group companies an environment in which all employees can flourish and grow as individuals, free of harassment or any other infringement of human rights.



Human relations program for all employees

Fiscal 2019 human rights due diligence process (PDCA) record (for employees)



Trends in Governance Awareness Survey scores (on human rights-related topics)

	FY2016	FY2017	FY2018	FY2019
Anti-sexual harassment culture	84.5	83.5	85.1	85.0
Anti-power harassment culture	78.1	77.5	79.2	79.7
Anti-discriminatory culture	84.9	84.3	85.5	85.8

Note: The figures in the table are averages calculated with scores of 100 points for Strongly agree, 75 points for Agree, 50 points for Neither agree nor disagree, 25 points for Disagree, and 0 points for Strongly disagree.

Action policies ②

Efforts to respect human rights in the supply chain

Identifying priority issues in procurement and construction

A focus on human rights even in procurement plus education to ensure smooth integration of foreign workers

Activity report

Addressing human rights and labor in supplier evaluations

We purchase materials through a supply chain based on our CSR Procurement Guidelines*. We conduct in-house evaluations on human rights and labor in advance for all suppliers, convert the results into scores for evaluation, and conduct visits for monitoring and to raise awareness.

*For more details, please see page 39.

Robust human rights support through technical training center in Vietnam

To bring in workers from other countries to work at our construction sites in Japan and ensure that they can start work smoothly after arriving in Japan, we established a technical training center* in Hanoi, Vietnam, as part of a foreign worker system we are building that respects human rights.

*For more details, please see page 41.



Main ESG Themes

Contributing to Society



Basic concept

Love of humanity is the key component of our corporate philosophy and the basis for our many efforts to benefit society. The group carries out many community-oriented activities that adhere to these four pillars: training the next generation, environmental awareness, housing culture improvement, and support for areas and people affected by disasters. Our efforts include educational support in collaboration with educational institutions (Kids First), contributing to society through environmental projects (Eco First), regional revitalization, cooperation with NPOs and NGOs, and corporate patronage of the arts and culture.

Our four policies and types of activities

Training the next generation	Environmental awareness	Housing culture improvement	Support of areas and people affected by disasters
<ul style="list-style-type: none"> Educational support in collaboration with educational institutions (Kids First) Contributing to society through environmental projects (Eco First) Regional revitalization 		<ul style="list-style-type: none"> Cooperation with NPOs and NGOs Support of resident activities Volunteer activities by employees Corporate patronage of the arts and culture Emergency support 	

Fundamental corporate philosophy of love of humanity

Action policies ①

Travel ideas and a new hotel business for regional revitalization to generate prosperity

Trip Base Michi-no-eki Station Project

▶ Hotels to open in 15 locations/6 prefectures; later nationwide

Activity report

Proposing an entirely new experience-based travel style

Sekisui House has partnered with Marriott International on the Trip Base Michi-no-eki Station Project, a project for regional revitalization, working in collaboration with local governments around Japan to utilize the system of roadside rest stations called "Michi-no-eki" to propose a style of travel that encourages exploration of lesser-known destinations to discover their unique charms. In the first stage of the project, 15 roadside hotels will be built in six prefectures, offering a total of approximately 1,000 rooms, scheduled to open in late 2020 and thereafter. In the second stage/first phase (from 2021 on), hotels will be built in another six prefectures, then in an additional 13 prefectures in the second stage/second phase (from 2022 on). The concept of the project is to provide access to hidden gems across Japan. Visitors will get access to local culture, customs, handicrafts, and cuisine showcased by local communities and local tourism operators working together on the project. The aim is to raise the satisfaction of travelers by putting them in close touch with local people in remote areas to explore by bicycle, motorcycle or car, a trip enabled by the availability of hotels adjacent to the popular Michi-no-eki roadside stations that exist across the country.

Comfortable yet simple roadside hotels

The hotel business will be run by Marriott International under its "Fairfield by Marriott" brand, the first such arrangement in Japan. The roadside hotels will have the high usability Marriott is known for, and will be built under contract by Sekisui House. They will be simple but spacious and comfortable, and built using our β system construction

method, taking advantage of our strength in modular housebuilding.

Positive community response upon announcement of project

A number of different organizations have responded positively to the news of this regional revitalization project. In November 2019, we sent the head of the Trip Base project to speak about the collaborative effort to sophomores and juniors at Toyonaka Senior High School, Nose Branch, as an external lecturer.

The tourism industry expects to see further diversification in both domestic and overseas travel in the years to come. We will continue working on initiatives like this one that contribute to regional revitalization through a new style of travel.



New travel style: the roadside hotel

Action policies ②

Supporting initiatives that help bring sustainability to society

Matching employee donations

Seeking to increase participation in the Sekisui House Matching Program to 40%

Activity report

Sekisui House Matching Program for matching employee donations

Since FY2006, we have been implementing the Sekisui House Matching Program (currently joined by 25% of employees), under which the company matches employee donations to NPOs and other organizations engaged in resolving social issues.

This system enables employees to have an amount of their choice (1 unit = 100 yen) withheld from their salaries for donations, and Sekisui House matches the donations and contributes an equal amount in the form of grants. We have established four funds: The Sekisui House Children's Fund, the Sekisui House Eco-Fund, the Housing Community Fund and the Momo-Kaki Orphans Fund Program. An administrative board comprised of employee representatives selects the organizations to support.

In fiscal 2020, ¥38.33 million from our Children's Fund, Eco-Fund, and Housing Community Fund was donated to 37 organizations. Over the 10-year period from 2011 to 2020, the Momo-Kaki Orphans Fund Program donated a cumulative total of ¥122.17 million to the Momo-Kaki Orphans Fund (Chairman: Architect Tadao Ando), which provides economic support for children orphaned by the Great East Japan Earthquake. Up to now, more than ¥400 million has been donated to 354 organizations by these four funds.

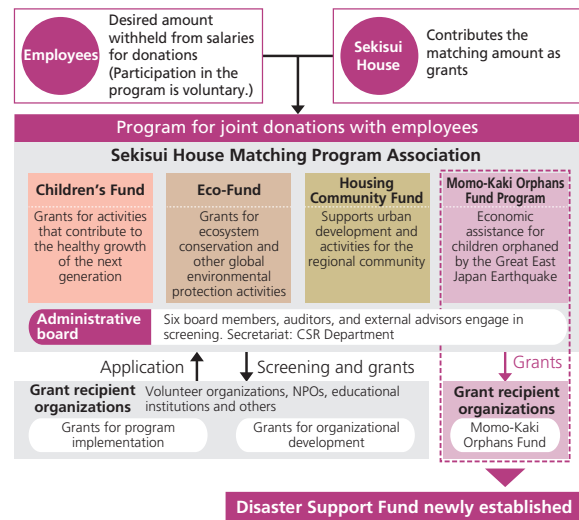


Globe Jungle, NPO
Recipient of grants from Children's Fund



NPO Midorinodam Kitasagami
Recipient of grants from Eco-Fund

Screening and grants



Disaster Support Fund newly established

In January 2020, the 10-year donation period for the Momo-Kaki Orphans Fund Program came to an end and the fund was dissolved. In its place, a new fund was set up to kick off in FY2020—the Disaster Support Fund.

This fund supports non-profits and other organizations that go to areas hit by a disaster immediately to assist people and help the area to recover quickly. As a housing manufacturer, by starting a fund to support recovery from a disaster, we intend to help resolve housing shortages immediately after a disaster, which can quickly become a social issue, by assisting in the rebuilding of homes and providing recovery funds to the disaster-hit area, plus other support efforts.

Action policies ③

"Kids First" efforts in collaboration with educational institutions

Programming education for elementary school students

Providing opportunities for learning about houses of the future and creating them

Activity report

Elementary school programming education supported by three ministries

Starting in FY2020, programming education in elementary schools became compulsory. Three national government bodies—MEXT, METI, and the Ministry of Internal Affairs and Communications—designated September 2019 as Programming Education Promotion Month in Future Studies, with the aim of fostering talent that will be able to help solve social issues using advanced technology. Sekisui House is the only company in the housing and construction industry to be a participating and cooperating firm in this educational initiative. We have held a special lesson entitled "Everyone's House! Houses of the Future!" for over 300 children from six elementary schools to learn about advanced technology in housing at our *Sumai-no-Yume-Kojo* Centers and other locations around Japan. In these lessons, children are able to see and experience the structure of a house, how it is designed to withstand natural disasters, and what features make life more comfortable in a house. They are then

given the chance to take ideas from what they learn to design and build "a house of the future" of their own design based on themes such as "the eco-friendly home" or "the happy smiles home," using cardboard boxes or a virtual space on a computer.

Cooperation with children's programming education is a way for Sekisui House to contribute to society and is part of our efforts to achieve the sustainable development goals. Looking ahead, as a company that promotes Kids-First initiatives, we are happy to support programming education in elementary schools.



An employee giving kids a lesson at Sekisui House Eco First Park in Koga, Ibaraki Prefecture

Action policies ④

The SDGs put into practice everywhere through solid coordination with local governments

Comprehensive cooperation agreement signed with Osaka Pref.



Seeking cooperation with 10 prefectures to meet the SDGs

Activity report

Comprehensive cooperation agreement signed with Osaka Prefecture

In June 2019, Sekisui House signed a comprehensive agreement with the prefecture to collaborate on 21 issues in seven areas including: children, social welfare and health, workstyle reforms, the environment, hiring/small and medium-sized enterprise promotion, disaster mitigation and crime prevention, and government PR. Based on this agreement, we are pursuing collaborations in a wide range of domains, such as creating opportunities for children to have new experiences and setting up sales corners for certified “Made in Osaka” branded products.

The agreement will facilitate an expansion of our ongoing collaborative activities in working with Osaka Prefecture to achieve the targets set in the SDGs through our businesses.

We plan to collaborate and cooperate not only with Osaka Prefecture but with local governments nationwide to help local communities flourish and promote their unique charms.



Signing ceremony
(Center: Osaka governor Yoshimura with our chairman)

Primary Efforts

Creating and supporting opportunities for children to have new experiences using our company's facilities including *Shin-Satoyama* and Tenku Art Museum at the Umeda Sky Building, Sumufumulab and the Dialog in the Dark: House of Dialog collaborative program at Grand Front Osaka

Hosting of seminars on the topics of women's participation, workstyle reforms, and health management

Cooperation with the Osaka prefectural government on its Net-Zero Energy House (ZEH) promotion and education project by offering overnight stays at a ZEH

Sales and PR for “Made in Osaka” branded products at the Umeda Sky Building

Cooperation to promote government information using our corporate media and the Umeda Sky Building

Hosting of classes on the Michi-no-eki Station Project for regional revitalization to support prefectural high schools



Children from Osaka Prefecture invited to see the Sumufumulab



Michi-no-eki Station Project class led by Sekisui House employee

Action policies ⑤

Efforts as an Eco-First Company

To fulfill our three promises



Environmental education for children who are the future

Activity report

School visits for three programs of environmental education

As a government-approved Eco-First Company, we are committed to three promises: reducing CO₂ emissions, restoring ecosystem networks, and recycling resources. Based on these promises, we offer three elementary school-visit programs that include quizzes and experiments. These classes and other events provide children with experiential education to teach the importance of saving energy in everyday life, preserving ecosystems, and utilizing resources effectively.



School visit class for teaching about house insulation

The *Shin-Satoyama* initiative and “Wall of Hope” for contact with plants and living creatures

On the north side of the Umeda Sky Building in Osaka, we have built *Shin-Satoyama* (about 8,000 m²), emulating a traditional biotope consisting of a wooded area, bamboo forest, rice terrace, vegetable farm, and tea garden in one small area based on our *Gohon no ki* indigenous landscaping concept—three trees for birds and two for butterflies. In 2013, the giant live-greenery “Wall of Hope” monument created by architect Tadao Ando was completed on the east side of the building. A wide variety of plants has been growing on the green wall over the years, attracting other living creatures and creating a space where office workers and the public can feel the ecosystem at play.

Every year we collaborate with local elementary schools and kindergartens to give children a chance to plant rice and try other agricultural activities at *Shin-Satoyama*. This use of the biotope provides a valuable experience of nature for children who grow up in the city.

The Sekisui House Eco First Park

At the Sekisui House Eco First Park in Ibaraki's Koga City, visitors learn about our environmental activities, which are based on the three Eco-First promises. Visitors also have fun learning about the many ways in which houses can help protect the global environment.



Elementary school students planting rice at the *Shin-Satoyama*



Shin-Satoyama and the Wall of Hope viewed from the west side

Action policies ⑥

Points for the emergence of new housing culture and art culture

Providing a space for dialogue and a sensing experience

▶ Expanding awareness and enhancing life

Activity report

House of Dialog, a collaborative program with Dialogue in the Dark (DID)

We have been periodically organizing the House of Dialog program at Sumufumulab (Grand Front Osaka), our base for disseminating ideas. In 2013, we established the House of Dialog, a one-of-a-kind program that explores the theme of house and family. Participants are guided in groups through different settings in absolute darkness by visually impaired guides. They learn the importance of dialogue and experience the richness of the senses other than vision. The program has been very popular, and has been attended by more than 21,000 people to date.

Under our concept of lifelong housing, through research on smart universal design and more, we will continue to provide platforms for people to experience this form of communication through DID. We also hope to expand the reach of such valuable experiences for society for us to foster a revival of relationships, a recognition for diversity, and in people, greater attunement to their non-visual senses.



Koji Kinutani Tenku Art Museum

We opened the Koji Kinutani Tenku Art Museum in Umeda Sky Building (West Tower 27F), where our headquarters is located, to exhibit the artworks of world famous western-style painter and Japan's top classic fresco painter, Koji Kinutani. Since its opening in 2016, the museum has received large numbers of visitors, from both around Japan and other countries. In 2019 the number of visitors annually reached approximately 100,000. The museum has the world's first 3D visual system that allows the viewer to seemingly enter the world of the painting, in addition to displaying numerous colorful frescos and mixed-media paintings and sculptures by Kinutani.

In 2019, special exhibitions were held at the museum that included a three-year anniversary exhibition. The fresco-painting workshop is a unique program that puts people in touch with one of humanity's oldest painting techniques, the fresco, a program that won the Kids Design Award—a METI-supported program.



Koji Kinutani provides a guided tour to museum experts from around the world



Fresco-painting workshop

Action policies ⑦

Post-disaster restoration and reconstruction

Checking damage status and supporting victims

▶ Fulfilling the responsibility of a company that protects life

Activity report

Post-disaster restoration efforts, including after typhoons in 2019

In 2019, Japan was hit by two powerful tropical cyclones, including Typhoon Faxai (No. 15) and Typhoon Hagibis (No. 19). The Sekisui House head office was in contact with the task force of each headquarters in the affected areas to provide nationwide support. The company's experience of torrential rains in western Japan the previous year were utilized in the reconstruction efforts. The General Affairs Department of the head office managed hotel rooms and rental cars centrally for employees who went to volunteer at the affected areas. We also newly developed an online house data management tool to facilitate support provided by employees.

In Chiba Prefecture, which was hard-hit by Typhoon No. 15, phone calls came in regarding 1,800 cases on the first day. The CS Promoting Department focused on setting up a system to receive those calls, and had staff on the ground contact or visit homeowners to confirm their safety. In about three days, the damage status for all affected owners had been confirmed and an initial restoration effort was conducted for approximately 300 homes.

Typhoon No. 19 caused large-scale water damage in Iwaki, Fukushima Prefecture. The Construction Department of the head office handled the initial response, arranging necessities for homeowners.

The Tohoku Factory immediately sent backup supplies, and shared the work of visiting homeowners or calling to confirm their safety.

Reconstruction support with the help of new hires in Miyazaki, Kumamoto and Hiroshima

Every year since the Great East Japan Earthquake in 2011 we have carried out reconstruction support activities using newly hired employees. The purpose of these efforts is to provide support in line with the needs of people in the affected areas as well as to give our new employees practice in thinking and acting in accordance with the corporate philosophy and code of conduct, and to help deepen their understanding of the true import of the housing business. In 2019 we had 460 employees participate in these efforts, for a total of 3,481 employees over an eight-year period.



Windbreak wall installation on temporary housing



A moment of silence at the site where a home was lost