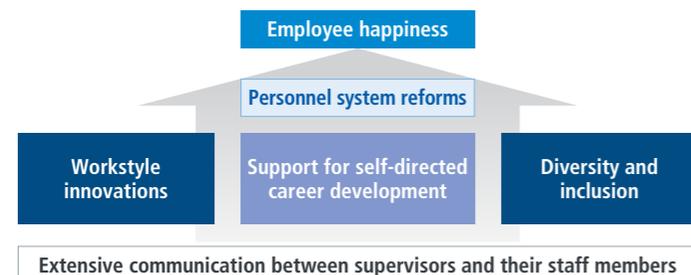


## A Human Resources Strategy to Sustain the World's Happiest Company

To provide new value to our customers and society as a partner in creating happiness, it is important to establish an environment where employees can work happily and enthusiastically. We are implementing a human resources strategy based on three core measures to make Sekisui House the world's happiest company.

The first measure is diversity and inclusion. In 2006, we established a Diversity Development Team (currently the Diversity and Inclusion Promotion Department) to promote diversity as a management strategy. With the establishment of the Promotion of Employment of Persons with Disabilities Office in 2020, we are working to further promote employment and expand opportunities for active participation. The second measure is workstyle innovations. We have established a work environment and support system that help employees work enthusiastically based on a healthy balance of work and private life and have enabled flexible workstyles that help them fully display their skills according to their respective situations. The third measure is self-directed career development. We have made 2021 the kickoff year for our personnel system reforms, and we are supporting the career autonomy of our employees with the introduction of a highly transparent evaluation system and career interviews based on extensive communication between supervisors and their staff members. Rather than having the Company take the lead in career development, we aim for a corporate culture in which employees define their own career vision and are highly motivated to achieve it by taking on challenges independently.



### Diversity Key Performance Indicators (KPIs)

Sekisui House Group (Consolidated) <sup>1</sup>		Unit	FY2016	FY2017	FY2018	FY2019	FY2020	FY2022 (Target)
Number and ratio of female managers		People (%)	141 (2.79%)	158 (2.94%)	176 (3.10%)	206 (3.44%)	236 (3.79%)	260 <sup>6</sup>
Number and ratio of full-time female employees		People (%)	5,148 (24.3%)	5,426 (25.1%)	5,687 (25.8%)	5,957 (26.5%)	6,225 (27.3%)	(28.0%)
Number and ratio of new female university graduated hires		People (%)	237 (41.6%)	266 (40.3%)	250 (37.7%)	281 (42.0%)	305 (41.6%)	(42.0%)
Female officers	Ratio of female directors to total directors	Consolidated	—	—	—	1/150 (0.67%)	1/119 (0.84%)	3 or more
		Non-consolidated	—	—	—	1/11 (9.09%)	1/12 (8.33%)	—
	Ratio of female Audit & Supervisory Board members to total members	Consolidated	—	—	—	1/8 (12.50%)	1/8 (12.50%)	—
		Non-consolidated	—	—	—	1/6 (16.67%)	1/6 (16.67%)	—
	Ratio of female executive officers to total executive officers	Consolidated	—	—	—	3/26 (11.54%)	4/28 (14.29%)	—
		Non-consolidated	—	—	—	1/18 (5.56%)	1/18 (5.56%)	—
Male employees' use of childcare leave <sup>2</sup>		%	70.0	95.0	100.0	100.0	100.0	100.0
Percentage of employees taking annual paid leave and average number of days of leave taken per person <sup>3,4</sup>		%	35.0	39.7	42.2	56.1	46.46	60.0
		Days	6.2	7.1	7.4	9.8	8.44	—
Average monthly work hours per person <sup>3,5</sup>		Hours	170.02	168.32	170.26	168.17	176.71	175.5
Average monthly overtime work hours per person <sup>3</sup>		Hours	28.15	25.91	24.63	23.33	22.04	22
Ratio of persons with disabilities <sup>2</sup>		%	2.20	2.38	2.53	2.61	2.76	2.61

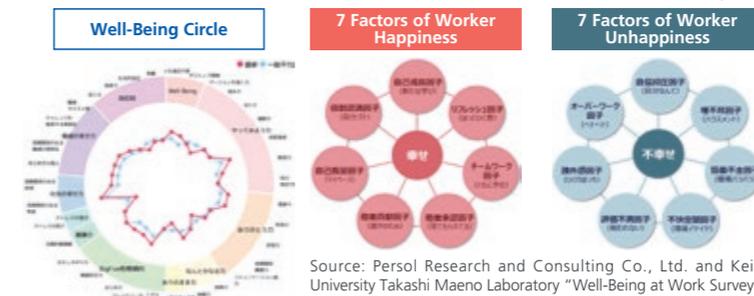
1. Sekisui House, Sekisui House Real Estate companies, Sekisui House Construction companies, Sekisui House Remodeling and Sekisui House noie  
 2. Non-consolidated 3. Sekisui House, Sekisui House Real Estate companies and Sekisui House Remodeling  
 4. Calculation method changed from FY2020 to include managers. 5. Calculation method changed from FY2020 to include managers and exclude employees on leave.  
 6. The target of the action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace is to appoint at least 310 women to managerial positions by FY2025.

### First Japanese Company to Conduct a Well-Being Survey That Analyzes the Correlation between Employee and Workplace Happiness

In November 2020, we conducted a well-being survey of all employees of the Sekisui House Group, a total of approximately 27,000 people. Under the supervision of Professor Takashi Maeno of the Graduate School of System Design and Management, Keio University, who is the leading expert in well-being management, we measured the happiness of employees and workplaces from multiple perspectives and analyzed their correlation. By visualizing well-being, we can develop concrete measures for pursuing the happiness of every employee. We will continue our efforts to link the happiness of employees with the happiness of the entire company, and with the happiness of customers and society.

### Japan's First Integrated Survey and Analysis of Individual and Organizational Well-Being

- 1. Individual: Diagnosis of well-being**  
Diagnose the multifaceted well-being of employees
  - 2. Organization: Diagnosis of worker happiness and unhappiness**  
Diagnose happiness and unhappiness in the workplace
- Note: Developed in July 2020



Source: Persol Research and Consulting Co., Ltd. and Keio University Takashi Maeno Laboratory "Well-Being at Work Survey"

## Cultivating the Next Generation of Managers and Leaders

We believe that in order to remain in demand from society as a sustainable corporate Group, the Sekisui House Group must produce a class of managers and leaders who will consistently surpass those who came before. It is therefore important that current leaders take responsibility for cultivating their successors. At the same time, the Sekisui House Group takes an expansive view of its human resources in proactively working to build a human resources pipeline. Measures include training of selected employees and personnel rotation to systematically discover and cultivate next-generation business leaders with an eye to the future.

### ▶ Building a Human Resources Pipeline through the Human Resources Development Office

We are building a human resources pipeline with three levels: executive officer and operations officer candidates; organization leader (branch manager, head office senior manager, factory manager, etc.) candidates; and young leader candidates.

For executive officer and operations officer candidates, we conduct annual performance evaluations using the management by objectives (MBO) method and 360° personnel evaluations. The relevant director in charge plays a central role in evaluation and training.

For organization leader candidates, we conduct the *Keiei-juku* management training program for selected employees. Here, we provide education over the course of a year to develop participants' thought processes and promote broad-mindedness. To date, 77 people

have participated in the program and 55 have been appointed as organization leaders.

Participants accumulate a wide range of knowledge from leading-edge information on innovation and digital transformation (DX) to financial accounting, behavioral economics and liberal arts. At the end of the program, they make presentations to senior management on their innovative ideas for future organizational management.

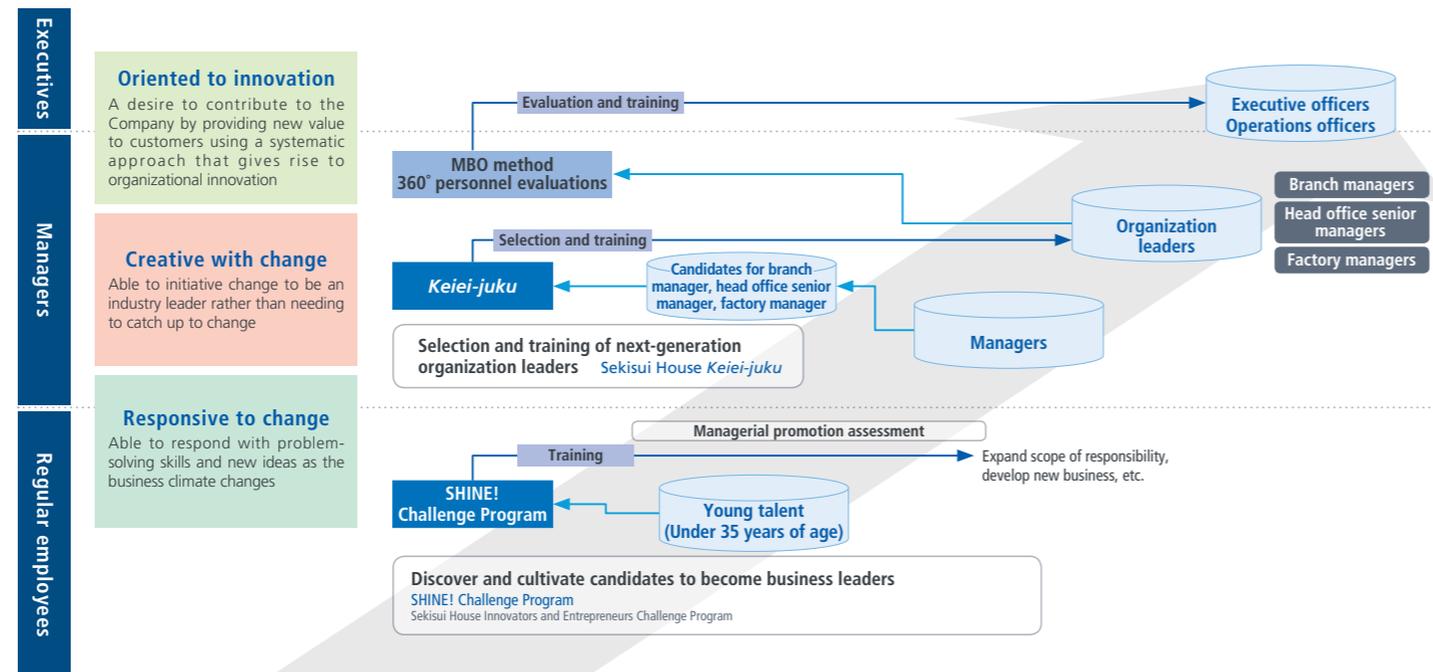
### ▶ Early Identification and Cultivation of High-Potential Human Resources

For young leader candidates, we conduct the SHINE! Challenge Program to find our next generation of leaders. Through the program, which aims to identify and cultivate young employees (30 to 35 years of age) with leadership potential at an early stage, we provide fertile ground for the concrete development of potential innovators and business leaders. In this program, 15 participants study intensively for nine months under the theme of taking on the challenge of becoming a leader in a new era. Through discussions with managers of venture companies, designers active on the global stage and other business leaders from inside and outside the Group, they encounter stimuli and ideas they are unlikely to experience in their daily work, which helps them to plan and propose the creation of new value for Sekisui House.

## Strengthening Recruiting and Hiring Individuals with a Diverse Array of Skills for New Fields of Business

We strengthened our recruiting capability during the COVID-19 pandemic by moving some interviews online and dividing internships into segments, among other measures. We conduct ongoing recruiting of high achievers and skilled specialists from other industries for new business domains. Such hires are active in all departments. We also launched a project team to begin hiring talent in the fields of science, technology, engineering and math, as well as highly skilled IT engineers. We will continue working to secure capable human resources who will serve as the next generation of Sekisui House leaders.

Human Resources Pipeline for Cultivating the Next Generation of Business Leaders



## Promoting Diversity

The Sekisui House Group has set the goals of helping to create a better society through its business and becoming a leader in ESG management. As such, promoting diversity is an important theme for improving our social standing. Our policy for promoting diversity encompasses three areas: promoting the active participation of female employees; active participation of diverse human resources; and promoting diverse workstyles and work-life balance. To offer the new value of happiness with workstyles and lifestyles that respond flexibly to changes in society, we are focusing on promoting diversity and inclusion from a long-term perspective.

### ▶ Promoting the Active Participation of Female Employees (1) Training of Managerial Candidates through Sekisui House Women's College

Since 2014, we have been conducting Sekisui House Women's College training for managerial candidates as a pipeline for appropriately appointing capable female employees to managerial positions. Every year, 20 female manager candidates are selected, systematically and effectively trained under a two-year curriculum and appointed to managerial positions. As a result of this training, we achieved our Group-wide target for FY2020 of 200 women in managerial positions ahead of schedule, reaching 206 in FY2019 and 236 in FY2020. We will continue working to appoint at least 310 women to managerial positions throughout the Group by FY2025, which is one of the targets of our new action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace.



### (2) Support for Active Participation by Job Type and Expansion of the Range of Positions

We hold regular training and subcommittee meetings for cultivating and retaining young female sales staff and appointing them as branch managers. The annual nationwide meet-and-greet event for female sales staff that we have held since 2007 is a good opportunity to share success stories, develop careers and build networks. We also focus on training women as specialists in technical positions such as certified Chief Architect as well as for leadership positions. In addition, we are working to expand the range of positions for female employees through measures such as personnel exchanges with Group companies, the Female Onsite Supervisor Support Program and guidance for working during pregnancy in tandem with our systematic appointment of women as onsite supervisors. In addition, we are attempting to expand our work area through measures such as maintaining portable toilets that are easy for women and children to use.



Orihime portable toilet for women

Maternity uniform for engineers

<b>Chief Architects: 13 employees</b> Designers of detached houses, apartments and condominiums who have outstanding design and negotiation capabilities and have earned a high level of customer satisfaction and trust	<b>Platinum Specialists: 5 employees</b> Designers who have high-level expertise and skill in housing for the elderly and welfare facilities, and a considerable track record of high quality
<b>Structural Planning and Design Specialists: 3 employees</b> Designers who have high-level expertise and skill regarding design standards, structural planning and geotechnical evaluation, and the capability to provide highly safe and rational structural design	<b>Chief Constructors: 5 employees</b> Onsite supervisors who have outstanding ability to promote tasks including comprehensive management of operations and supervision of construction, and have earned a high level of customer satisfaction and trust

### ▶ Creating Workplaces Where Diverse Human Resources Play Active Roles

We are increasing opportunities for our employees to participate energetically in their own unique ways, regardless of factors such as nationality, race, gender, sexual orientation, gender identity, age, disability or educational background. We have newly established a Promotion of Employment of Persons with Disabilities Office, joined The Valuable

500 (V500)<sup>1</sup> and are working to improve the workplace environment with diversity meet-and-greet events attended by employees with disabilities and their superiors. Our activities for LGBTQ understanding include ongoing training and the establishment of a personnel registration system covering both opposite-sex common law marriages and same-sex partnerships as well as a consultation service. As a result, we have received the highest-level Gold Award from the PRIDE Index<sup>2</sup> for three consecutive years. In addition, human resources with different nationalities and cultural backgrounds play active roles, mainly in our overseas business, and in FY2019 we opened a Sekisui House construction skills training facility in Vietnam. Our support system for non-Japanese technical trainees allows them to work with peace of mind.

1. An international initiative to promote the active participation of people with disabilities
2. Established in 2016 by the private organization work with Pride as Japan's first evaluation index for workplace initiatives for LGBTQ and other sexual minorities.

See our website for more details on our initiatives to promote diversity:  
<https://www.sekisuihouse.co.jp/english/company/sustainable/report/social/diversity/>



### External Evaluation



### ▶ Respect for Human Rights

Since 1980, we have held annual training on human rights (human relations training) for all employees. In line with global business development, in April 2020 we announced the Sekisui House Group Human Rights Policy, which is based on international norms and we are conducting human rights due diligence.

In FY2020, we reexamined awareness of human rights risks throughout the Group in Japan, created a risk map and identified risks.

Going forward, we will step up our efforts at domestic and overseas subsidiaries and in the supply chain.

## Workstyle Innovations

The primary objective of the workstyle innovations promoted by the Sekisui House Group is to maximize opportunities for employees to leverage their individuality and abilities. We encourage them to work flexibly and autonomously, regardless of where or when they do their work. We will promote further innovations with the aim of becoming the world's happiest company, where everyone finds their work fulfilling and enjoyable.

### ▶ All Eligible Male Employees Continue to Take at Least One Month of *Ikumen* Leave

*Ikumen* Leave, a program that started in September 2018 to encourage male employees with children under the age of three to take at least one month of childcare leave, is paid for the first month and can be divided into as many as four separate portions. As a result of measures including setting up a system for arranging leave and holding the *Ikumen* Forum to raise awareness, since the full-scale launch of the program in February 2019, all eligible employees have taken at least one month of *Ikumen* Leave. Moreover, in April 2021, we introduced, a new *Ikumen* Leave program for the eight weeks after childbirth. This will provide eligible male employees with greater flexibility in taking leave during the post-partum period, when the physical and mental burden on the mother is greatest. We will continue working to improve the program's quality while ensuring that all eligible male employees take at least one month of *Ikumen* Leave.

### ▶ Support for Balancing Work with Childcare/ Nursing Care/Medical Treatment

We have built a system to support not just individual employees but their workplaces as a whole, including measures to balance work and childcare and a program for fulltime work support so that employees can work with peace of mind and make a smooth return to the workplace, raising children without setbacks to their career progress. Every year since 2015, we have held forums on successfully balancing work and childrearing. Participation by childrearing employees of both sexes and by their supervisors has helped change attitudes toward work-life balance and career advancement. We have also established a support system so that employees can continue working while providing nursing care or undergoing infertility treatment or cancer treatment, among other situations.

### ▶ Promoting Smart Work

By making full use of smart devices, introducing free address office seating and other measures, we promote workstyles that not only improve productivity but also facilitate vibrant communication with no location or time constraints. During the COVID-19 pandemic, we accelerated the promotion of smart work, which included telecommuting and sliding work schedules for all employees, depending on their situations, as well as effective use of remote meetings via web conferencing systems.

### ▶ Promoting Health and Productivity Management

We have established a system to improve physical and mental health, which has a direct bearing on employee happiness, and promote health and productivity management under a policy that lets employees take the initiative in maintaining their own health. Specifically, we have developed Sekisui House FIT, an original smartphone app for visualization of a "walking challenge" (using a pedometer function), "healthy challenge\*" and "health tips" to promote health improvement. Some 19,000 users, or 76% of all employees, use the pedometer function, and results are apparent in their improved body mass indexes (BMI). We are also promoting more advanced health maintenance in ways such as providing opportunities for genetic testing that also includes family members.

\* Forecast of health risks using AI to analyze health check results

### The Sekisui House Group's "Happiness" Health and Productivity Management

#### Health and Productivity Management Policy

The philosophy at the heart of the Sekisui House Group is "love of humanity." In addition to establishing systems and workplace climates that help employees find greater 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.



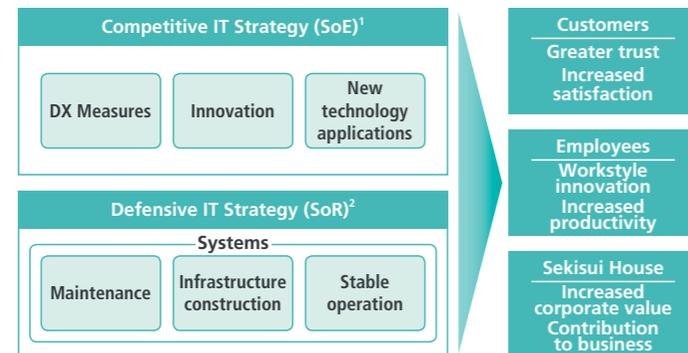
## Promoting Diversity at the Sekisui House Group: From Promoting the Active Participation of Female Employees to Workstyle Innovations

Corporate Policies (Vision/Declaration)	2004	2005	2006	2007	2014	2015	2016	2017	2018	2019	2020	2021
Announcement of "S-Project" Medium-Term Management Vision												
Issued the Declaration of Sustainability												
Announced Human Resources Sustainability policy												
Formulated the Action Plan for the Promotion of Active Participation by Women based on the Act on Promotion of Women's Participation and Advancement in the Workplace												
Announcement of Human Rights Policy Formulation of 30-Year Vision Establishment of ESG Management Promotion Headquarters												
Formulated the Action Plan for the Promotion of Active Participation by Women based on the Act on Promotion of Women's Participation and Advancement in the Workplace												
<b>Sekisui House Initiatives</b>												
Promotion of Women's Careers			Expanded hiring of female sales staff Introduced Retiree Reinstatement Registration program		First year of Sekisui House Women's College	Second year Started Female Onsite Supervisor Support Program	Third year	Fourth year	Fifth year	Sixth year	Seventh year	Eighth year
Workstyle innovations Active participation by diverse personnel	Started a leave program for volunteering		Started paid vacation day carryover system Started the Career Challenge System	Started system for paid vacation time to be taken in hourly increments		Introduced Smart Holidays (paid leave system) Introduced retirement age of 65 year		Introduced Family Friendly Day	Introduced sliding work schedules (staggered shifts)	Established new personnel registration system covering both opposite-sex common law marriages and same-sex partnerships	Started full-scale promotion of smart work Established Promotion of Employment of Persons with Disabilities Office	
Support for Work-Life Balance			Enhanced the childcare support program	Introduced a childcare leave program for male employees	Established work-life balance consultation service Enhanced nursing care support program		Launched telecommuting system	Started support program for early return to work (Nursery School Hunting Concierge) Started fulltime work support program (childcare expenses) Started support for Sunday work	Started special childcare leave program ( <i>Ikumen</i> Leave)	Started support for working while undergoing cancer/infertility treatment		Started <i>Ikumen</i> Leave program for the eight weeks after childbirth

## Approach to DX

The Sekisui House Group's DX is centered on our businesses. We use digital technologies to transform these businesses. The copious customer information and design data we have acquired and managed over more than 60 years since our establishment provide a foundation for the application of these technologies. While using the data we have accumulated to conduct advanced competitive measures that apply AI, IoT and blockchain technology, we also conduct defensive IT, which entails raising operational efficiency through system-level reforms and upgrades in addition to constructing and stably operating system infrastructure. Furthermore, we are working to improve corporate value by establishing IT governance for strategic control of investment risks and returns in each information system according to set rules.

In recent years, responding to labor shortages and workstyle reforms has become an urgent issue. The COVID-19 pandemic in 2020 necessitated new ways of working, such as telecommuting, that can be done anywhere. Our top priority in addressing this issue was speed. As a result of the smooth introduction of new workstyles, telecommuting is now firmly established at Sekisui House. We have identified work premised on printed documents and personal seals and are promoting more efficient and effective ways of getting these



1. System of Engagement 2. System of Record

tasks done. Moreover, as telecommuting has brought effective use of online communication methods to the fore, we are ambitiously working to improve performance by using new communication tools not just internally but also for meetings and consultations with customers and suppliers.

We will continue to formulate and promote our IT strategy from both a competitive and a defensive perspective to create value for all our stakeholders (customers, owners, tenants, shareholders, employees, suppliers, partner building contractors and others).

## Workstyle Innovations

### ► Expanded Use of Tablets

We supply tablets and mobile phones to employees in sales, after-sales maintenance and other departments. We have also been upgrading to an environment that allows employees to view and input data in our core system for managing the entire sequence of work data for planning, sales, design, production, construction, and maintenance. This has dramatically improved the speed and accuracy of information transmission.

When the Japanese government declared a state of emergency in April 2020, we also distributed tablets to employees engaged in office



Sample in-house tools and apps developed and distributed by the IT Operation Department

work and developed a new remote desktop service for remote connection to their office PCs. Enabling employees to work from home by viewing core system data on their tablets through this new service has led to a 70-80% reduction in in-person work at offices. It has also provided an opportunity for us to discuss discontinuing the use of desktop PCs in offices.

### ► Advances in Online Sales

While unable to meet directly with customers during the COVID-19 pandemic, our front-line sales staff have come up with many ideas for alternative means of customer contact. Utilizing IT has rapidly given these ideas form, transforming the way we conduct sales. Previously, we visited customers' homes or customers came to one of our locations for meetings, but the spread of online communication has enabled us to build relationships in new ways. For example, we have added the hands-on *Ouchi-de-Shiawase* Planning (Happy Planning at Home) tool to our corporate website, allowing customers to freely create layout simulations online. We also launched a service that creates 360-degree VR environments from those layouts for customers. In addition to traditional face-to-face communication, through online sales activities we are building closer relationships with customers that are only possible in the digital realm.



VRscope® for viewing *Mirai no Wagaya* (Our Future Home).

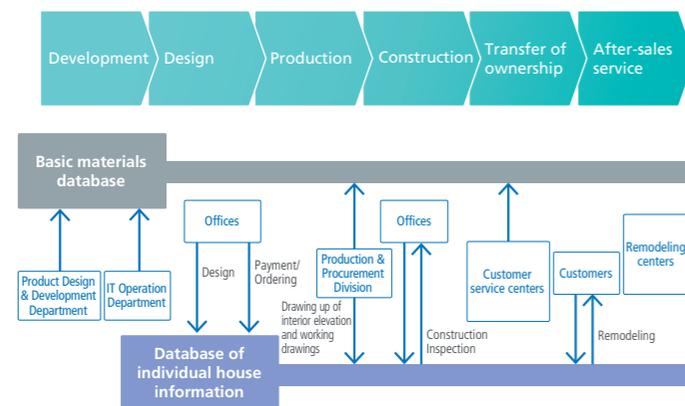
Left and right eye views are generated.

## Evolution of Our Business Strategy

### ▶ Utilizing Our Database of Individual House Information

We conduct integrated management of our customer information and copious design data, which are key information assets that are a source of our competitive advantage. Integrated information management makes our workflow more efficient, optimizes Group-wide operations and enhances Group cooperation. Using our secure IT platform, we have also begun initiatives to generate profits by deploying these assets in new businesses and services. We have developed a database of individual house information, and ensure that our information is accurate and up to date to facilitate greater utilization. We will also use individual customer data in sales activities for integrated management of long-term relationships from initial contact to after-sales service. In addition, we will leverage modeling information from design to production and construction to improve production and construction efficiency.

### Integrated Management of Customer Information and Design Data



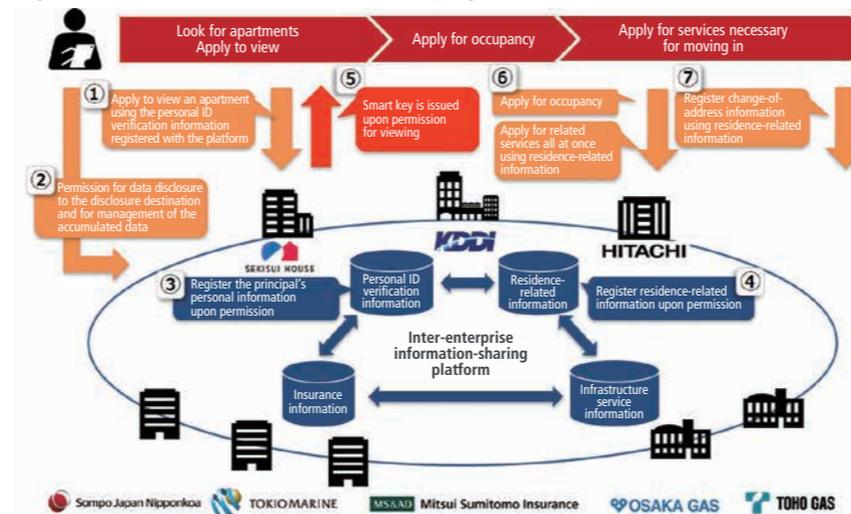
### ▶ Participation in Blockchain Consortium

Sekisui House is a member of NEXCHAIN, a consortium that coordinates information among corporations. Promoted as a DX implementation project with the support of the Japan Business Federation (*Keidanren*), NEXCHAIN uses blockchain technology to share information across industry and business categories. The consortium is building a real estate platform for realizing Society 5.0, an initiative endorsed by the Japanese government. The consortium's platform also helps to accelerate open innovation by promoting secure utilization of information. Current procedures for each stage from property search and onsite inspection to the rental contract are cumbersome, requiring the preparation of many documents. We have therefore implemented the industry's first one-stop service (according to a Sekisui House survey) for all these procedures, targeting customers who wish to move into our Sha Maison rental housing.

## Addressing Security Risks

In recent years, cyberattacks have become more sophisticated and complex, with an increase in security incidents that cannot be prevented using conventional defensive methods. At the same time, amid demand for telecommuting and other new work-from-anywhere (WFA) workstyles, environments for terminals and networks are diversifying and there has been a major transition to work environments that combine multiple clouds. Therefore, in addition to conventional information security measures, we take stronger measures suitable for WFA workstyles and the multicloud era, aggregating important data on a cloud platform and distributing tablets for remote connection to the Company. We have built a robust system to protect customer and company information, including the introduction of a mechanism for remotely disabling lost terminals.

### Image of a consortium model for developing an inter-enterprise information-sharing platform



Note: In March 2019, Sekisui House, KDDI CORPORATION and Hitachi Ltd. started collaboration to develop an inter-enterprise information-sharing platform.