



# **Sekisui House, Ltd.**

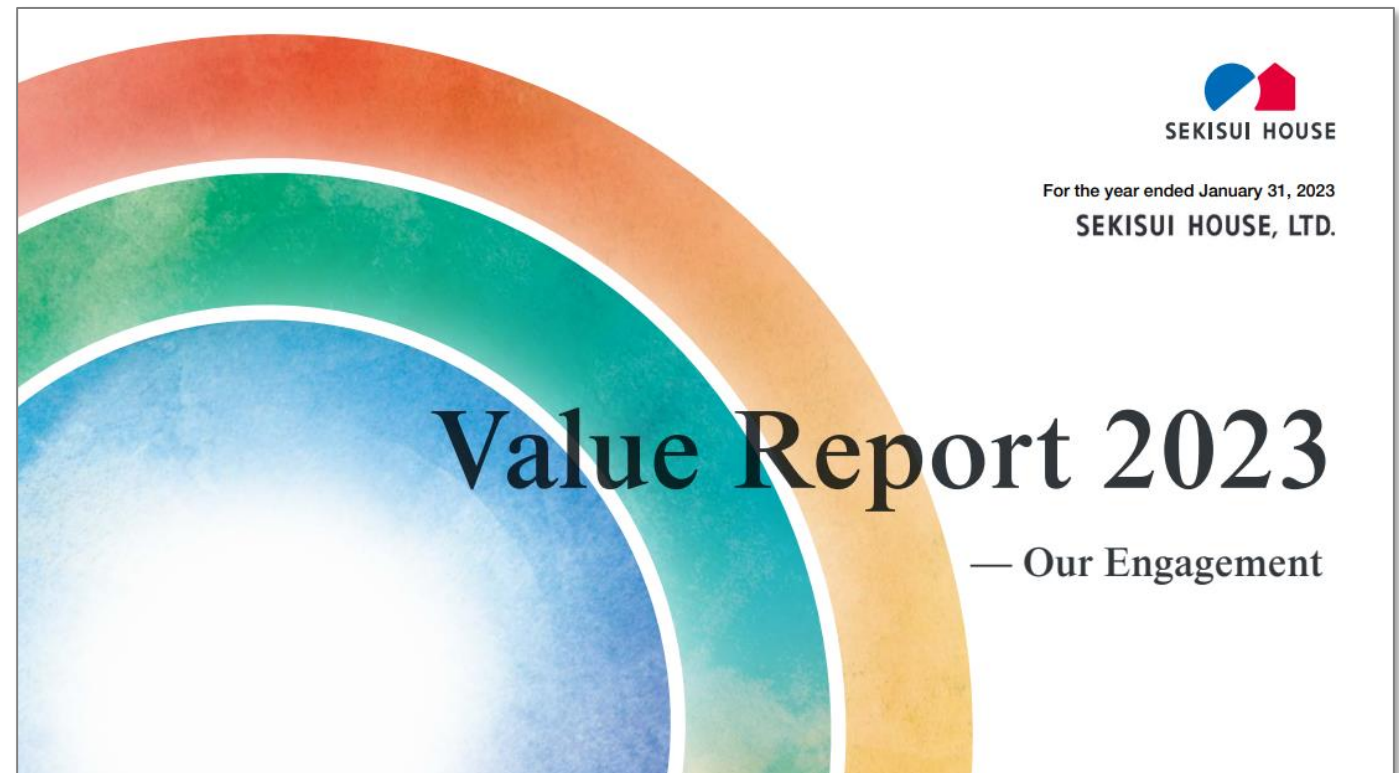
## **FY2023 ESG Management Briefing**



# **“Value Report 2023”** **Overview and Points Considered** **in the Course of Editing**

Executive Officer,  
Head of Investor Relations Department  
**Atsushi Yoshida**

# “Value Report 2023” Overview and Points Considered in the Course of Editing



October 2023, Sekisui House, Ltd.  
FY2023 ESG Management Briefing

# What is the Value Report? - Stories from its creation —

All In One



Integrated Report



Improvement of corporate value /  
value creation story  
Business and financial strategies

Sustainability Report



A sustainable corporation  
ESG (non-financial) information  
and sustainable initiatives

## <Objective of its publication>

**Compile a corporate story based on  
our trajectory over the course of  
more than 60 years since our founding**


- Identify material issues that should be tackled through business management
- Communicate the genuine corporate value of the Sekisui House Group and its purpose
- Clearly present our global vision and ideals for the Group
- Showcase our business operations and ESG-related initiatives
- Pursue high-quality, effective engagement with various stakeholders



# Overview of Stakeholder Communications Undertaken by the Sekisui House Group

## - Positioning of the Value Report

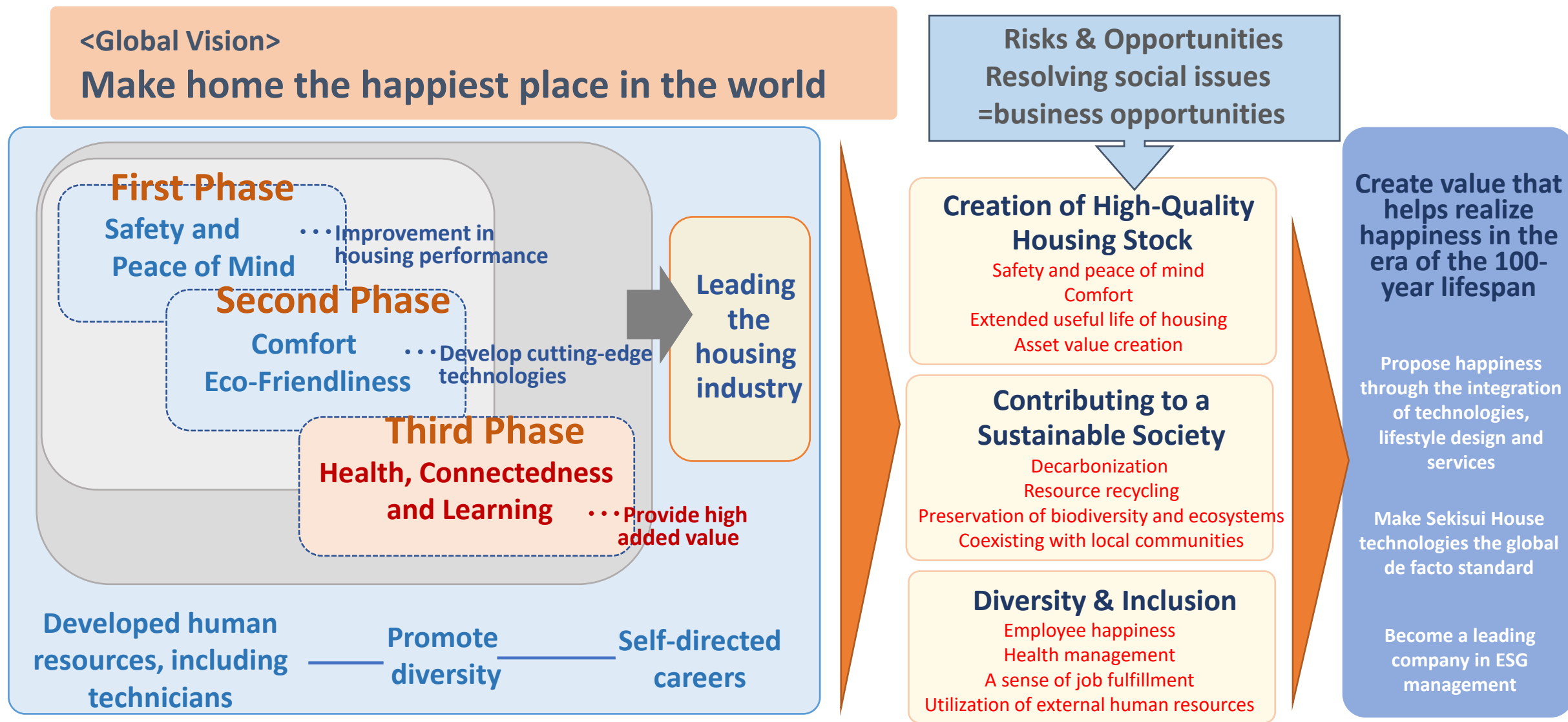
### Communication Overview

	Financial Information	Non-Financial Information
Dialogue	<ul style="list-style-type: none"><li>• Briefings on earnings results and management plans</li><li>• Meetings with analysts and investors</li><li>• General Meeting of Shareholders</li></ul>	<ul style="list-style-type: none"><li>• Briefings on ESG management</li><li>• Meetings with stakeholders</li></ul>
Reports	<ul style="list-style-type: none"><li>• Securities Report (Japanese only)</li><li>• Business Report</li></ul>	<ul style="list-style-type: none"><li>• Corporate Governance Report</li></ul>
	<div><ul style="list-style-type: none"><li>• Value Report (integrated report) This unified disclosure explains corporate value by providing financial and non-financial information and a wide array of data.</li></ul></div>	
Website	 Investor Relations	 ESG Management

In addition to featuring financial and non-financial information, the publication is positioned as a tool for robust information disclosure on various aspects of our corporate value with an extensive range of data.

# A Corporate Story of the Sekisui House Group

## - Breaking Down the Corporate Story by Phase



Love of Humanity and Corporate Governance



# A Corporate Story of the Sekisui House Group

## - Breaking Down the Corporate Story by Phase

### Phase 1 (1960–1990)

Safety and peace of mind

### A 30-Year Focus on High Quality, High Performance, Safety and Peace of Mind in Housing Construction

Sekisui House's founding mission was to help resolve the housing shortage caused by a rapid increase in demand during this period of high economic growth. We played a part in post-war reconstruction by popularizing pre-engineered housing with a short construction time-frame. We ensured safety and peace of mind by providing shelter through houses that protect lives and property in Japan, where natural disasters are frequent. We led the Japanese housing industry with industry-first initiatives, such as the adoption of metric specifications.

#### Innovations

#### ► Launch of Sekisui House Model B, Our First Mainstay Product (1961)

We were the first in the Japanese housing industry to introduce metric specifications (using 1,000 mm modules), leading to the creation of more generously proportioned spaces than the use of traditional shaku-based modules (approximately 910 mm). In addition, we enhanced design freedom by developing our Universal Frame System, an original steel frame construction method. We also adopted aluminum window sashes to improve thermal insulation performance.



#### ► First Production Base (Shiga Factory<sup>1</sup>) Opened (1961)

We established our first production base to meet rapidly growing demand for high-quality housing based on our approach of ensuring quality and stable supply through production of components at our own factories. Our current production system comprises six locations in Japan and overseas.



<sup>1</sup> Stopped production March 31, 2009

#### ► Direct Sales and Design-Build System Established (1964)

Sekisui House transitioned from using sales agents to direct sales. We also established our design-build system, in which we take full responsibility from contract until completion and also provide after-sales service. We also established the Sekiwa Construction (now Sekisui House Construction) companies to guarantee high quality by conducting foundation work in-house.



#### ► Demonstration of the Seismic Resistance of Our Houses (1979)

We conducted the first set of full-scale vibration experiments on a pre-engineered house at the National Research Center for Disaster Prevention (now the National Research Institute for Earth Science and Disaster Prevention). Repeated verification using the most sophisticated shaking table then available proved that our house was able to withstand powerful earthquakes.



#### ► Long-Term Warranty System Initiated (1982)

After the launch of Japan's Housing Performance Warranty Program covering defects in newly built houses, Sekisui House collaborated with the Japan Prefabricated Construction Suppliers and Manufacturers Association to revise the Voluntary Standards for Prefabricated Housing. Based on the belief it was our responsibility as a corporation to address complaints directly, these changes extended the warranty on the framing and waterproofing of new houses from two to ten years.

#### ► Customer Service Centers Established (1987)

We established Customer Service Centers to provide after-sales service and conduct business activities based on direct dialogue with owners so that they can enjoy living in their homes with peace of mind for many years to come. In 2004, we also opened centers that operate outside of normal business hours to offer emergency repairs and consultations at any time.



#### The People Who Support Our Innovation

We believe that employees are the source of our innovative technologies and services, and that human resource development is essential to our goal of becoming a leading company in ESG management. Since our founding, we have implemented initiatives to develop the human resources who will support Sekisui House and ensure that our technologies are passed on.

Developed human resources, including technicians

- Development of skills for each job type and rank
- Created educational training centers, training schools and ability tests
- Established in-house certification program and education and training requirements

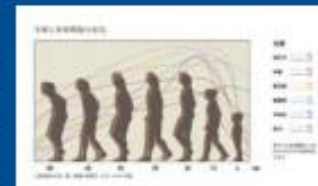


#### The Fruits of Our Innovation

### Improved housing performance

#### Created the Lifetime Housing Concept

Shifted from a focus on housing designed specifically to accommodate the elderly and people with disabilities to housing that can be used by all people for a lifetime. Established the "comfortable living—now and always" housing design concept.



#### Providing Peace of Mind to Customers

Through direct sales and the design-build system, the long-term warranty system and the Customer Service Centers, we established a framework for providing tremendous peace of mind to customers.

#### Comprehensive Housing R&D Institute Opened (1990)

We established the Comprehensive Housing R&D Institute to test and evaluate basic aspects of housing performance and conduct R&D of advanced technologies. The institute plays a key role in Sekisui House's technological R&D.





# A Corporate Story of the Sekisui House Group

## - Breaking Down the Corporate Story by Phase

### Phase 2 (1990–2020)

#### Comfort and Eco-Friendliness

### A 30-Year Focus on Comfort and the Environment

As environmental issues and climate change became more apparent worldwide, Sekisui House led other companies in further enhancing superior technologies in areas such as seismic resistance, durability and thermal insulation to realize comfort—a priority for residents—alongside eco-friendliness through energy-saving housing and other measures. We also focused on providing comfort and eco-friendliness for entire communities through town development and urban redevelopment projects.

#### Innovations

In addition to addressing the need for housing that provides shelter offering safety and peace of mind, we continued to hone our wide-ranging technologies to develop the most sophisticated approaches to meeting residents' needs for comfortable living.

#### ► Full Application of Universal Design (2002)

Drawing on our lifetime housing concept, we apply Sekisui House Universal Design (SH-UD) to all of our detached houses to make daily life easier for residents. Since 2010, we have evolved these efforts into smart universal design, an approach that also incorporates comfort. We also commenced efforts to develop human resources with the skills to advance housebuilding from a universal design perspective, and have since focused on providing comfort through design.



#### ► Improved Insulation Performance (2003)

We became the first major domestic housing manufacturer to adopt next-generation energy-saving specifications that satisfy three criteria set by the government—for insulation, airtightness and ventilation systems—as standard for all of our newly built detached houses. Doing so improved floor insulation performance by about 20%, helping reduce environmental impact.



- Safety, peace of mind
- Health



#### ► Green First Strategy Launched (2009)

Sekisui House led the housing industry with the launch of the Green First house that provides comfortable, economical and eco-friendly living. Green First houses reduce energy consumption through the use of high-performance thermal insulation and energy-saving technology while offsetting energy consumed through the use of a photovoltaic power generation system and the Ene-Farm household fuel cell, leading to a 60%–80% reduction in household CO<sub>2</sub> emissions during occupancy. The Green First house has now evolved into our net zero energy house (ZEH).

#### ► Slow Living Proposals (2010)

We launched sales of Slow Living proposals that connect indoor and outdoor space. Using a scientific approach, our analyses of comfort led to the development of large sliding glass doors with fully recessed bottom sashes that open to create a large continuous space from inside the house to outside under the eaves.



#### ► Human Life R&D Institute Opened (2018)

The Human Life R&D Institute studies "houses where happiness grows the longer you live there." It conducts surveys and research on living and lifestyles with the aim of fostering well-being through intangible value. This research promotes next-generation housebuilding based on the integration of technologies and lifestyle design to address diversifying lifestyles.

Houses where happiness grows the longer you live there



#### The People Who Support Our Innovation

#### Promoted diversity

- Participation of women
- Hiring of people with disabilities
- Respect for human rights
- Workstyle innovation



#### The Fruits of Our Innovation

### Developed advanced technologies

#### Original SHEQAS Seismic Control System

SHEQAS dampers absorb shaking by converting seismic energy into heat. The system can reduce building deformation by more than 50%<sup>2</sup> and maintains its effectiveness even after multiple large earthquakes or aftershocks.

2. In comparison to Sekisui House's seismic resistant structures without the SHEQAS system



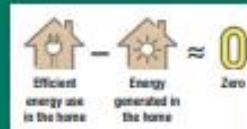
#### Airkis High-Quality Indoor Air System

This system reduces levels of airborne chemicals (such as formaldehyde) to levels safe for children, who are the most sensitive, while providing ventilation and air purification to create a comfortable indoor air environment.



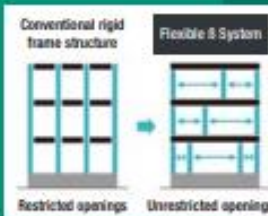
#### Green First ZERO (ZEH)

Our Green First houses have now evolved into net zero energy houses (ZEH).



#### Flexible B System

These heavy-gauge steel rigid structures use high-strength pillars and beams to eliminate the need for multi-story pillars. Pillars can be positioned freely on each floor, enabling flexible floor plans with such features as corner windows.





# A Corporate Story of the Sekisui House Group

## - Breaking Down the Corporate Story by Phase

### Phase 3 (2020-)

#### Health, Connectedness and Learning

#### Providing Value from Housing with a Focus on Health, Connectedness and Learning

The COVID-19 pandemic has increased time spent at home and changed lifestyles. This has led to growing interest in and demand for home ownership and caused living-related needs to diversify. As we enter the era of the 100-year lifespan, Sekisui House will accelerate the provision of new value through the integration of technologies, lifestyle design and services.

#### Innovations

Aiming to provide happiness in the era of the 100-year lifespan, we will further evolve the technologies we cultivated in Phase 1 and Phase 2 as the basis for new initiatives that are closely attuned to the lives of residents.



#### ► The Use of IoT Technology

Our proactive use of IoT technology enables us to create high-quality, high-performance housing while improving productivity. We are using digital technologies to transform our businesses in order to meet diversifying housing needs.

#### ► The Platform House Concept

To propose new housing concepts that will help residents achieve happiness in the era of the 100-year lifespan, Sekisui House is expanding its business from the residential domain to include lifestyle services. Through Platform House, we will install homes with services related to health, connectedness and learning that are tailored to each resident.

#### —HED-Net In-Home Early Detection Network for Acute Illnesses (2020)

HED-Net, is the first service in the world that uses contact-less sensors installed in the home to detect heartbeat and respiration and send an alert to emergency call centers for safety confirmation in the event that an abnormality is detected. We are currently advancing pilot tests toward commercialization.



#### —PLATFORM HOUSE touch (2021)

PLATFORM HOUSE touch is the first product launched under our Platform House Concept. This smart home service employs a floor plan-linked interface to enable the remote control of home devices from inside or outside using the big data of the house.

#### —SUITE CONCIER (2022)

SUITE CONCIER is the second product launched under our Platform House Concept. This website introduces an array of services based on the four themes of health, connectedness, learning and living (such as medical consultations, online foreign language lessons, and art rental) to increase the experience-based value that contributes to customer well-being.



#### The Fruits of Our Innovation

### Providing high added value

#### Family Suite

Family Suite integrates advanced technologies with life-style design to realize a wide-open space that breaks away from the living room, dining room and kitchen (LDK) configuration that is typical in Japan.



#### SMART-ECS

Combining three systems for zoning, ventilation and air purification, SMART-ECS keeps air inside the home clean while also controlling temperature.



#### Integration of technologies, lifestyle design and services

We are integrating technologies and lifestyle design proposals with the Platform House Concept to install housing with services related to health, connectedness and learning.



#### The People Who Support Our Innovation

We are committed to supporting the self-directed career development of employees and conducting initiatives to foster an innovative corporate culture.

#### Self-Directed Careers

- Creation of the next generation of leaders
- Employee engagement
- Sekisui House Innovation & Performance (SHIP) Awards Program

## SHIP

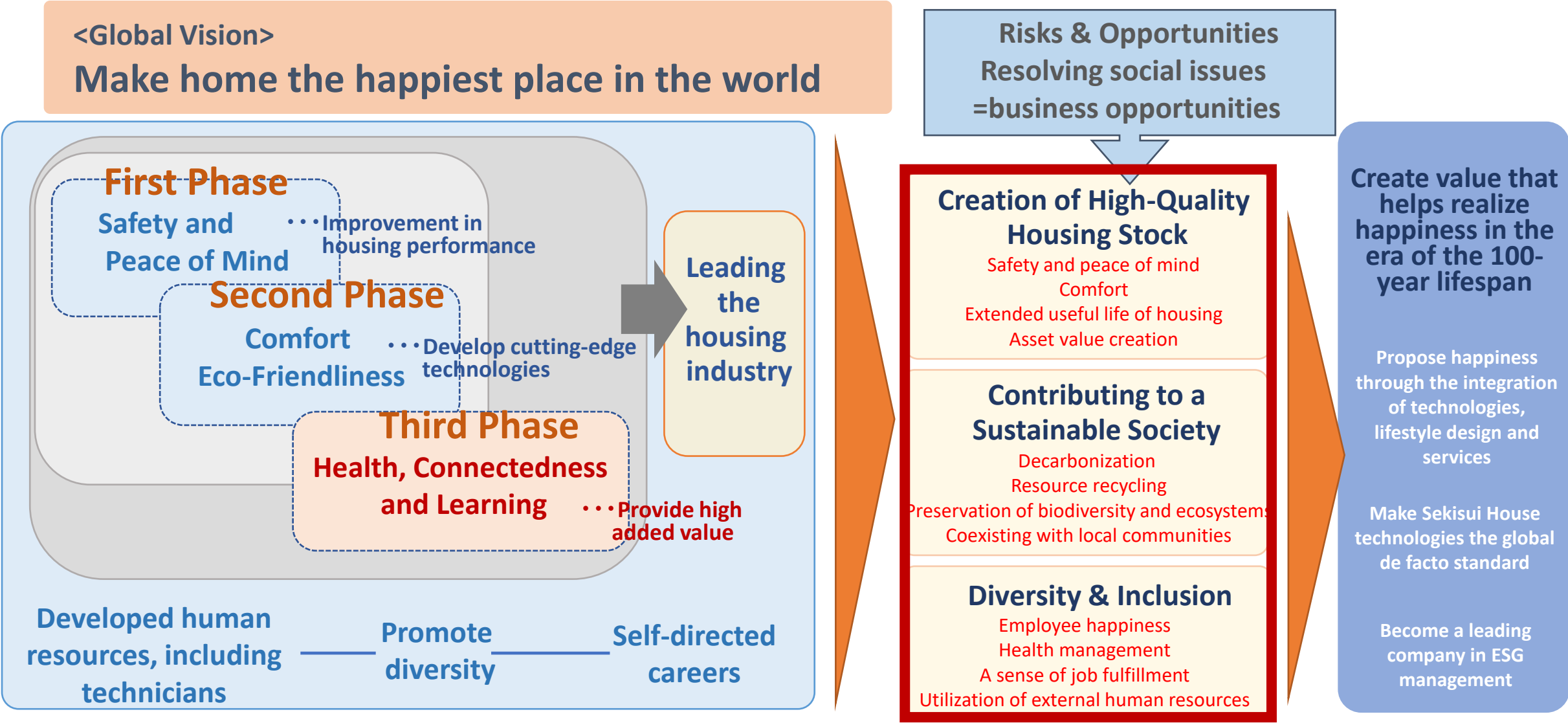
Sekisui House  
Innovation & Performance  
Awards





# A Corporate Story of the Sekisui House Group

- Material Issue derived from the story



Love of Humanity and Corporate Governance

### Sekisui House's Material Issues

Sekisui House contributes meaningfully to resolving environmental and social issues through its businesses. In 2022, we revised our material issues in line with an update of our corporate story after reexamining the impacts of our businesses that are both important to our stakeholders (such as customers, business partners, employees, shareholders, investors and local communities) and significant for the economy, environment and society.

Since day one, our businesses have created corporate value while addressing material issues. This is the source of our originality and our strength.



#### Process of Identifying Material Issues

Our material issues: Encompassing the Group's key tasks from its founding to the future as well as its social mission

##### Reconfirming key themes that embody the Sekisui House Group

Tracing the history of the Sekisui House Group back to its founding, we reconfirmed eight themes<sup>1</sup> that are both universally present and important throughout the Group's past, present and future businesses and initiatives.

<sup>1</sup> Seismic resistance; beauty and aesthetics; ecosystem preservation/biodiversity; heat resistance and CO<sub>2</sub> reduction; health, connectedness and learning; maintaining jobs and human resource development; resource recycling; and coexisting with local communities

##### Crafting the corporate story based on key themes

We identified keywords that evoke these eight themes and the links between these keywords and the Sekisui House Group's businesses and initiatives. We reaffirmed how the innovations we have produced and the human resources who have made them possible align with our fundamental philosophy of love of humanity and, from these two perspectives, crafted the Sekisui House Group's corporate story, organized into 30-year phases.

##### Distilling the corporate story into three material issues

From our corporate story, we identified the three keywords of "creation of high-quality housing stock," "contributing to a sustainable society" and "diversity and inclusion." We reaffirmed that these constitute the very DNA of the Sekisui House Group and, as solving social issues is the Sekisui House Group's overarching mission, selected them as our material issues.

Creation of corporate story,  
designation of phases

Selection of material issues

Exchange of opinions with  
representative directors of the Board

Discussion and approval by the  
ESG Promotion Committee

Approval by the Board of Directors







Value Creation Process

Love of humanity is the core of Sekisui House's Corporate Philosophy. Drawing on this philosophy, technology and people, we have achieved numerous innovations. Our history since the Company's founding can be broken down into 30-year phases. In the first phase, we emphasized safety and peace of mind, and in the second, comfort and eco-friendliness. Now, in our third phase, we are emphasizing health, connectedness and learning.

Based on our love of humanity—the very DNA of Sekisui House—and the innovations accumulated over three phases of our corporate story, we identify risks and opportunities in our operating environment and use resources effectively and efficiently to expand our businesses and accelerate growth with the goal of creating corporate value and achieving our global vision.

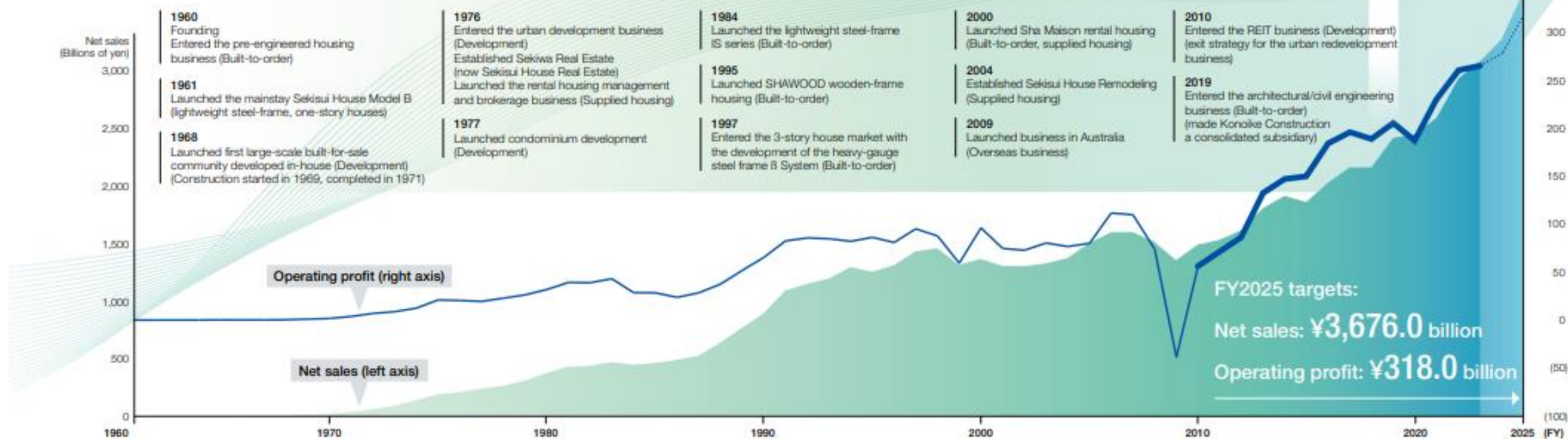
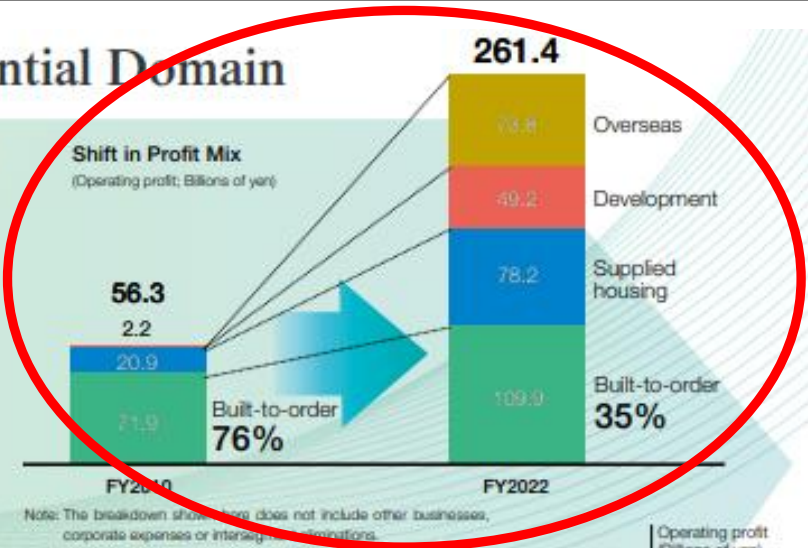




Evolution of Our Businesses and Business Model Based on the Residential Domain

Sekisui House was founded in the pre-engineered housing business in 1960, and in the 1970s entered the development business, including urban development and the sale of condominiums. In the 1990s, we established detached housing brands with the lightweight steel-frame IS series and wooden-frame SHAWOOD houses. We then entered the three-floor house market with the heavy-gauge steel frame  $\beta$  System construction method and, with the creation of the Sha Maison rental housing brand in 2000, all of the current elements of the built-to-order business were established. In 2004, we established Sekisui House Remodeling, and since then, the full-scale development of the remodeling business has contributed greatly to the creation of high-quality housing stock in Japan.

However, in 2008, the financial crisis caused a decline in business performance, leading to the first annual net losses in the Company's history. The major impacts on the Company, including a downturn in orders for housing, led us to revise our business model, which was centered on the built-to-order business, and in 2010, we announced our first Mid-Term Management Plan. Since then, we have expanded the range of our housing-related businesses and entered the REIT business with an eye to securing an exit strategy for projects in the urban redevelopment business. These and other efforts have greatly changed our mix of business models, which before was heavily reliant on detached houses (built-to-order), a market that is expected to shrink in the future. This, along with our entry into the overseas business, has transformed our portfolio. Compared with FY2010, when 76% of operating profit came from the built-to-order business, today the portfolio is balanced across four businesses. In FY2022, we recorded record high net sales and operating profit. For FY2025, the final year of the Sixth Mid-Term Management Plan, we are aiming for ¥3,676.0 billion in net sales and ¥318.0 billion in operating profit.





## G Shareholder and Investor Engagement

In line with its Basic Policy on Corporate Governance, Sekisui House discloses various financial information regarding its financial position and business results, as well as non-financial information regarding management policies, ESG-related activities and other matters. To address all stakeholders, including shareholders and investors, we maintain a proactive stance toward information disclosure and strive to remain fair in this endeavor. We also aim to ensure that our operations are accurately understood by stakeholders even as we build appropriate relationships of trust with them. Accordingly, we engage in direct communications and proactive dialogue with stakeholders while striving to incorporate their opinions to inform our business judgment and other management activities.

To secure sustainable growth for the Sekisui House Group and medium- to long-term improvement in its corporate value, we create opportunities for periodic engagement with shareholders and investors. Through these opportunities, we facilitate constructive dialogue with them. Moreover, we hold IR interviews with analysts and institutional investors while inviting our investors, both individual and institutional, to attend management plan briefing sessions and to join tours of our factories. In these and other ways, we strive to enhance direct communications with investors in addition to holding individual meetings with them.

### Organizing online factory tours for individual shareholders

On November 29, 2022, we held a factory tour at Sekisui House's Kanto Factory (Koga City, Ibaraki Prefecture). Since the factory tour was held online in the previous year to prevent the spread of COVID-19, this event marked the second instance of an online factory tour.

As part of this virtual event, we streamed video recordings of manufacturing process for DYNE CONCRETE, a proprietary exterior wall material used in "IS" series steel-framed detached houses. These video recordings have rarely been seen by attendees of physical factory tours. We also delivered presentations using animated pictures while introducing case studies of homebuilding. Thus, we provided attendees with enriched content afforded only via online tour.

This event also provided opportunities for attendees to gain a deeper understanding of proprietary Sekisui House technologies, such as cutting-edge robots used in the small-lot production of multiple items based on the Company's unique policy of production involving different specifications for each home, as well as AI technologies employed to realize both superior efficiency and sophisticated quality control. As a result, questionnaires targeting attendees revealed that around 80% of them responded favorably by indicating that they were satisfied or somewhat satisfied.

While a tour of manufacturing lines garnered particularly favorable reviews, we also received a number of valuable opinions that will likely inform the planning of and discussions regarding similar tours to be organized going forward.



Manufacturing line of DYNE CONCRETE, a highest-grade exterior wall material boasting robust fire resistance, high durability and outstanding appearance



Virtual tour of the Family Suite living room exhibited in Tomorrow's Life Museum, a hands-on experience facility



Video recordings were streamed to help attendees learn about our production capacity for 8 beams, which consist of heavyweight steel frames for use in three- to four-story housing.



An employee reporter shared her takes on the Kanto Factory's workplace environment that boasts ZEB specifications.

### Main Results of Shareholder and Investor Engagement in FY2022

#### Individual shareholders and investors

- Ordinary General Meeting of Shareholders
- Online factory tours
- Corporate briefings sponsored by the Stock Exchange
- Online corporate briefings sponsored by securities firms

#### Institutional shareholders (Japan and overseas)

- Ordinary General Meeting of Shareholders
- Individual SR interviews
- Small-group meetings hosted by outside directors of the Board
- Financial results and management plan briefing sessions
- Briefing sessions on ESG and business overview

#### Institutional investors (Japan and overseas)

- Financial results briefing sessions
- Management plan briefing sessions
- Individual IR interviews
- Briefing sessions on the Value Report and ESG
- Briefing sessions on overseas business
- Small-group meetings themed on ESG
- Participation in conferences sponsored by securities firms
- Inviting investors to tour the Company's properties and facilities

### Small-group meetings hosted by outside directors of the Board for institutional shareholders

As we aim to become a leading company in ESG management, we consider dialogue with institutional shareholders and investors to be a matter of particular importance. In February 2023, we held online small-group meetings for institutional shareholders, with outside directors of the Board acting as hosts.

Each meeting involved vigorous discussions with institutional shareholders. For example, attendees shared their evaluations of the current executive team while contributing their thoughts on initiatives now under way at the Company to strengthen corporate governance and upgrade processes for determining the nomination of and remuneration for officers. In sum, these meetings have provided us with valuable opportunities to engage in the mutual exchange of opinions on and insights into key issues that have been regularly addressed by outside directors of the Board.

These meetings were hosted by Director Kitazawa, Chairperson of the Board of Directors, and Director Yoshimaru, Chairperson of the Personnel Affairs and Remuneration Committee, respectively.

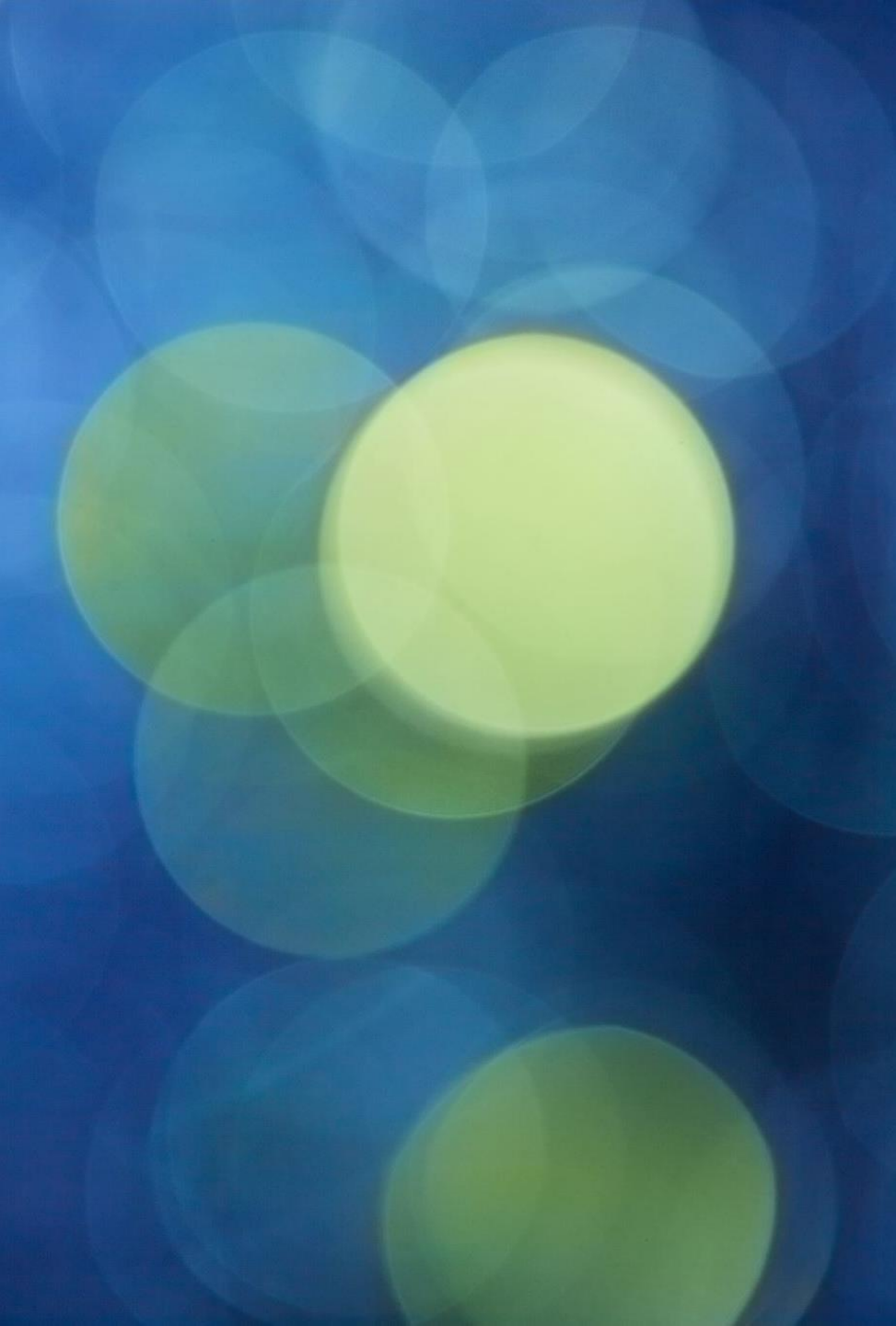


Director Kitazawa, Chairperson of the Board of Directors, addressing attendees from 10 institutional shareholders



Director Yoshimaru, Chairperson of the Personnel Affairs and Remuneration Committee, addressing attendees from 11 institutional shareholders





**Thank you for your attention**



# Initiatives Undertaken by the Sekisui House Group to Become a Leading Company in ESG

Strategies to be executed under the Sixth Medium-Term Management Plan:  
Advance ESG management centered on addressing material issues  
Promote “ESG management that involves all employees,” an approach unique  
to the Sekisui House Group

October 10, 2023  
Sekisui House, Ltd.  
Yosuke Horiuchi

## The Sekisui House Global Vision Make home the happiest place in the world



Propose happiness through the integration of technologies, lifestyle design and services



Become a leading company  
in ESG management



Make Sekisui House technologies  
the global de facto standard

## *Stable Growth in Japan and Proactive Growth Overseas*

## Developed an Effective Framework Based on Three Elements Identified to Build ESG Management Foundations

### <Three Elements of ESG Management Promotion>



#### Participation of all employees

All employees understand and promote ESG management



#### Forward-thinking initiatives

Take on the challenge of popularizing paternity leave, promoting ZEH rental housing and other new initiatives



#### Improvement of external evaluations

Win a solid reputation as an ESG global company

### <Foundations developed>

- Established the ESG Management Promotion Headquarters
- Held ESG Promotion Committee meetings
- Developed a corporate story
- Identified material issues
- Formulated initiative themes and KPIs

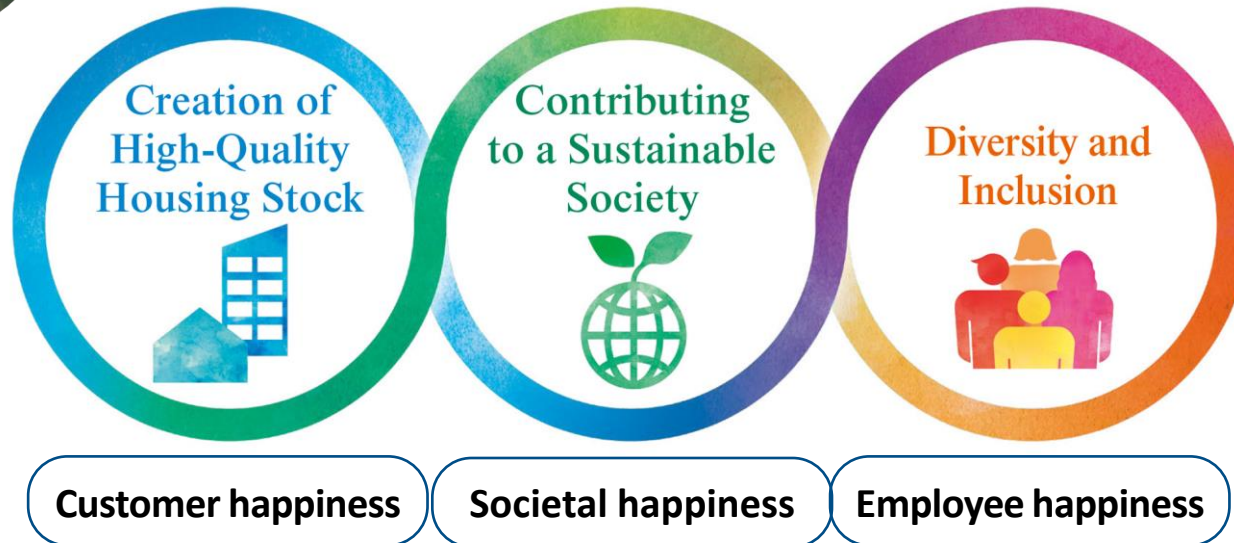


# ESG Strategy to Be Executed under the Sixth Medium-Term Management Plan (1)



To become a leading company in ESG management

## Deepening ESG Management Centered on Addressing Material Issues



### Fundamental Policy

- Helping resolve environmental issues through residences
- Making employee autonomy a growth driver
- Innovation and communication

## Promoting ESG management that involves all employees, an approach unique to the Sekisui House Group

Deepening ESG dialogue while expanding the scope of counterparts

Fostering a corporate culture supportive of spontaneous creativity

Setting ESG indicators and pursuing their improvement

# ESG Strategy to Be Executed under the Sixth Medium-Term Management Plan (2)

Our Medium- to Long-Term Vision

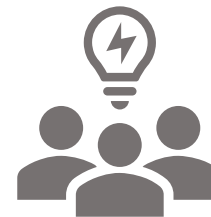
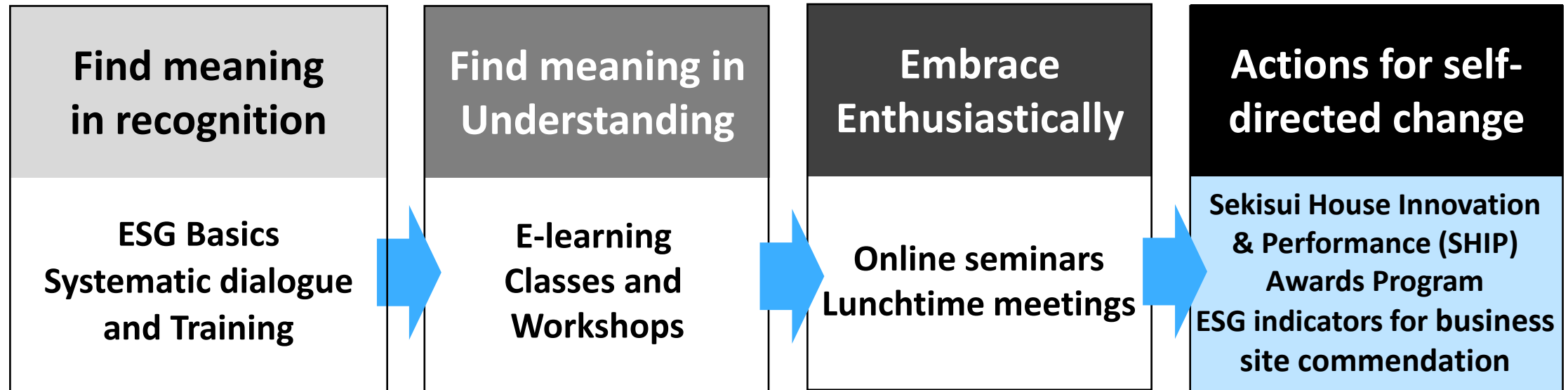
**Aim to practice our Corporate Philosophy while transforming into autonomous individuals and organizations with the power to innovate**

Excerpt from results of the Well-Being Survey

Our strength	Gratitude	Ability to appreciate to others Ability to support others	Entrenchment and practice of the Corporate Philosophy
Our focus	Enhancing a sense of happiness felt at workplaces	Encouraging employees to take on challenges	Strengthen and promote our efforts in these areas through ESG dialogue, career interviews and the SHIP

**A mechanism supporting ESG management backed by spontaneous creativity is essential**

## A Platform That Links Recognition and Action



# ESG Management That Involves All Employees “KPI”

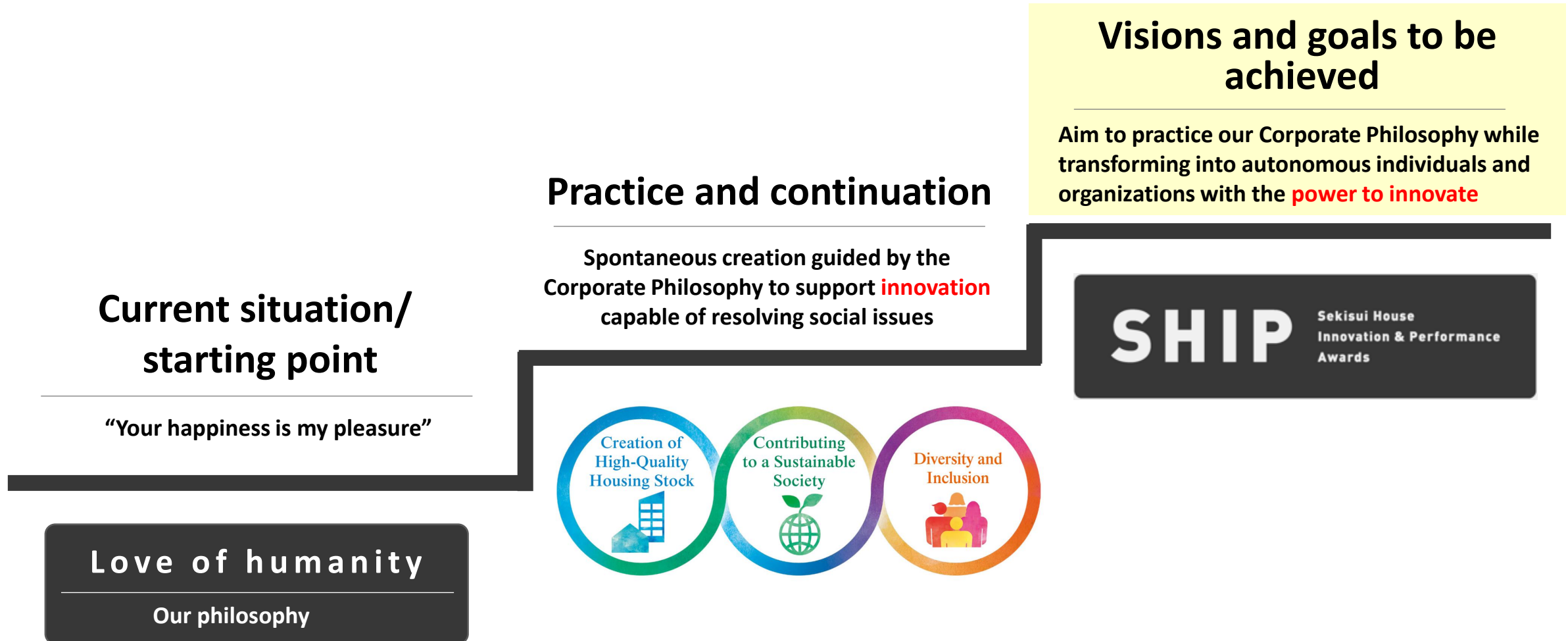
## Linking 54 KPIs with officer remuneration and business site commendation to ensure transparency and effectiveness

Material Issue	KPI	Officer remuneration indicator PSU	Used as president commendation ESG indicator
Creation of High-Quality Housing Stock	Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)		●
	Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, peace of mind and comfort (Sha Maison Gardens)		●
Contributing to a Sustainable Society	Ratio of detached house ZEH	●	●
	Ratio of ZEH units for rent	●	●
	Ratio of ZEH condominiums for sale		●
Diversity and Inclusion	Number of female managers	●	
	Rate of employees opting for the secondary medical checkup		●
	Walking Challenge participants and average step count		●
	Take-up rate for eligible male employee childcare leave	●	
	Monthly average working hours per person	●	●
Governance as the basis of material Issue	Responding to Corporate Governance Code according to reviews by evaluation organizations and others	●	
	Strengthening the Group governance system	●	

# ESG Management That Involves All Employees

## Sekisui House Innovation & Performance (SHIP) Awards Program

The SHIP is aimed at creating individuals and organizations capable of constant innovation.





# SHIP

**Sekisui House  
Innovation & Performance  
Awards**

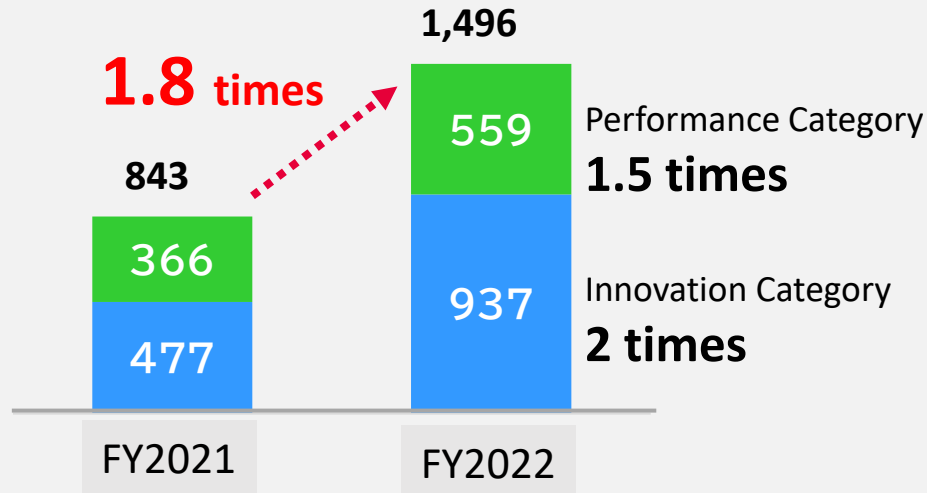
## Innovation Category

Ideas related to new businesses and technologies, in-house programs, ESG, etc.

## Performance Category

Initiatives such as business transformation and new product development that have helped enhance corporate value

### Ideas entered



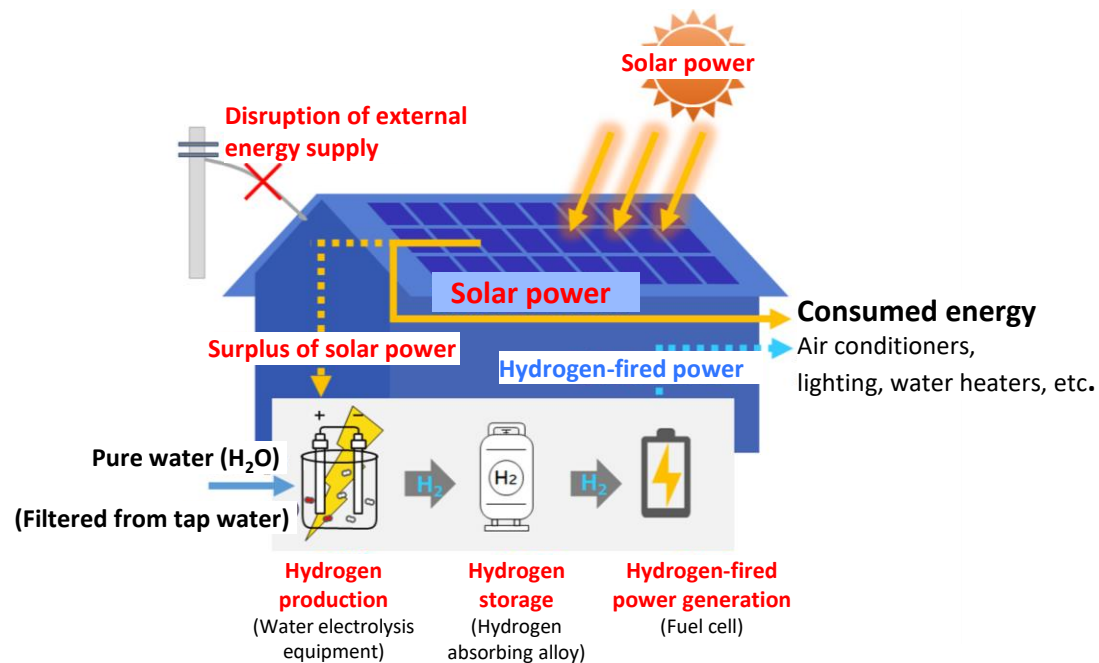
### A final presentation at HOTEL “W OSAKA”



Achieve zero carbon

## The first hydrogen-powered house

Launched a pilot test of housing boasting energy self-sufficiency backed by built-in facilities for hydrogen production, storage and use  
Aiming for commercialization in 2025



Using temporary enclosure fences around construction sites

## Sekisui House sponsors a community art exhibition

Enabling the on-spot purchase of artworks created by people with disabilities



## Expectations for New Value Creation Initiatives as a Leading ESG Management Company



committee member  
**Katsuhiko Kokubu**



committee member  
**Hidemi Tomita**

# Business Model Aimed at Resolving Social Issues

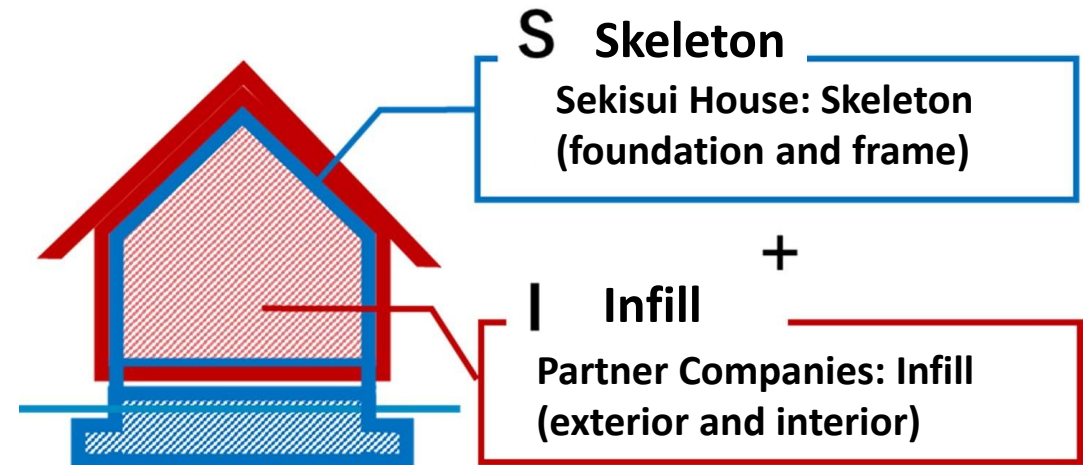
Make Sekisui House technologies available to open innovation; contribute to the creation of high-quality housing stock in Japan;  
and help realize the improvement of seismic resistance of wooden-frame housing

## Became the first in the industry to launched the skeleton and infill (SI) business, a joint construction business, in September

Announced in August 2023

Of 29,200,000 housing units consisting of our domestic detached housing stock,

- 8,400,000 units (29%) were built prior to the enforcement of new seismic resistance standards
- Even among those built after the enforcement of new seismic resistance standards, 25% of units were severely affected (damaged, collapsed, entirely or partially wrecked) by the Kumamoto Earthquake (Mashiki-cho)



### The Sekisui House Group hires high school graduates to nurture them as housing technicians called crafters

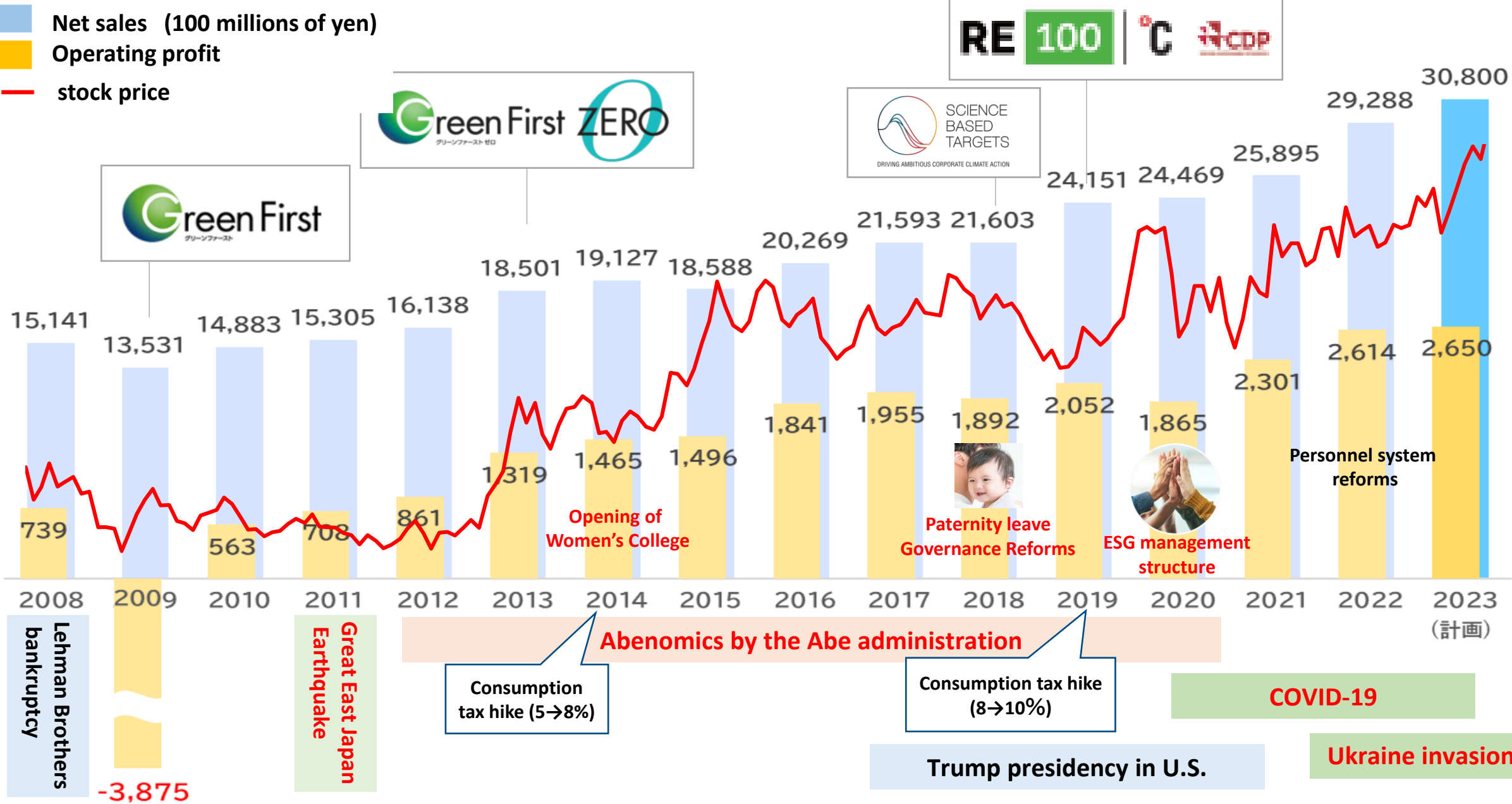
Significantly step up hiring and training with new measures to make becoming housebuilders an even more appealing career option

### Establishment of Sekisui House Construction Holdings

In terms of growth strategies, enhancing and expanding construction capabilities is essential  
Aim to expand the built-to-order business



# Achieving Business Growth through the Promotion of ESG Management



# Evaluations by Investors

We appreciate our investors' evaluations of Sekisui House's ESG-and IR-related information disclosure.  
Looking ahead, we will strive to improve our corporate value.

Received First Place in the Construction,  
Housing and Real Estate Category of the  
2023 Award  
for Excellence in Corporate Disclosure  
(second consecutive year)



Voted “Best CEO” in the Institutional Investor 2023  
All-Japan Executive Team ranking for third consecutive year



Since Japan's Government Pension Investment Fund (GPIF) adopted six  
ESG indices, Sekisui House has been included in each of them.

2023 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2023 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)



FTSE Blossom  
Japan Index



FTSE Blossom  
Japan Sector  
Relative Index



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# Priority theme of the Sixth Mid-Term Management Plan

**E**

**Taking on ongoing issues as well as new issues in the environment field**

～Decarbonization • Biodiversity • Resource recycling～

**S**

**Enhancing our corporate value via improvement in human resource value and social value**

**G**

**Strengthening corporate governance with regard to the two aspects of senior management and business management Driving forces of “Innovation & communication”**

A modern, bright living room with large windows, a blue sofa, a wooden coffee table, and a staircase in the background. The room is decorated with plants and has a clean, minimalist aesthetic.

# **Advance ESG management centered on addressing material issues**

**Promote “ESG management that involves all employees,”  
an approach unique to the Sekisui House Group**

**Thank you for your attention**

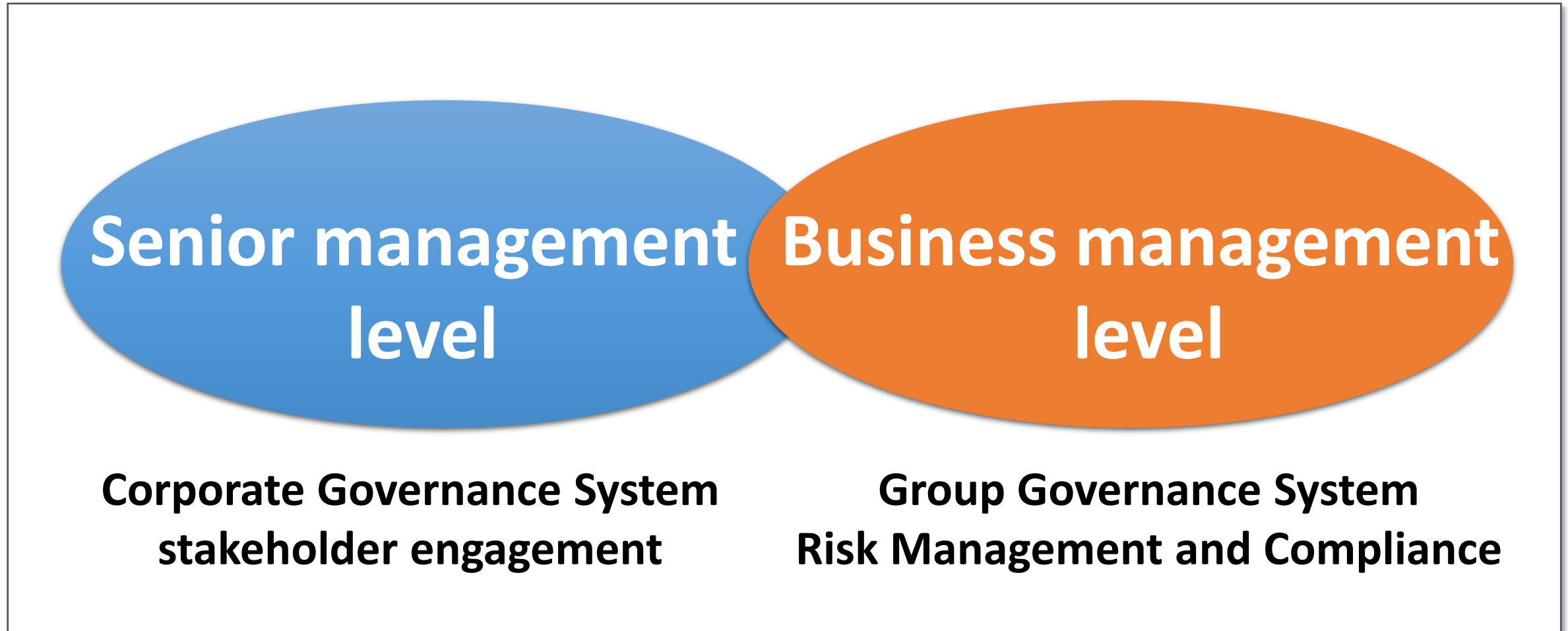




# **Initiatives Undertaken by the Sekisui House Group to Strengthen Governance**

Operating Officer,  
Head of Legal Department  
**Naoki Kawamura**

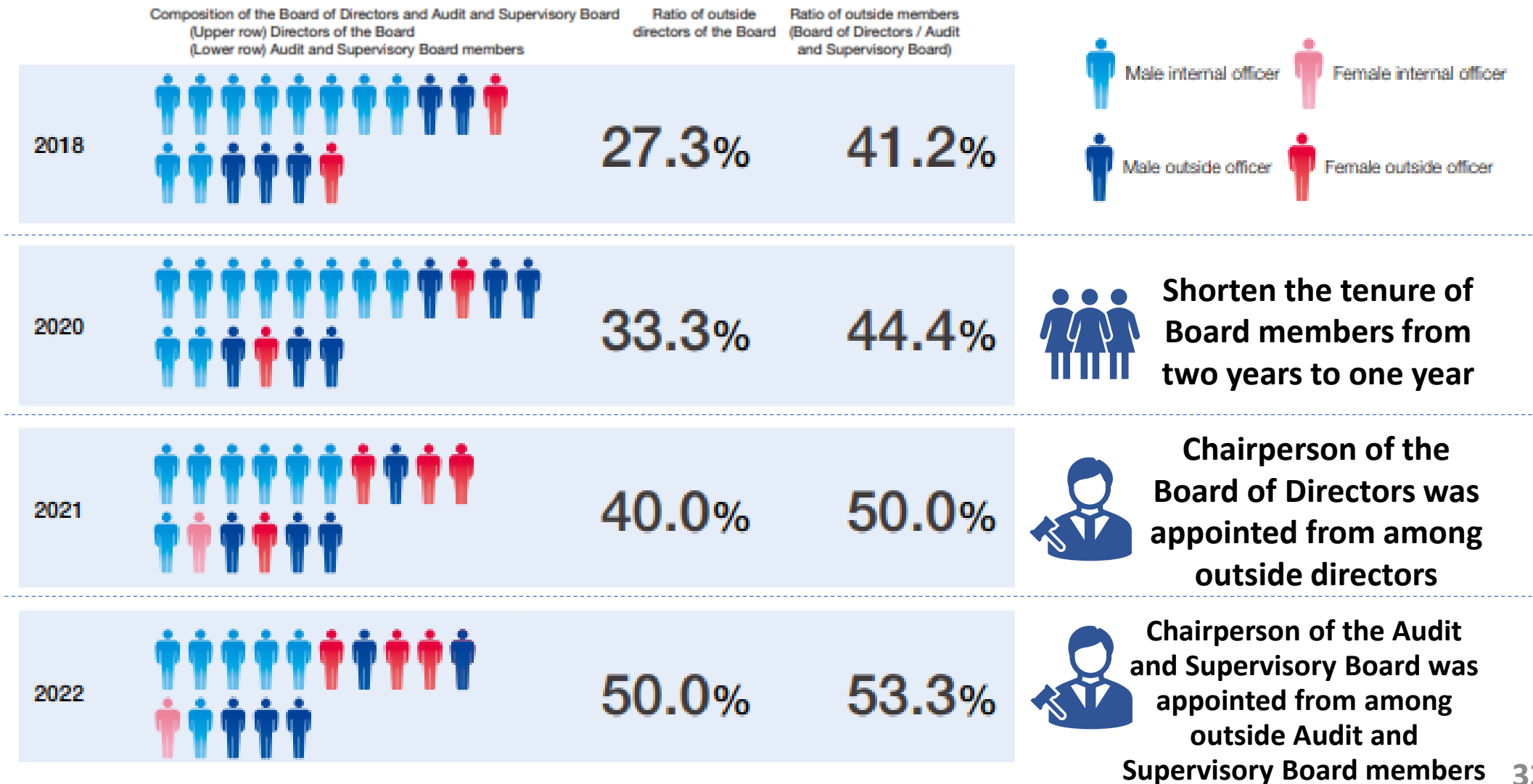
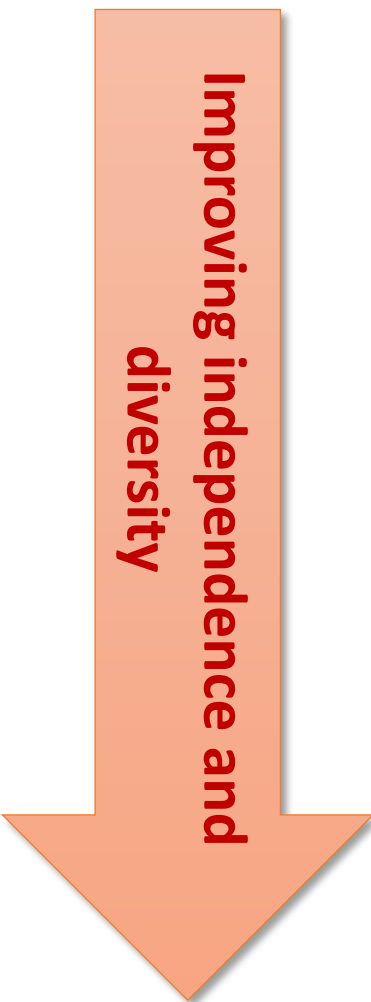
**Strengthening corporate governance with regard to the two aspects of senior management and business management**





# Enhancing the Independence of the Board of Directors and Diversifying Its Composition

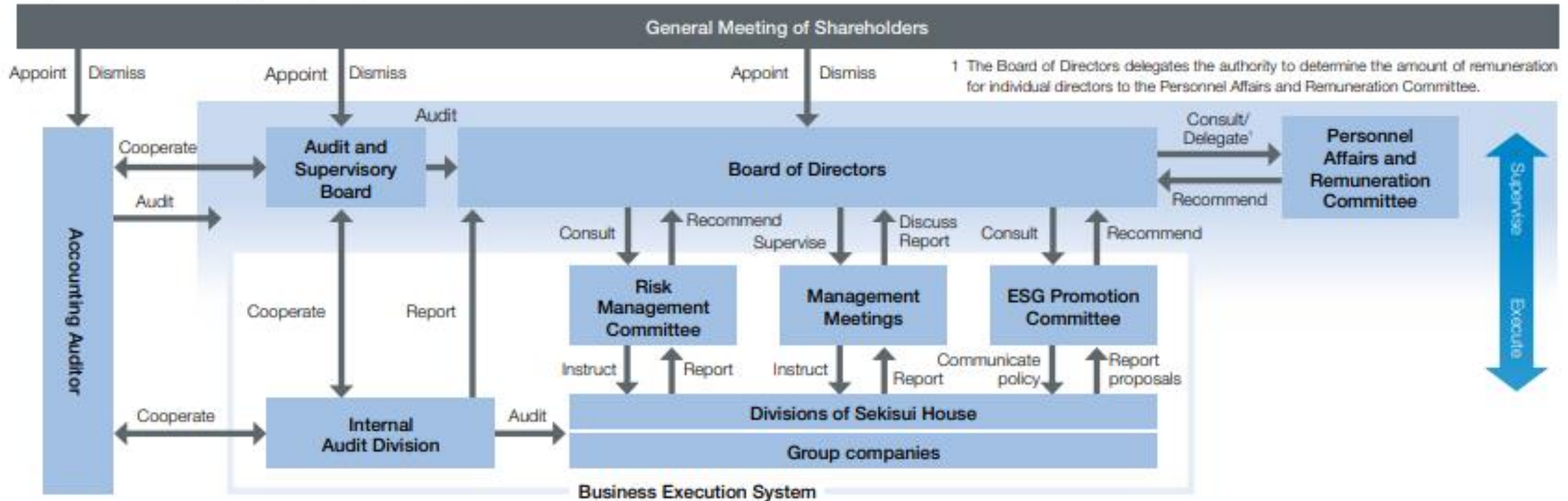
Facilitate collaboration and co-creation involving outside officers while establishing fair and sound relationships among Board members without growing complacent and too cozy with each other



## Moderate separation between management supervisory and business execution functions

### <Sekisui House's Corporate Governance System>

Corporate Governance System (As of April 26, 2023)

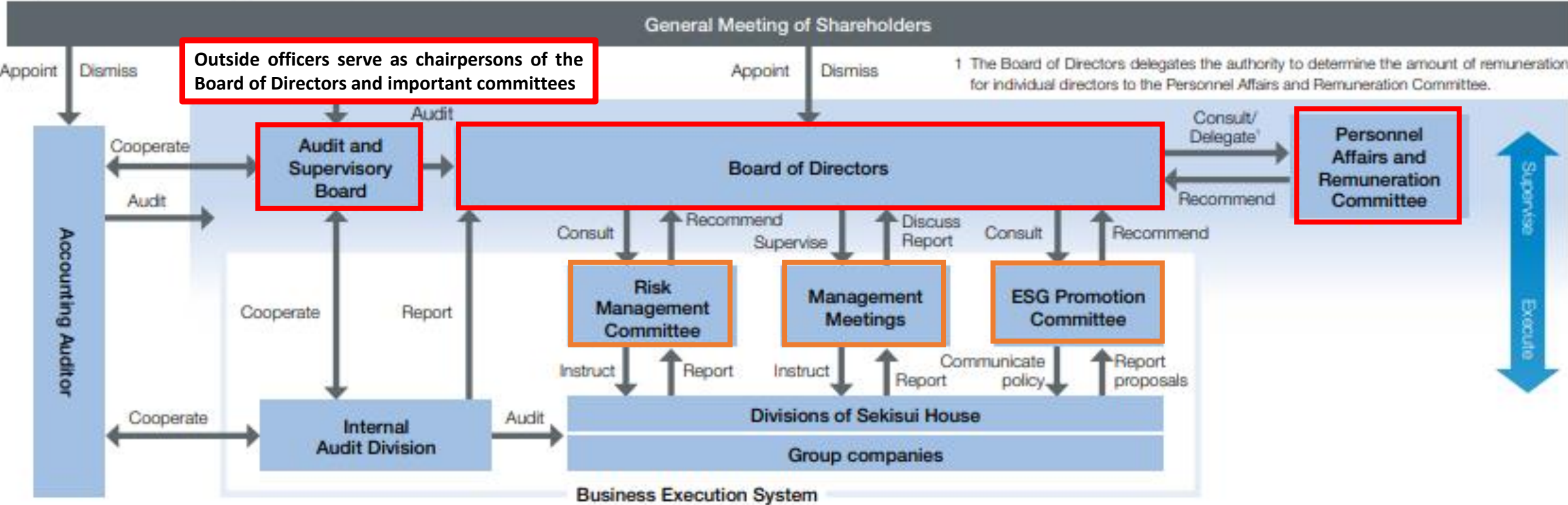




## Moderate separation between management supervisory and business execution functions

### <Sekisui House's Corporate Governance System>

Corporate Governance System (As of April 26, 2023)



## Moderate separation between management supervisory and business execution functions

### <Sekisui House's Corporate Governance System>

Corporate Governance System (As of April 26, 2023)



# The evaluation of the effectiveness of the Board of Directors (1)

## - Challenges and progress for the year ended January 31, 2023

### Used an independent third-party evaluation agency to conduct surveys and interviews

Issues for the fiscal year ended January 31,2023	Initiatives confirmed by the board directors / Status of issues	Progress
Enhancement of discussions from a medium- to long-term perspective	<ul style="list-style-type: none"><li>● It was confirmed that the Board made progress in terms of incorporating sufficient input from long-term and external perspectives and otherwise implementing various measures to enhance the quality of discussion</li><li>● It is expected that the Board will further enhance discussions of financial strategies</li></ul>	 Improved
Strengthening risk management and Group governance	<ul style="list-style-type: none"><li>● In the fiscal year ended January 31, 2023, the new governance structure under Sekisui House Real Estate Holdings, Ltd. was launched, thereby pushing ahead with governance reforms in a steady and swift manner. Meanwhile, the Board of Directors has been able to engage in in-depth discussions focused on Group governance in connection with the consolidation of the Sekisui House Construction companies. Progress was thus confirmed in these and other areas</li><li>● Looking ahead, it is also expected that the Board will enhance the quality of discussions regarding how to secure and nurture governance specialists from the medium- to long-term perspective, with an eye to horizontally rolling out the Company's governance systems to Group companies, including those operating overseas</li></ul>	 Improvement now under way



# The evaluation of the effectiveness of the Board of Directors (2)

## - Strengths supporting the effectiveness of the Board of Directors

Strengths	Details (observations by the third-party agency)
Strong commitment to strengthening governance	<ul style="list-style-type: none"> <li>• Senior management has a strong will to strengthen corporate governance</li> <li>• Outside Officers (directors and outside Audit and Supervisory Board members) have been selected who are able to commit themselves to strengthening corporate governance</li> </ul>
Clarification of roles to be borne by the Board of Directors	<ul style="list-style-type: none"> <li>• All directors of the Board clearly share the basic governance policy of securing the moderate separation of supervisory and executive functions based on the current state of Sekisui House</li> </ul>
Contribution by independent outside directors	<ul style="list-style-type: none"> <li>• The independent outside directors are committed to Sekisui House</li> <li>• The diversity of independent outside directors of the Board is outstanding</li> <li>• Quality discussions are ensured through the attendance of Outside Officers at the Management Meetings and expansion of opportunities for off-site discussion</li> </ul>
Good practices observed in the Board of Directors' operation	<ul style="list-style-type: none"> <li>• The Chairperson of the Board of Directors demonstrates leadership, backed by integrity, at forums including those outside regular Board meetings</li> <li>• The Chairperson of the Board of Directors promotes vigorous discussions</li> <li>• The function of the secretariat underpins governance reforms</li> </ul>

# The evaluation of the effectiveness of the Board of Directors (3)

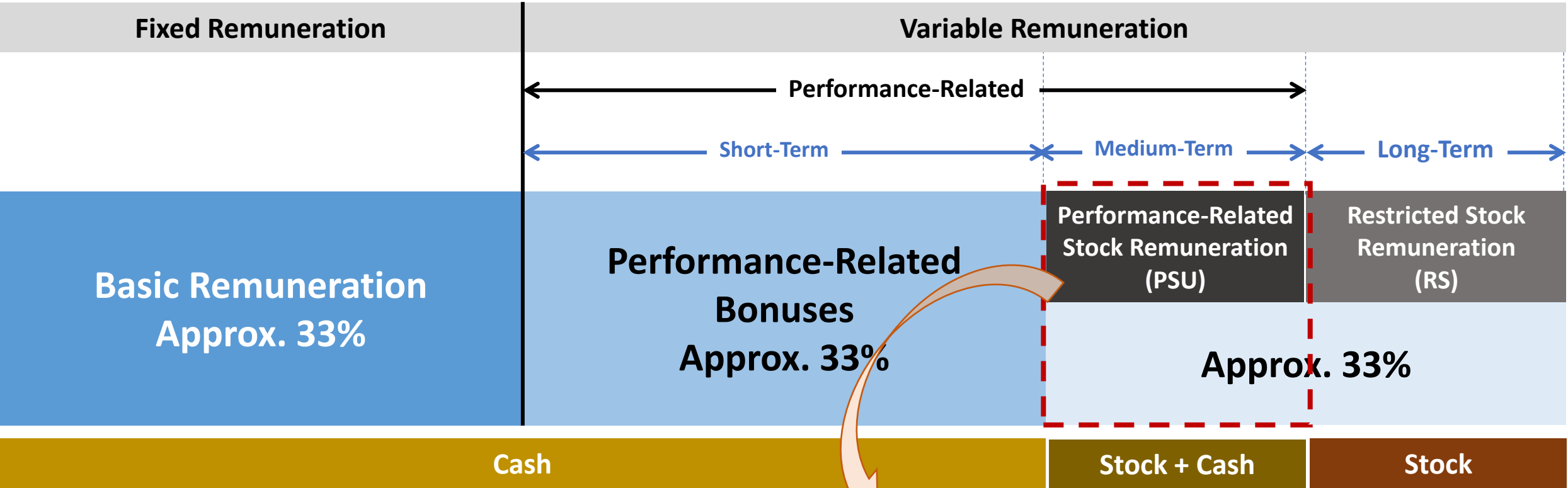
## - Issues for further enhancing the effectiveness of the Board of Directors

Issues for the fiscal year ending January 31, 2024	Initiatives to be considered
Discussion of strategy from a Group-wide perspective	<ul style="list-style-type: none"><li>• To share agenda items for discussion across the Group</li><li>• To secure insight into matters such as capital cost management and expand discussions of the Board of Directors</li><li>• To encourage initiatives to strengthen the CFO function on the executive side</li></ul>
Supervision over the execution of risk management and Group governance	<ul style="list-style-type: none"><li>• To expand discussions regarding strategies to strengthen Group governance</li><li>• To follow up on the progress of implementation regarding risk management and Group governance</li><li>• To discuss the optimal manner and frequency of reporting by the Internal Audit Divisions</li></ul>
Advance the “moderate separation of supervision and execution”	<ul style="list-style-type: none"><li>• To advance the method of independent outside directors of the Board’s involvement through greater executive autonomy</li><li>• To clarify important themes for more extensive discussion by the Board of Directors</li><li>• To implement new methods of deliberation by the Board of Directors (such as collective deliberation), narrowing-down of proposals, and better</li><li>• modulated, more lively discussions</li></ul>

# Officer Remuneration system (1) - System image

The Personal Affairs and Remuneration Committee took the lead in the design of the compensation system while monitoring its operation

<Image of Remuneration Composition Ratio for Representative Directors of the Board (including the CEO) at Base Performance>



80% : ROE (3 years average)  
20% : ESG management indicators



## Officer Remuneration system (2) - PSU and ESG management indicators

### <ESG Management KPI and Target Value for Performance-Related Stock Remuneration (PSU) for FY2021 through FY2023>

ESG Management Indicators		Target (January 31, 2024)	Weighting
Environment	Ratio of detached house ZEH	90%	40%
	Number of Sha Maison ZEH units	4,000 per year	
Social	Number of female managers	280	30%
	Take-up rate for eligible male employee childcare leave	98%	
	Monthly average working hours per person	175 per month	
Governance	Responding to Corporate Governance Code according to reviews by evaluation organizations and others	Improve the mode of information disclosure through third-party reviews (comparison of TOPIX100 companies)	30%
	Clarifying the authority and responsibilities of the parent company and its subsidiaries; the development and appropriate allocation of governance specialists	Implement Group company administrative regulations and evaluate the effectiveness of human resource measures	

**The degree of achievement of each indicator is assessed by the Personnel Affairs and Remuneration Committee**

# A More Sophisticated Executive Officer Selection Process

Personnel Affairs and Remuneration Committee supervises the selection and dismissal process

Human Resource Promotion Council (largely composed of internal directors) deliberates on selection and dismissal, personnel allocation and training.

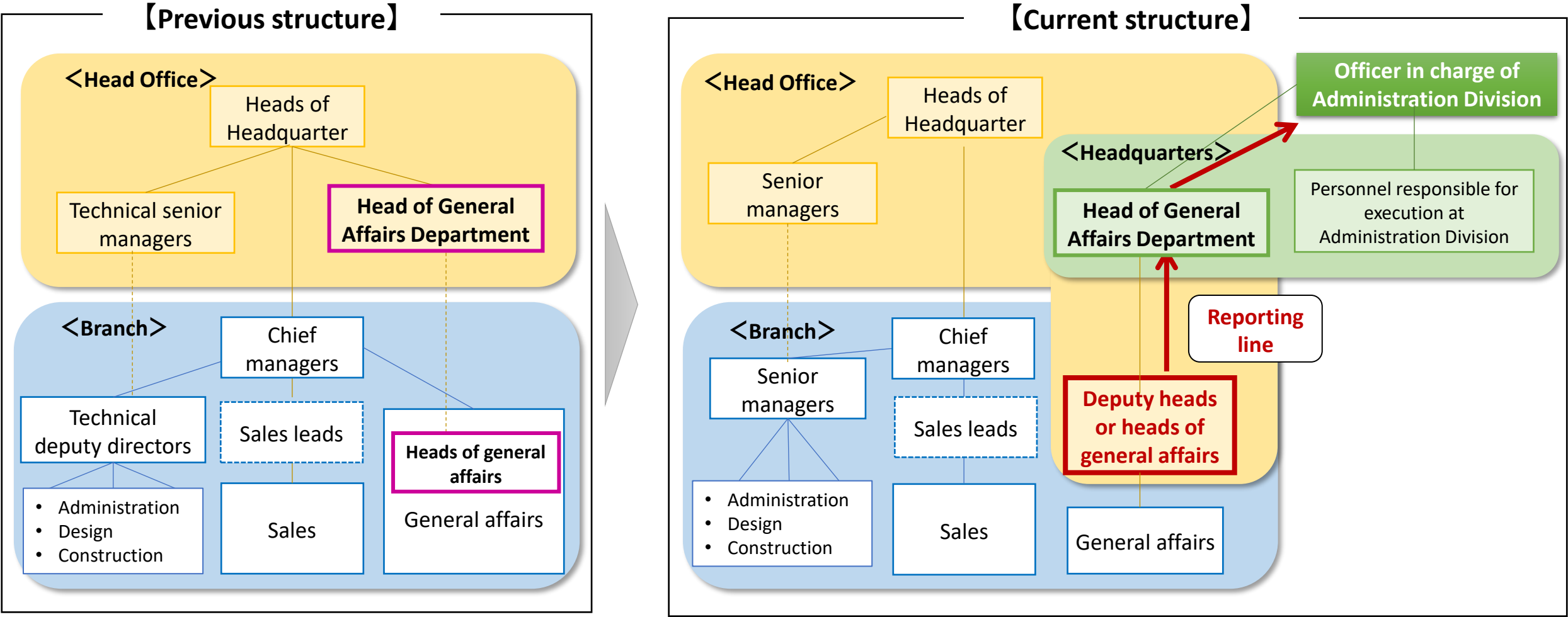
Division	Directors of the Board who also serve as entrusted executive officers	Entrusted executive officers	Employed executive officers	Operating officers
	<b>Yoshihiro Nakai</b> (Representative Director of the Board, President and CEO)			
Division of Built-to-Order Business	<b>Hiroshi Shinozaki</b> (Senior Managing Officer)	<b>Shinji Aoki</b> (Managing Officer) <b>Yoshinori Kimura</b> (Managing Officer)	7	10
Division of Development Business	<b>Toru Ishii</b> (Senior Managing Officer)	<b>Takehisa Yanagi</b> (Managing Officer)	3	1
Business Strategy Division	—	<b>Kohei Hirota</b> (Managing Officer) <b>Yasushi Omura</b> (Managing Officer)	4	3
Division of Finance and ESG	<b>Yosuke Horiuchi</b> (Representative Director of the Board, Vice Chairman, Executive Officer)	<b>Haruhiko Toyoda</b> (Senior Managing Officer)	5	1
Division of Administration and Human Resources	<b>Satoshi Tanaka</b> (Representative Director of the Board, Executive Vice President, Executive Officer)	<b>Keizo Yoshimoto</b> (Senior Managing Officer) <b>Osamu Minagawa</b> (Managing Officer)	—	5
Division of Technology and Production	—	<b>Kohei Jouki</b> (Managing Officer) <b>Masaru Noma</b> (Managing Officer)	2	7

Items to be granted as performance-related bonuses and share-based remuneration

Performance-Related Bonuses、PSU、RS

RS

Strengthened Check-and-Balance Functions via the Revision of Reporting Line for Personnel Responsible for General Affairs





## Enhancing Group Governance Based on an Intermediate Holding Company Structure

### **Sekisui House Real Estate Group**

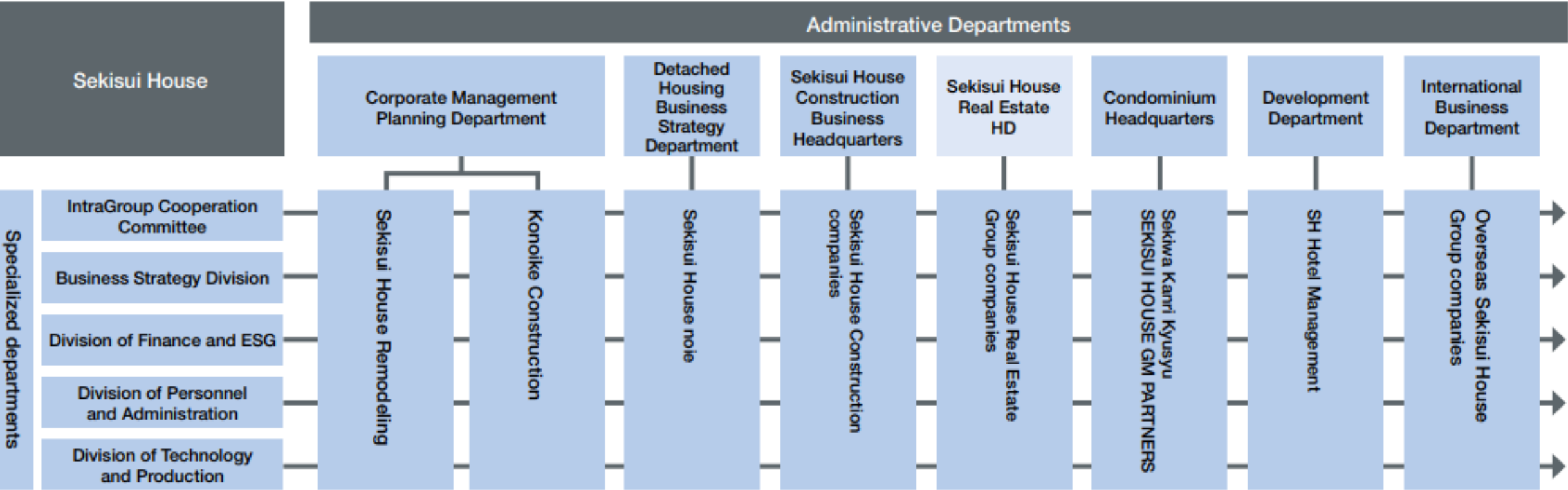
**Transitioned to an intermediate holding company structure via the establishment of Sekisui House Real Estate Holdings, Ltd. in 2022. Delegated authority from Sekisui House's Head Office and assigned specialist human resources to this company to strengthen governance.**

### **Sekisui House Construction Group**

**Renamed the Sekiwa Construction companies and reorganized them from 15 to eight in 2023, with Sekisui House Construction Business Headquarters tasked with strengthening the governance of these companies. Sekisui House Construction Business Headquarters is expected to transition to an intermediate holding company in February 2024.**

## Clarifying Authority and Responsibilities of the Parent Company and Its Subsidiaries while Securing an Even More Robust Data Coordination Structure

### <Management Framework for Main Group Companies>



Group administrative regulations ⇒ Clarify authority and responsibilities of the parent company and its subsidiaries

Group governance network ⇒ Strengthen a data coordination structure

# Governance strategy of the 6th medium-term management plan

## Mid-Term Plan

Strengthening corporate governance with regard to the two aspects of senior management and business management Driving forces of “Innovation & communication”

### Senior management level

1. Moving forward from the development of a corporate governance framework to the new stage of realizing its functional effectiveness
2. Increasing the sophistication of stakeholder engagement

### Business management level

1. Rolling out Group governance systems on a global basis
2. Fostering a corporate culture based on mutual trust achieved via robust communications

### Senior management level

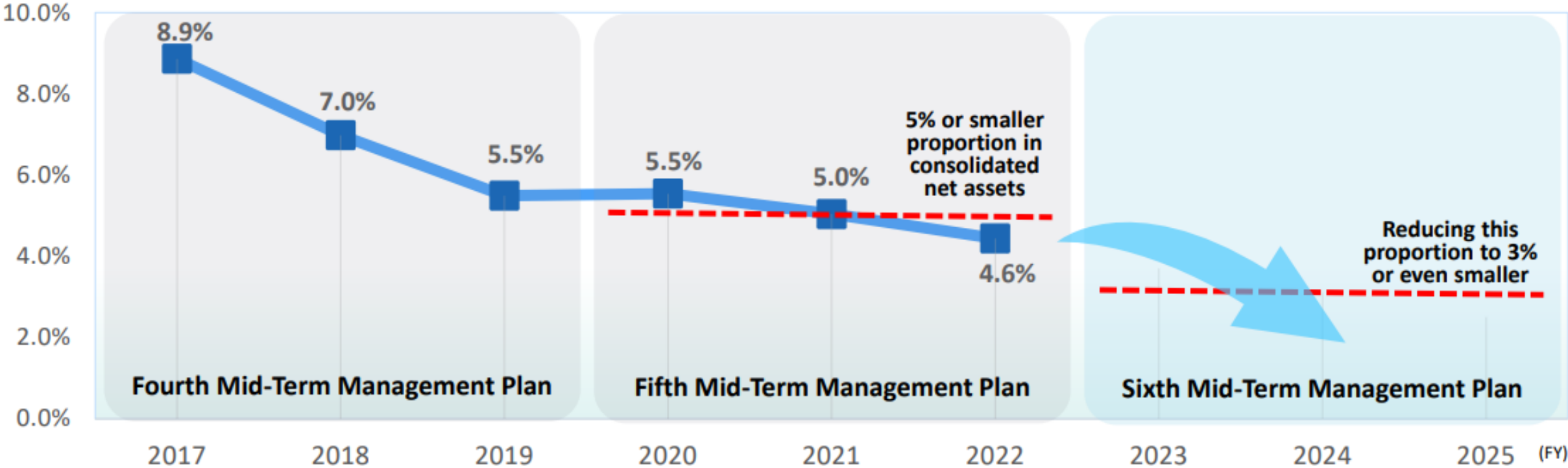
1. **Moving forward from the development of a corporate governance framework to the new stage of realizing its functional effectiveness**
  - The Board of Directors, now equipped with greater diversity than before, exercises its functions to the fullest
    - Facilitating lively Board room discussions in accordance with our global vision
      - Enhancing the Board of Directors’ functions via the third-party evaluation of its effectiveness
      - Delegating authority from the Board of Directors to the Management Meeting and other bodies
    - Strengthening the effectiveness of our management candidate pipelines
      - Strengthening our pipelines by upgrading Executive Officer and Operations Officer selection process
      - The Personnel Affairs and Remuneration Committee monitors the effectiveness of the pipelines
2. **Increasing the sophistication of stakeholder engagement**
  - Taking a consistent approach to information disclosure under spontaneous judgment
    - Further upgrading our mode of information disclosure
      - Enhancing the content of information being disclosed regarding the status of linkage between tackling material issues and strengthening corporate governance
      - Taking a unified approach to information disclosure to secure consistency while ensuring that our messages are clearly understood by their intended recipients

### Business management level

1. **Rolling out Group governance systems on a global basis**
  - Removing boundaries between parents and subsidiaries as well as those between domestic and overseas Group entities, with the aim of creating a network based on mutual trust
    - Establishing Group governance in the U.S.
      - Ensuring that our U.S. operations are supervised by clearly defined regional headquarters functions on an ongoing basis
      - Allocating human resources to local subsidiaries based on functions to be borne by each
    - Promoting the development of a governance network
      - Stepping up the development of governance specialists and optimally allocating them to Group companies at home and abroad
      - Strengthening corporate functions in place at domestic and overseas Group companies
    - Enhancing our internal audit structure for global auditing
      - Developing internal audit functions aligned with the size of Group companies at home and abroad as well as risks specific to each
2. **Fostering a corporate culture based on mutual trust achieved via robust communications**
  - Aiming for the creation of a workplace that robustly ensures psychological safety for employees and empowers them to work vibrantly
    - Developing an environment aimed at raising compliance awareness among employees
      - Promoting training for all employees while encouraging the active use of internal reporting and consultation systems
    - Strengthening our capabilities for autonomous organizational management
      - Securing a greater number of leaders equipped with robust integrity



## <Trends in strategically held>



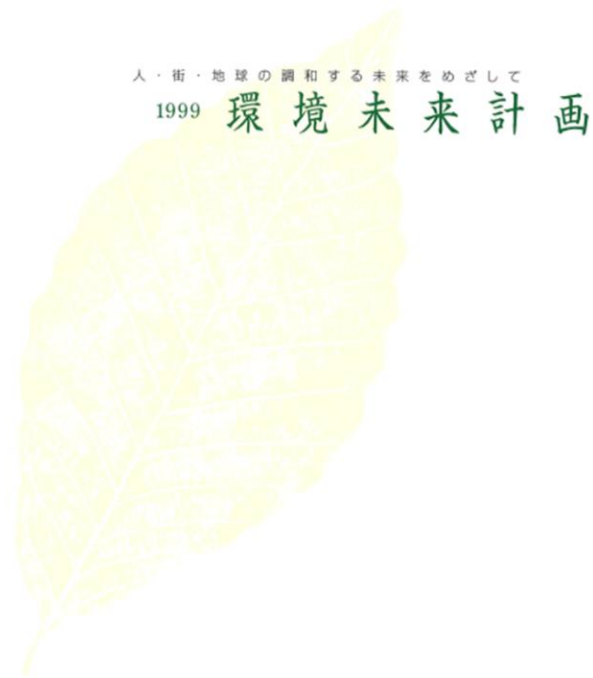
**Target: Reduce the ratio of cross-shareholdings to consolidated net assets to 3% or less by FY2025**



# **Environmental Strategies Executed** **by the Sekisui House Group**

**Executive Officer,  
Head of Environment Improving Department  
Toshiya Chikada**

# The Starting Point of Our Environmental Initiatives



積水ハウス株式会社

- Announced the Environmental Future Plan, which has positioned addressing environmental concerns as a Companywide initiative, in 1999.
- Established the Environmental Charter, Environmental Basic Policy and Environmental Action Guidelines in order to “protect our one and only global environment and pass down healthier, more sustainable world to our children,” thereby launching specific initiatives.



What can we do for the future?

## Environmental Charter

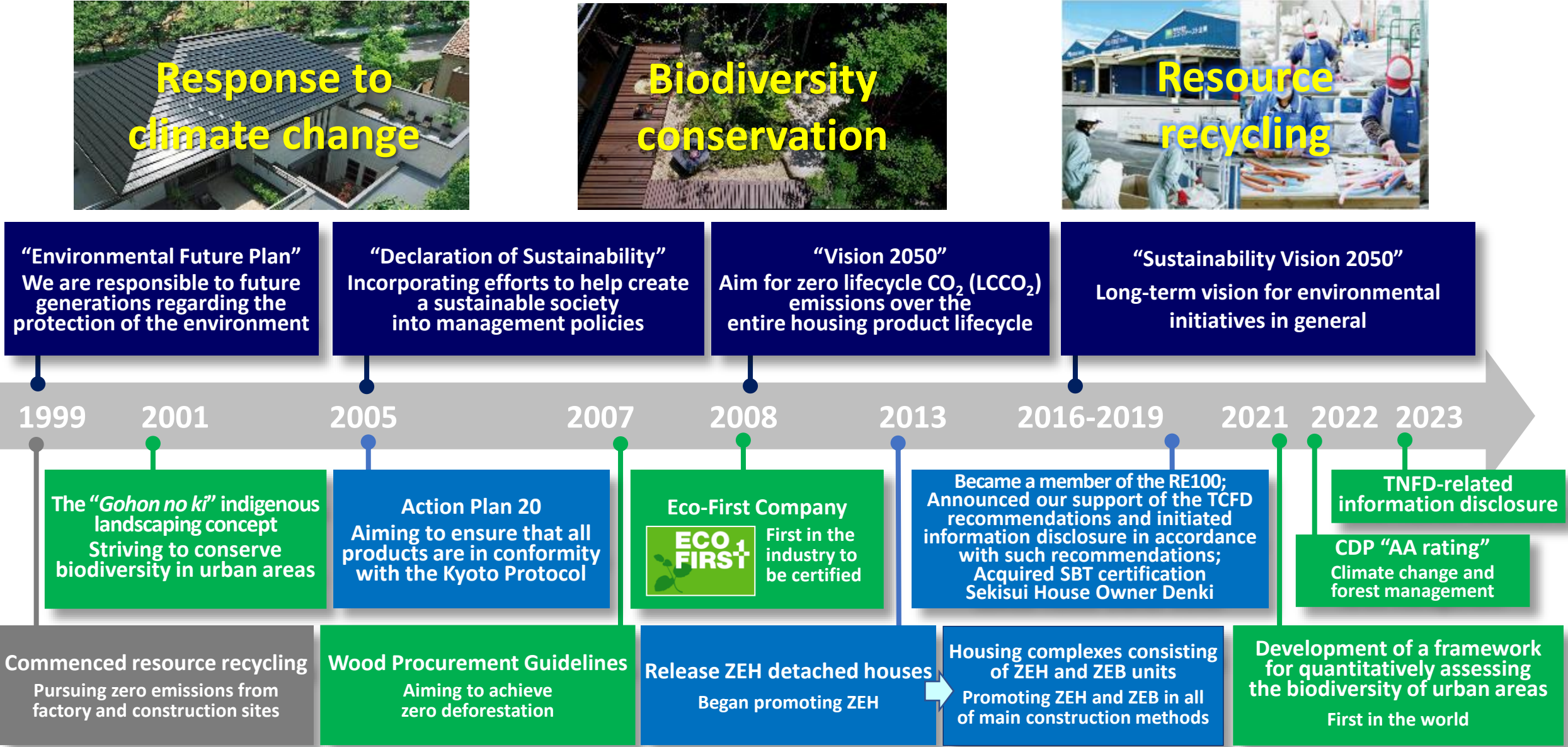
To continue to protect our one and only global environment;  
To pass down a healthier, more sustainable world to our children;  
And by doing so, to contribute to continued health and prosperity—

This is our wish.

Through the creation of environmentally friendly communities and living environments that can be comfortably passed down to future residents, Sekisui House is working as a responsible member of society to create a future in which individuals, communities and the planet exist in harmony.



# Overview of Initiatives Undertaken Thus Far



# CO<sub>2</sub> Emissions of the Sekisui House Group

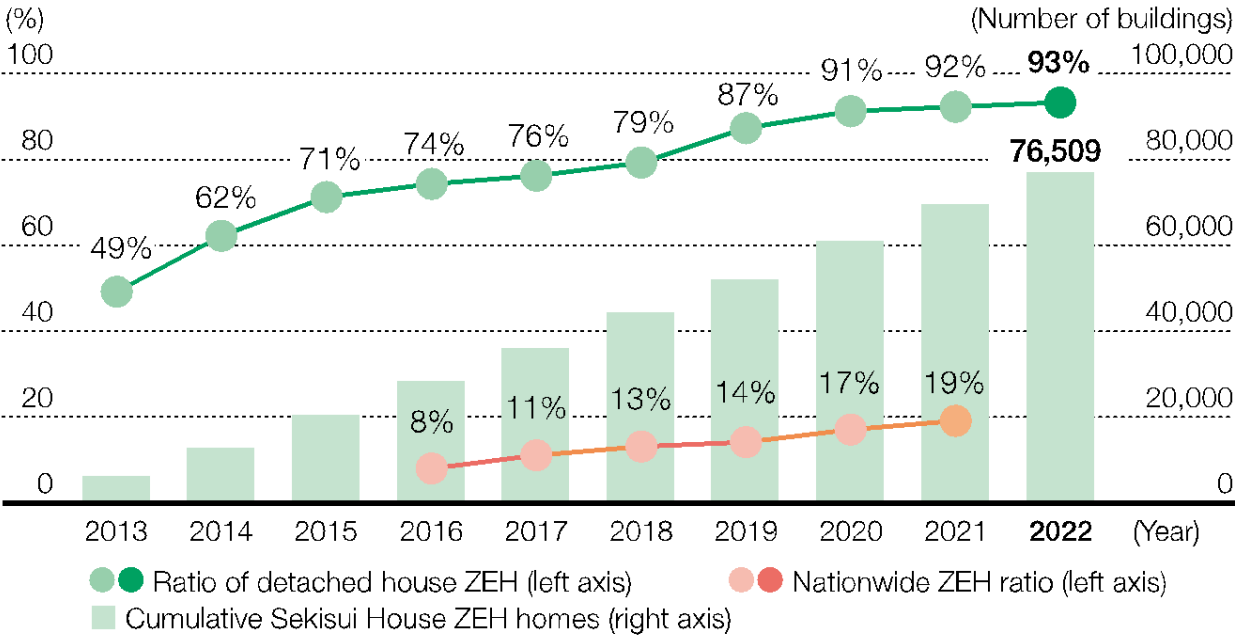
- CO<sub>2</sub> emissions for the entire Sekisui House Group in fiscal 2022 totaled around 6,850,000 tonnes.
- Scope 3 emissions accounted for around 99% of the total.
- “Use of sold products” and “purchased goods and services purchased” in particular accounted for a large percentage.
- Our current initiatives aimed at decarbonization comprise the promotion of ZEH and ZEB as well as collaboration with suppliers.

## Breakdown of Annual CO<sub>2</sub> Emissions for the Entire Sekisui House Group (FY2022 Results)



- Lead the shift to ZEH in the housing industry through trail-blazing initiatives.
- Standardize ZEH-level energy efficiency performance in all major residences. (take the lead on targets that Japan aims to achieve by 2030 or later)

Growth in the Number of Detached House ZEH



Note: The ZEH ratio includes contracted and built-for-sale housing. Nationwide figures are rounded to the nearest whole number, from figures published in the Net-Zero Energy House Demonstration Project Survey Presentation 2022 (sponsored by the Agency for Natural Resources and Energy and the Ministry of Economy, Trade and Industry).



**Detached houses**  
**Green first ZERO**

**Ratio of ZEH: 93%**  
**Cumulative: 76,509**  
**buildings**



**Rental housing**  
**Sha Maison ZEH**

**Ratio of ZEH: 65%**  
**Cumulative: 27,353 units**

Constructed in 2018  
Japan's first rental housing complex  
where all units are ZEH  
(Kanazawa City, Ishikawa Prefecture)



**Condominiums**  
**GRANDE MAISON ZEH**

**Ratio of ZEH: 88.8%**  
**Cumulative: 585 units**

Constructed in 2019  
Japan's first condominiums where all  
units are ZEH  
(Nagoya City, Aichi Prefecture)

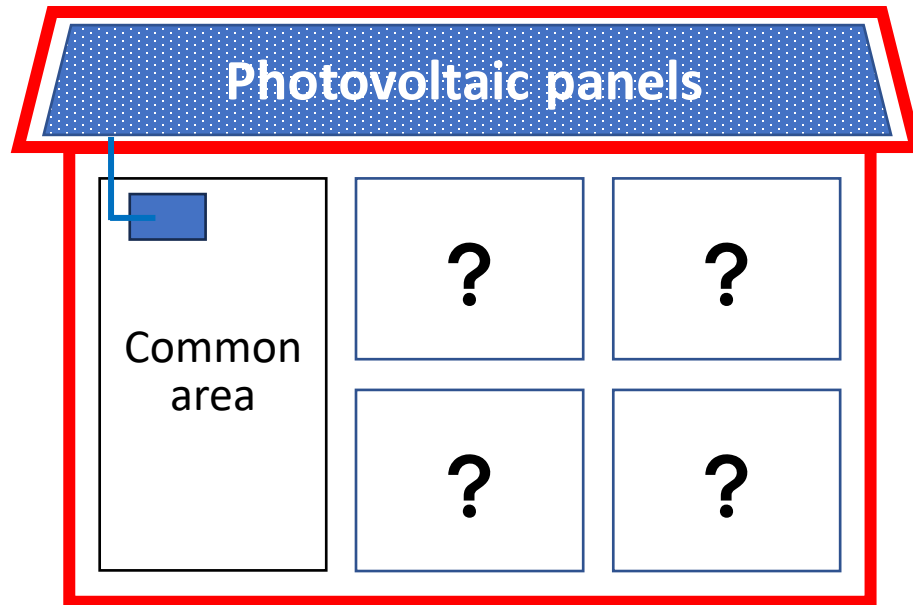
\* □: FY2022 Results



# Initiatives in Rental Housing -ZEH Rental Housing

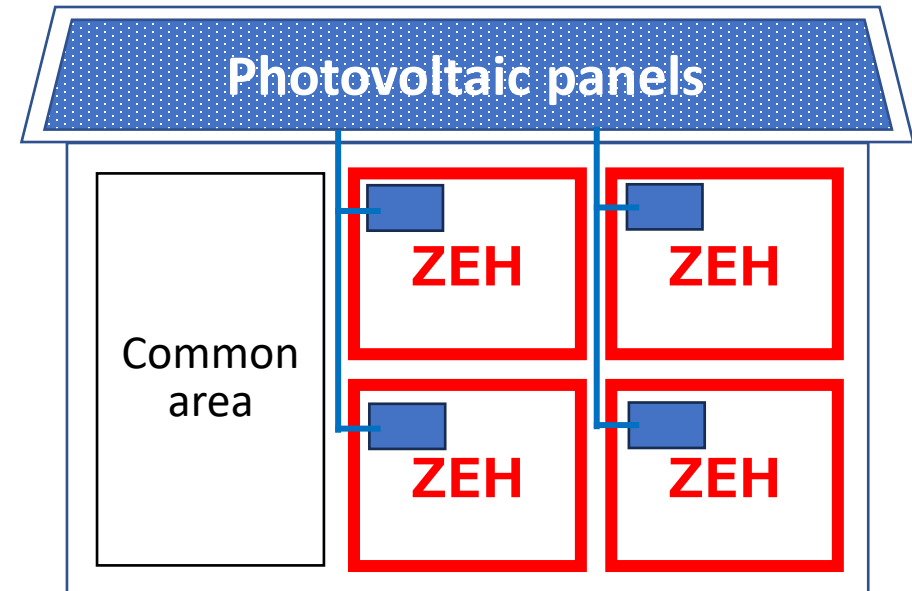
- Of the two types of ZEH multi-unit housing complexes, from a tenant-first perspective, we provide the type that allows individual tenants to sell electricity.
- Allowing individual residents to sell electricity provides tenants not only the comfort of ZEH, but reduced utility costs via photovoltaic power generation, etc., and the assurance of being able to use electricity during power outages.

The ZEH standard applies to the entire building (ZEH-M)



Meet ZEH standards for all residential buildings

The ZEH standard also applies individually to each unit



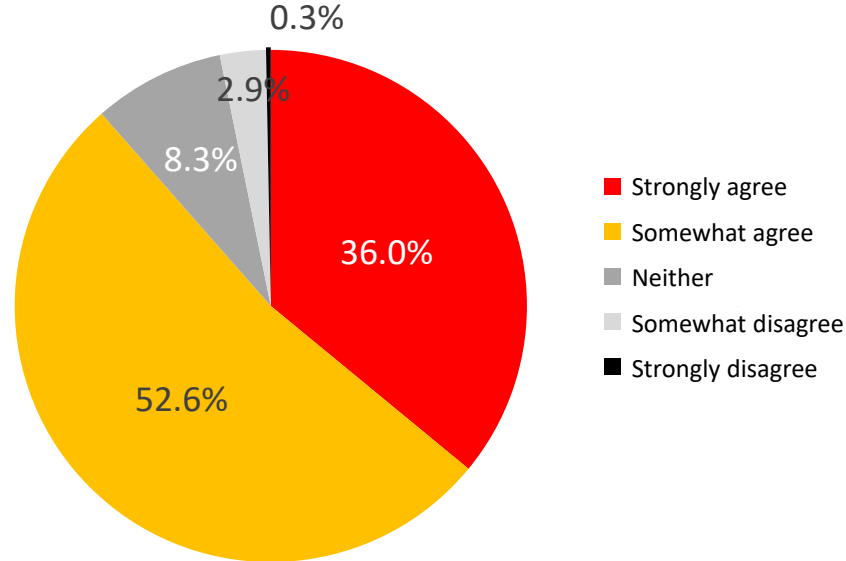
Meet ZEH standards for residential units

Highly appealing to residents

# Initiatives in Rental Housing -Response to Electric Vehicles

- Japan's government set a goal of achieving electric vehicles comprising 100% of all new car sales by 2035.
- There is an especially large number of people in multi-unit housing complexes who think it would be difficult to purchase EV because of their living environment.
- Aiming to realize a zero-emission society as well as comfortable and ethical living, we launched the “+e PROJECT” with automakers to enable residents to more easily choose EVs.

Q: Do you feel purchasing an EV is difficult because your multi-unit housing complex does not have charging equipment?



Source: Survey on Key Living Environments When Purchasing an EV by Nissan Motor Co. Ltd. (12/2022)

Hold a +e Test Residence event to experience living with an EV at the Company's rental housing



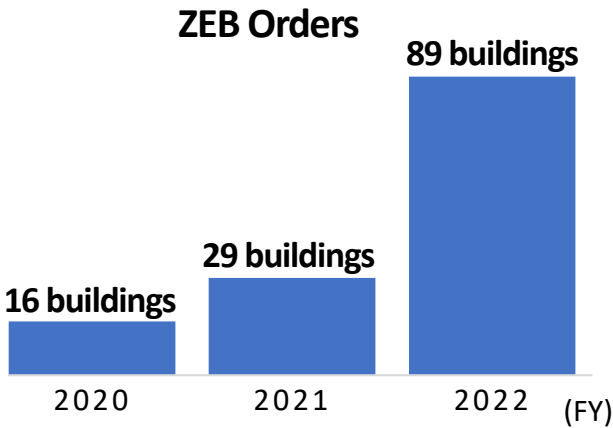
# Development of a Foundation for Promoting ZEB

## Proactively rolling out Green First Office

- Promoting net zero energy buildings (ZEB) by utilizing our ZEH design know-how and technologies accumulated in the housing business.
- Supporting the sustainable growth of corporate clients by helping them formulate more robust business continuity plans (BCPs) backed by structures with superior seismic resistance.



Location	: Yoshinogawa City, Tokushima Prefecture
Land	: 1,500.51 m <sup>2</sup>
Size	: One building, two floors
Floor space	: 722.14 m <sup>2</sup>
Usage	: Cable TV broadcasting facility, office
Completion	: March 2022
ZEB rank	: ZEB (104% reduction)
Photovoltaic power generation output	: Approx. 28 KW (requiring separate construction work)
BCP measures	: Photovoltaic power storage cells, emergency supply stock room, elevated ground floor height (flooding countermeasure)



## Switching Sekisui House's Business Bases into ZEBs

- Began enforcing a general rule since FY2021 that newly constructed offices and other facilities owned by the Sekisui House Group be ZEBs.
- As of April 30, 2023, the Group has completed 14 ZEBs and is planning to construct five more.



[Example construction project]

Welcome Hall of the Tomorrow's Life Museum Kansai (opened in Feb. 2023)

• ZEB rank: Nearly ZEB



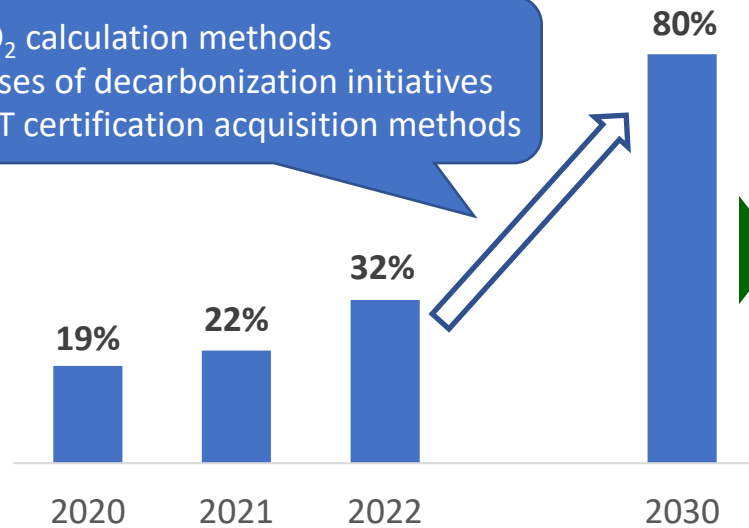
# Decarbonization of Business Activities

- Work with suppliers to reduce CO<sub>2</sub> from purchased goods and services.
- Begin switching company vehicles to electric ones; targeting 100% by 2030.
- Sekisui House Owner Denki aims for RE100 by procuring and utilizing customers' post-FIT electric power.

## Collaboration with Suppliers

- Hold educational workshops with suppliers.
- Target 80% science-based target setting rate for major suppliers by 2030.

- CO<sub>2</sub> calculation methods
- Cases of decarbonization initiatives
- SBT certification acquisition methods

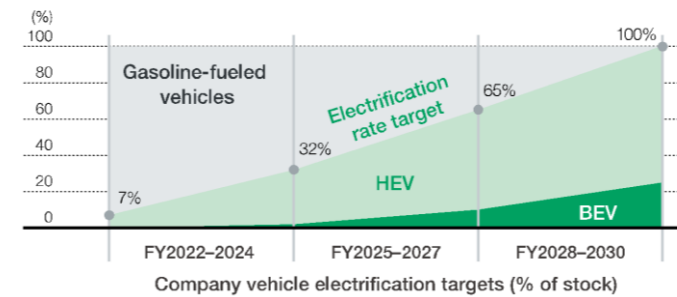


Contributing to decarbonization throughout the entire construction industry

Science-based target setting rate for the Company's major suppliers

## Electrification of Company vehicles

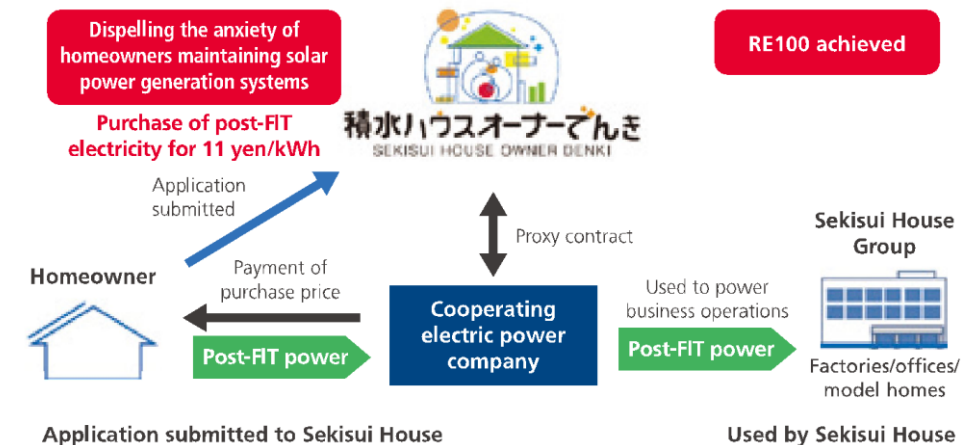
Roadmap for Electrification of Company Vehicles



We began introducing a pilot study and are considering a study of the management of charging and driving range for electric vehicles as well as fuel efficiency.



## Overview of Sekisui House Owner Denki



# Greenhouse Gas Reduction Targets

## ● New Greenhouse Gas Reduction Targets

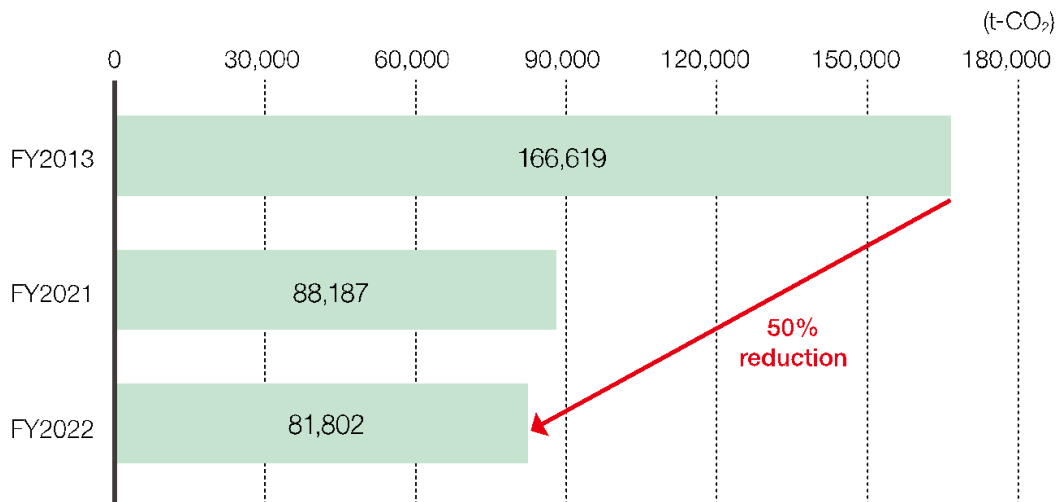
- Reduce scope 1 (direct emissions) and scope 2 (indirect emissions) 75% compared with FY2013 by 2030.
- Reduce CO2 emissions from product use (scope 3, category 11) 55% compared with FY2013 by 2030.
- 65.8% of the Company’s supply acquire SBT certification by 2027.



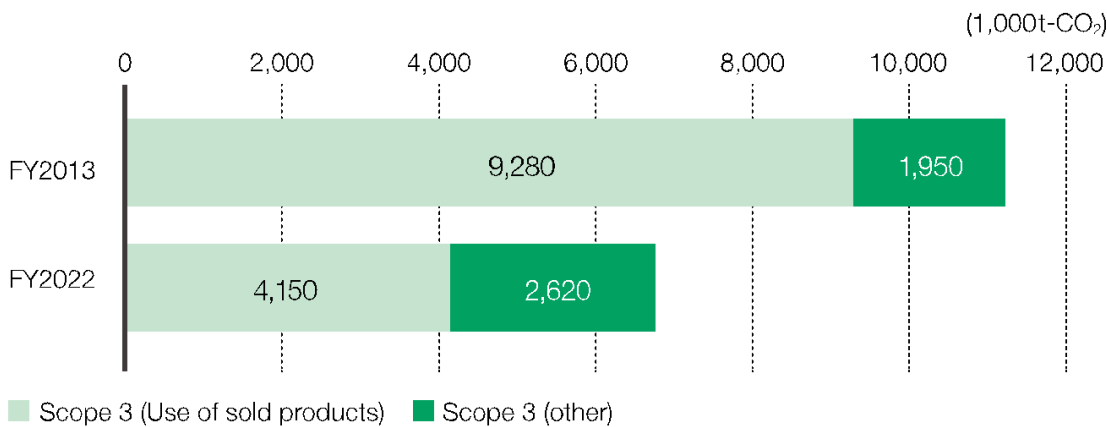
We acquired certification from the international SBT Initiative for our efforts, which were recognized as at a level in line with the 1.5°C target of the Paris Agreement.

Note: Regarding the SBT Initiative  
The Science Based Targets (SBTs) are targets set by companies to reduce greenhouse gas emissions in line with the levels recommended by the Paris Agreement. The Company was certified in April 2018 and then acquired certification of the more stringent 1.5°C target in June 2023.

Scope 1 and 2 CO2 Emissions Reduction



Scope 3 CO2 Emissions Reduction

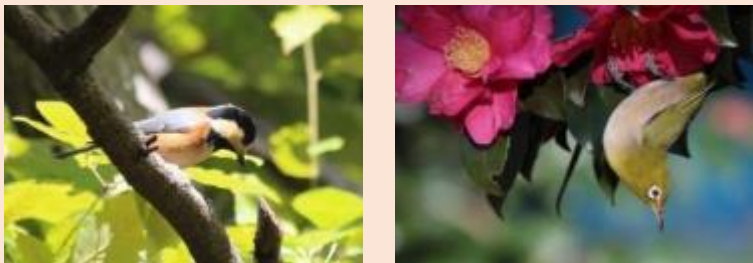


# The *Gohon No Ki* Project

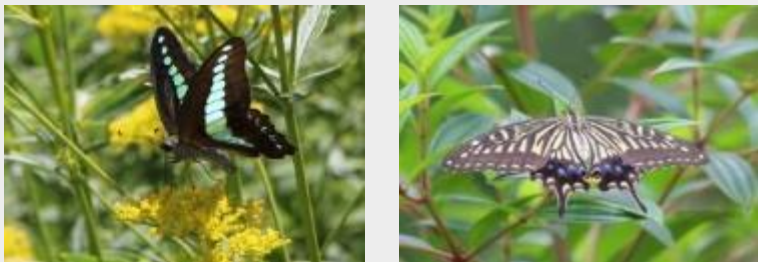
- The *Gohon No Ki* (5 Trees) Project Landscaping Concept

A project to plant 5 native tree species in the gardens and other areas of residences:

3 trees for birds,



and 2 trees for butterflies



Note: The trees that are usually planted are garden and non-native species. We do not plant only five trees.

- The Company's original brand concept for its exterior construction and landscaping business that conserves biodiversity by connecting residential gardens and *satoyama* through a network of ecosystems.
- We have selected trees for planting since 2001 and began by creating distribution channels for native species. To date, we have planted a cumulative total of 19 million trees.

Connecting towns and the surrounding natural ecosystem through the *Gohon no ki* Project



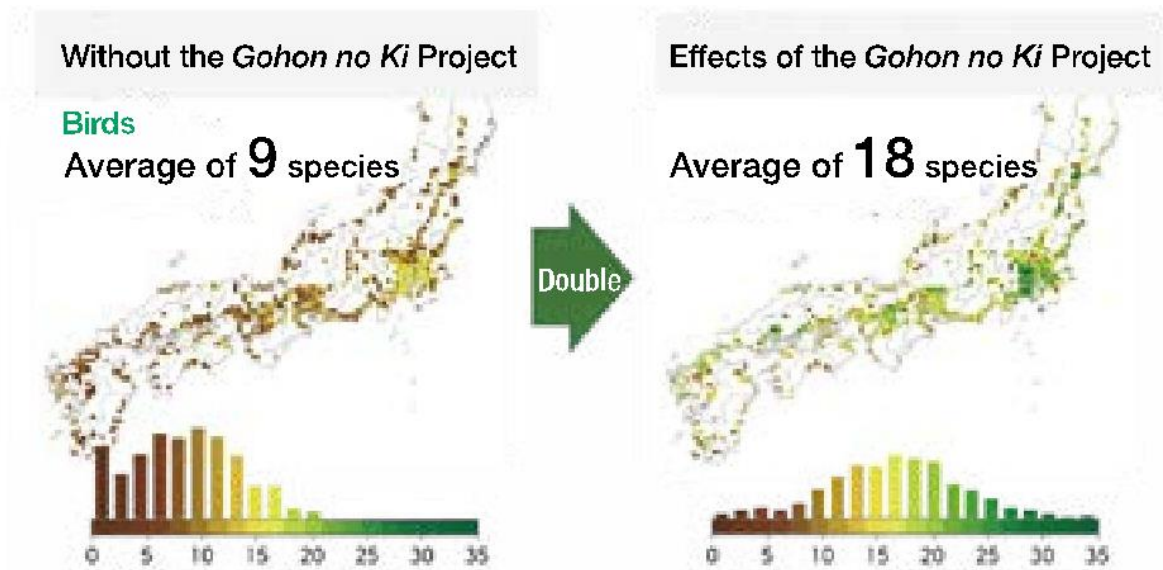
Garden Tree Select Book, an original tool used for customer offers and maintenance after moving in.



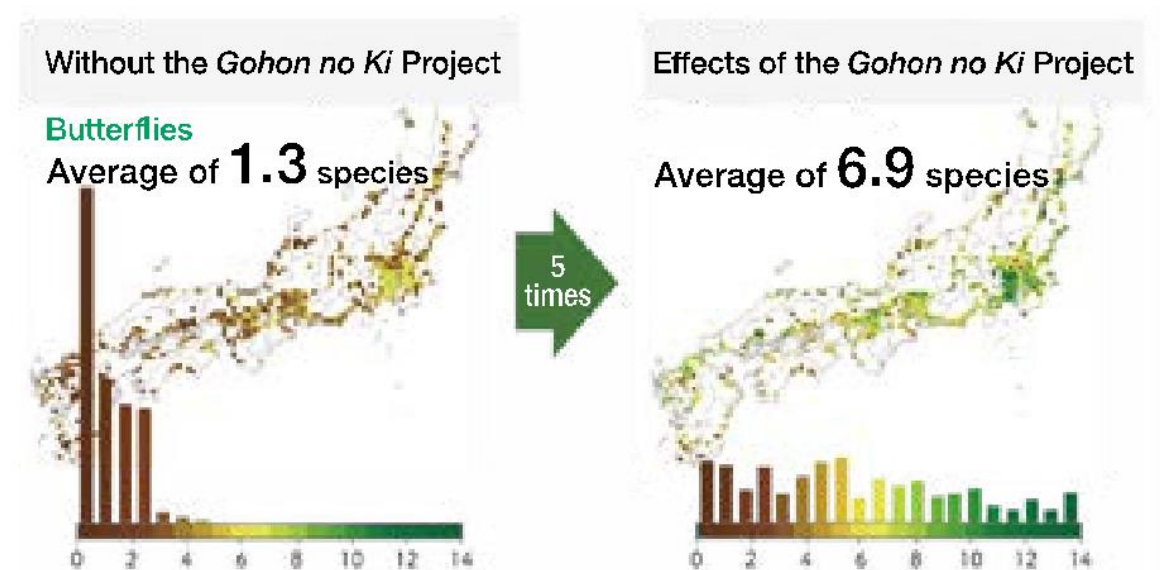
# The *Gohon No Ki* Project -Nature-Positive Effects

- Built the world's first mechanism for quantitatively evaluating the biodiversity of cities through joint verification with Professor Kubota from the University of the Ryukyus.
- Through the *Gohon no ki* Project, we increased the species planted in the residential land of urban areas across Japan by around 10 times. The clearest effects have been the doubling of bird species and the quintupling of butterfly species that are attracted to residential land.

## Doubled bird species



## Quintupled butterfly species

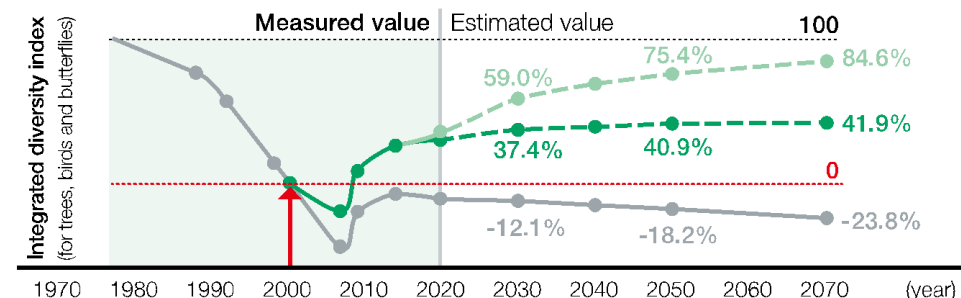


## ● Contributing to Nature-Positive Effects by Both Conserving and Regenerating Nature

- By expanding these initiatives throughout society, we can significantly contribute to nature-positive effects.
- Announced our evaluation mechanism as a nature-positive method.
- Also announced our insights the Company has accumulated related to the promotion of biodiversity conservation through the *Gohon no ki* Project.

### Quantitative Evaluation of Nature Positive Effects

Simulation of changes through 2070 in three metropolitan areas (Tokyo, Nagoya and Osaka) where green space degradation is significant



Note: With values for 2000, just before the *Gohon no Ki* Project, set as the zero level, and with 1977, the first year for which national land use data is available, set as 100

— When the Company and other companies implement initiatives similar to the *Gohon no Ki* Project  
— When the Company implements the *Gohon no Ki* Project  
— When the *Gohon no Ki* Project is not implemented

\* Estimated by Kubota Laboratory in the Faculty of Science of the University of the Ryukyus

## ● Strengthening Our Perspective on Evaluating Biodiversity in Corporate Green Areas in Cities

- Since December 2022, we have provided services to the Organization for Landscape and Urban Green Infrastructure.<sup>1</sup>
- The Social and Environmental Green Evaluation System (SEGES)<sup>2</sup> is operated by the Organization for Landscape and Urban Green Infrastructure to promote the conservation and restoration of biodiversity in urban green spaces. We began an initiative to evaluate 87 green spaces across Japan that were certified by SEGES in an effort to better understand the degree of contribution to biodiversity and the potential for biodiversity conservation at each site.

\*1 Organization for Landscape and Urban Green Infrastructure

• Certified by the Prime Minister as a public interest incorporated foundation on April 1, 2013, this organization launched activities to create, conserve and nurture greenery in urban areas. Moreover, the organization supports various initiatives undertaken by citizens, businesses, public institutions, and others toward the same end.

\*2 Social and Environmental Green Evaluation System (SEGES):

• A system designed to objectively assess the value of green spaces owned and managed by private business corporations as well as their greening initiatives in terms of their contribution to civic communities, the environment and society as a whole.  
• Consists of three categories: “Nurturing greenery,” “Urban oasis,” and “Creating greenery”

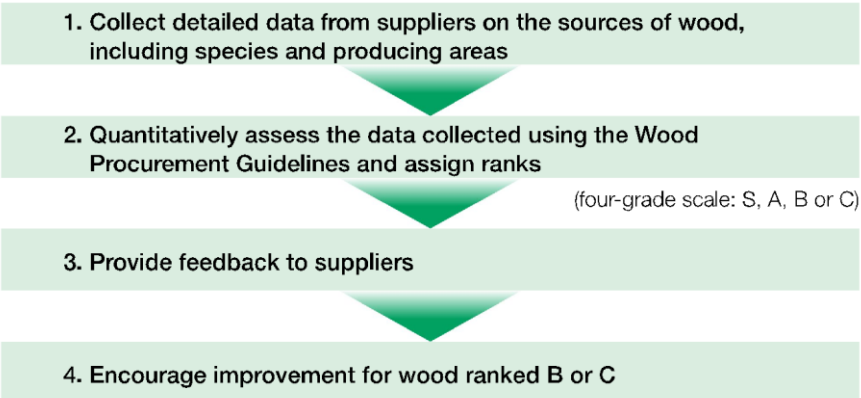
# Fair Wood Procurement Policy

## ● Fair Wood Procurement Policy Using the Wood Procurement Guidelines

- Since establishing our unique Wood Procurement Guidelines, we have worked to raise awareness in the supply chain and conducted an annual risk evaluation on timber procurement for our major suppliers, including data on secondary suppliers.
- We rank each type of timber as S, A, B, or C based on the guidelines and enhance the ratio of S- and A-ranked timber.
- If a type of timber is deemed high risk, we perform our due diligence by visiting logging areas to investigate and confirm the situation.



### Annual Wood Procurement Risk Survey Process



### Volume of Wood Procured and Ratio of Ranked S or A (FY)

	2020	2021	2022	2023 Targets
Volume of wood procured (KPI: % that is ranked S or A)	250,529 m <sup>3</sup> (97.0% S or A rank)	285,722 m <sup>3</sup> (97.2% S or A rank)	247,895 m <sup>3</sup> (97.1% S or A rank)	(97.4% S or A rank)

### Ten guidelines in the Wood Procurement Guidelines (Amended October 1, 2023)

1. Source wood products with guaranteed legality and a supply chain that can be traced back to the logging site for due diligence processes, etc.
2. Source wood products produced without damaging high conservation values (HCVs).
3. Do not source wood products from areas where the logging of natural forests causes biodiversity loss or deforestation.
4. Do not use endangered species for wood products.
5. Minimize CO2 emissions when producing, processing, and transporting wood products.
6. Respect the free, prior, and informed consent (FPIC) of indigenous peoples and source wood products from supply chains that do not involve conflicts or human rights abuses.
7. Source wood products from areas of controlled logging, so as not to exceed the rate of forest regeneration.
8. Source wood products from domestic forests where well-planned forest management is in place to conserve ecosystems.
9. Source wood products from forests that are managed so as not to damage high carbon stock (HCS) forests or lead to forest conversion.
10. Source wood building materials that contribute to resource recycling and cascading use.



## ● TCFD

- We disclosed a stand-alone report for the first time in 2019. Since then, we have disclosed the data in our annual Value Report while improving its quality. This year, we disclosed some of the data in our Securities Report.
- We have already taken measures to address the expected risks of climate change, and our evaluation has determined there will be no major financial burden. However, to steadily implement decarbonization management going forward, we will continually monitor major risk factors with significant financial impact determined by our analysis.
- Ongoing issues are contributing to the transition to a sustainable society and the further quantification and improvement of precision regarding risks related to Group companies that newly became consolidated subsidiaries.

## ● TNFD

- Data was first disclosed in Value Report 2023.
- First, regarding the housing business (detached housing and rental housing), we conducted an evaluation to assess the overall impact and dependence on nature and assessed the latent risk situation.
- Going forward, we will study indicators and results for expanding businesses to be assessed, improving the detail of analyses, and managing the businesses.



# **The Sekisui House Group's Approach to** **“Improvement in Human Resource Value”**

## **Initiatives related to improvement of** **social value “Kids First”**

Executive Officer,  
Head of Diversity and Inclusion Promotion Department  
**Miwa Yamada**

### Enhancing our corporate value via improvement in human resource value and social value

#### Improvement in Human Resource Value

##### Human Resources Strategy Key Measures

##### Employee autonomy

###### 1 Supporting self-directed career development

- Self-directed career development education
- Career development support system
- Sekisui House Innovation & Performance (SHIP) Awards Program

###### 2 Promoting DE&I

- Promoting the participation of women
- Promoting the participation of global human resources
- Promoting the participation of people with disabilities
- Promoting employee understanding of the LGBTQ community

###### 3 Promoting diverse workstyles

- Enhancing the diversity of workstyle programs
- Expanding systems for fair evaluations
- Creating a workplace culture that ensures psychological safety

###### 4 Building a foundation for well-being

- Assisting the pursuit of family happiness (encouraging male employees to take childcare leave, nursing care leave, etc.)
- Supporting health improvement efforts
- Continuing the Well-Being Survey

##### Alignment of efforts

- Nurturing leaders capable of disseminating our Corporate Philosophy and strategies
- Securing staffing in line with strategies and optimally allocating employees

#### Improvement in Social Value

##### 1 “Kids First”

- Providing children with opportunities for diverse emotional experiences
- Helping children develop housing literacy
- Continuing to run the Children’s Fund, part of the Sekisui House Matching Program corporate program to match employee donations

##### 3 Respect for human rights

- Promoting human rights due diligence for suppliers
- Promoting human rights due diligence in terms of global hiring

##### 2 “Green First”

- Drawing public attention to ethically conscious lifestyles through the promotion of ZEH
- Securing public support for the *Gohon no Ki* Project
- Creating, managing and circulating high-quality housing stock
- Continuing to run the Eco-Fund, part of the Sekisui House Matching Program corporate program to match employee donations

##### 4 Regional revitalization business

- Developing and creating employment for housing construction workers
- Promoting the Trip Base *Michi-no-Eki* Stations Project
- Delivering proposals on the effective utilization of PRE (public real estate)



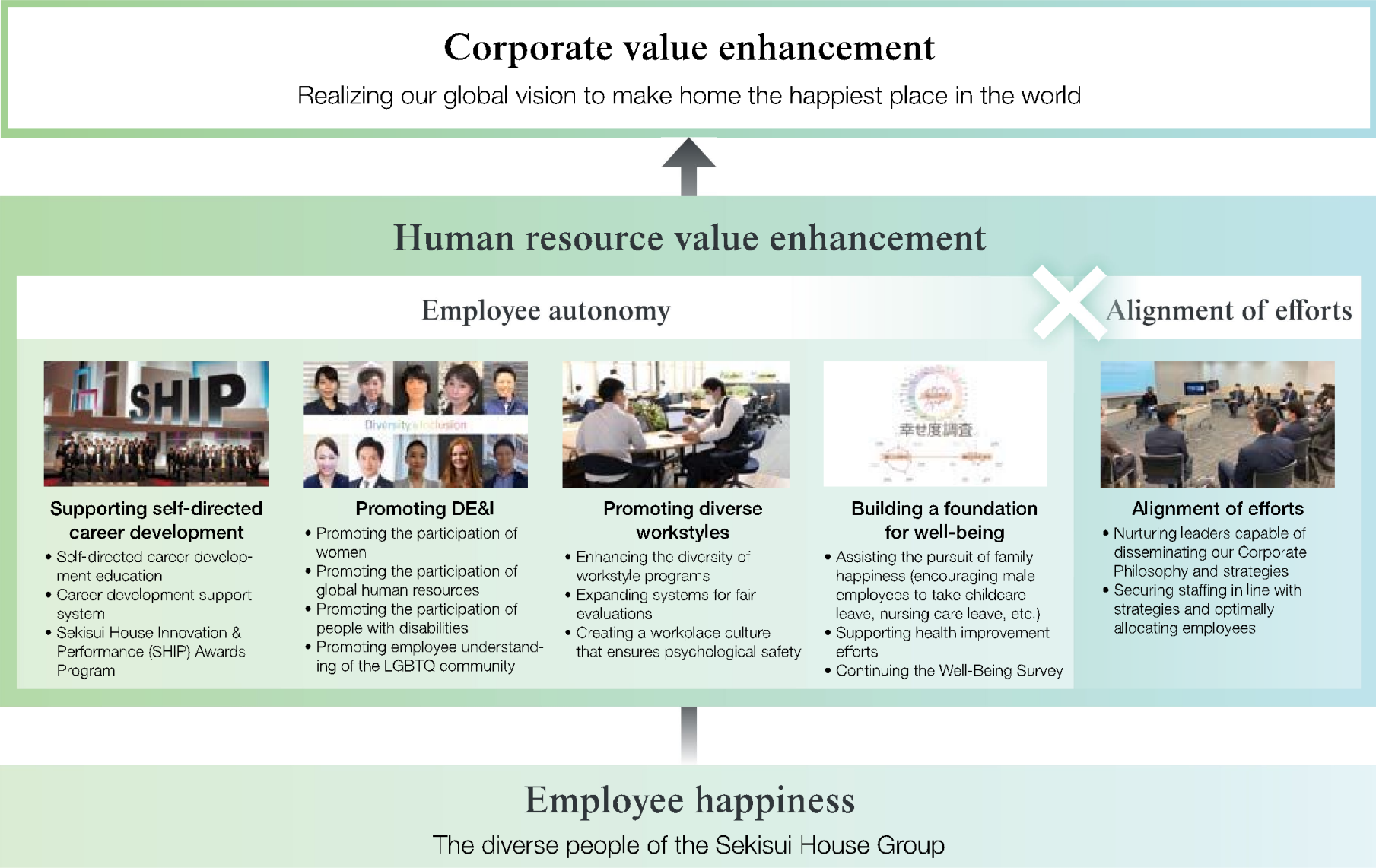
### The Sekisui House Group's human resource value "Employee autonomy" X "Alignment of efforts"



**Enhancing the value of human resources enhances corporate value**

**Autonomy = Striving to figure out how to live your own life happily**

# Initiatives to Enhance the Value of Human Resources

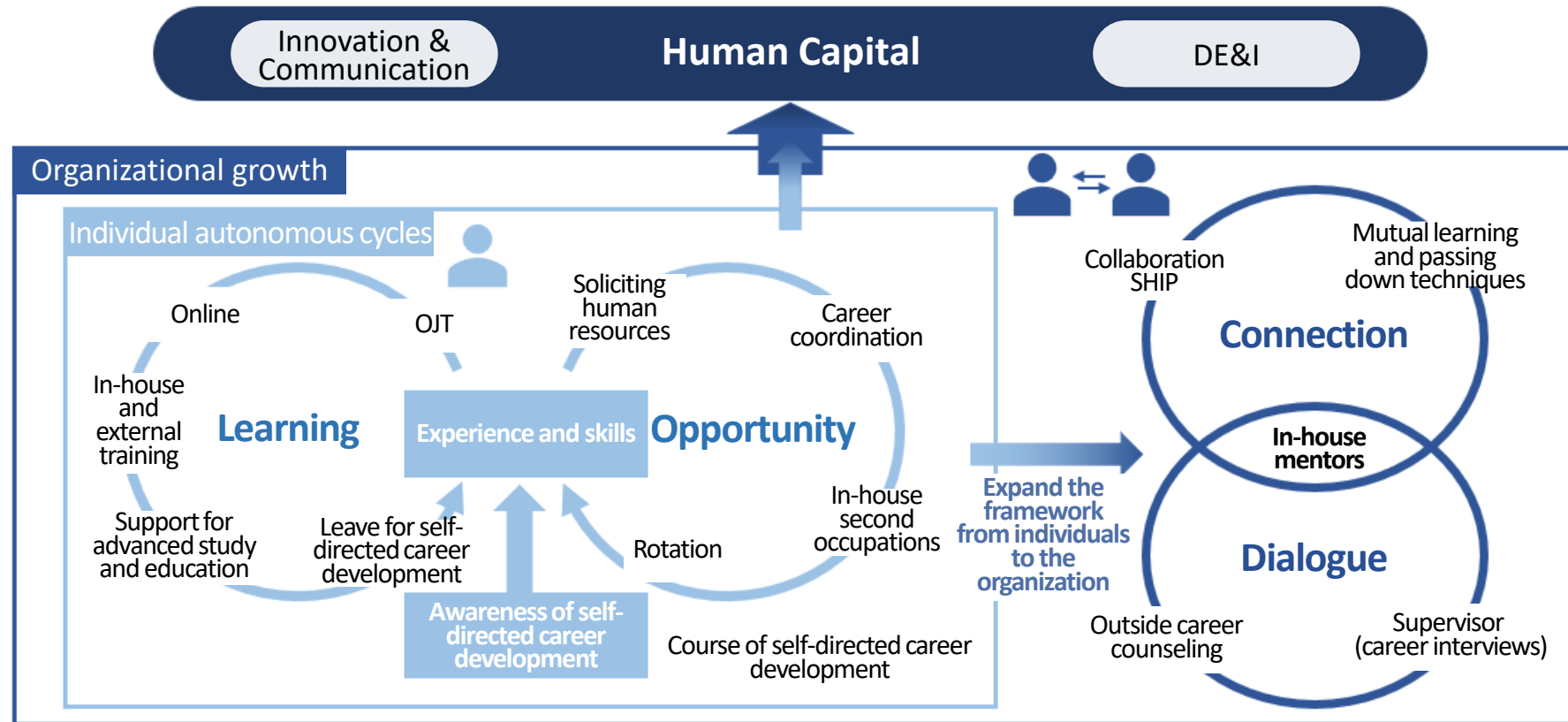


# Initiatives to Enhance the Value of Human Resources

## - Self-Directed Career Development

Through self-directed career development, employees implement individual growth cycles and build up experience and skills.

We will continue enhancing human capital by connecting autonomous individuals so they can share and utilize experience and skills.





# Initiatives to Enhance the Value of Human Resources

## - Technical and Construction Human Resources Support Our Core Competencies

### Technological Development

R&D and Production: **902** employees

#### R&D Division: Creating Sekisui House Proprietary Technologies

Aiming to generate homeowner value, we implement wide-ranging research and development into technologies, lifestyle design and services, centered on the residential domain. These efforts span from the development of advanced technologies for safety, peace of mind, comfort and health to surveys and research aimed at proposing services for happy living.

- Patents held: 787
- R&D department employees with PhDs: 12

#### Production Division: Supporting High-Quality Production

Under an advanced quality control system for pre-engineered housing, we promise consistent high quality for all homes based on the professional expertise of our human resources boasting advanced skills in manufacturing and deep knowledge of internal inspection standards.

- Registered internal inspectors: 1,603<sup>1</sup>
- External manufacturing skill certifications: 3,475<sup>1</sup>

<sup>1</sup> As of April 2023

### Design

Design and Survey: **2,237** employees

#### Reinforcing Design Capabilities in Line with Business Strategy: Raising the Ceiling

We have established an in-house certification program for individuals that meet advanced certification standards. In order to meet the diverse needs of our customers, we continuously improve the skills and motivation of our design personnel to develop a high-level design team.

- In-house certifications (as of April 2023)  
Chief Architects: 319  
Platinum Specialists: 45  
Structural Planning Specialists: 214

#### Securing Human Resources and Building a Platform for Developing Young Talent: Raising the Floor

We offer student internships to motivate talented young people to join the Company at an early stage and strive to quickly develop human resources through systematic training and on-the-job training for junior employees (up to the fifth year of employment).

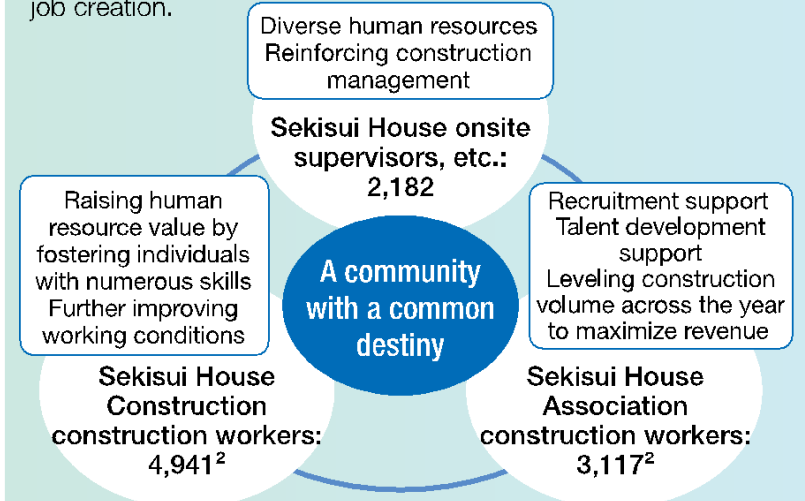
- Interns accepted (FY2022): 514

### Construction

Construction: **2,182** employees

#### A Shared Commitment to Making Customers Happy Through the Highest Quality and Technology as a “Community With a Common Destiny”

We have built a direct sales and design-build system and support partner building constructors' efforts to hire and develop diverse human resources. Through these efforts, we contribute to local job creation.



<sup>2</sup> As of March 31, 2023

First-class architects: **2,657<sup>3</sup>**

First-class building operation and management engineers: **1,674<sup>3</sup>**

<sup>3</sup> Sekisui House (non-consolidated); employees in technical positions

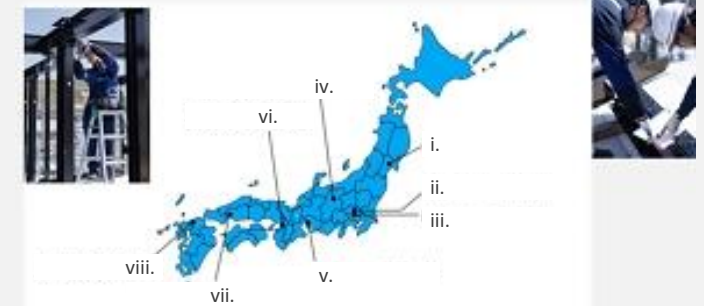
# Initiatives to Enhance the Value of Human Resources

## - New Initiatives

- Aging of workers on construction sites and the 2024 problem.
- Training and recruiting high-school graduate housing engineer crafters.
  - Reinforcing recruitment
    - 95 people joined the Company in April 2024 (FY2023 × 2.4 times)
    - 133 people joined the Company in April 2025 (FY2023 × 3.4 times)
  - Personnel system
    - Introduced a new evaluation system (objective evaluation) and changed the name of “housing engineer” to “crafter”
  - Vast improvement of compensation
    - Increased first-year pay by a maximum of 11%
    - Increased manager pay by a maximum of around 1.8 times (around ¥9 million income for people in their 30s)
  - Uniform
    - Created uniforms



**Created local jobs by reinforcing recruitment at eight Group companies**

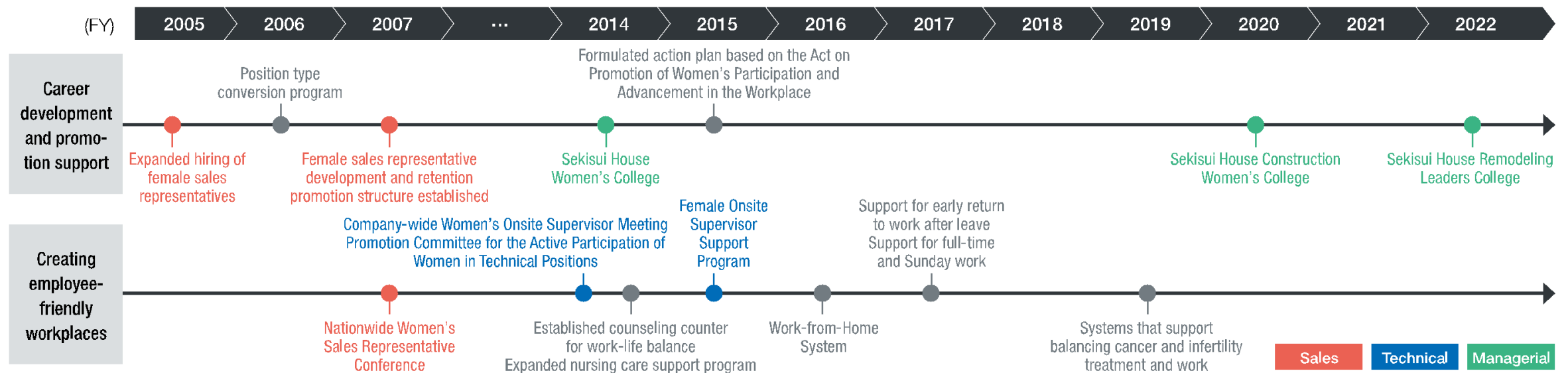


- i. Sekisui House Construction Tohoku
- ii. Sekisui House Construction Kanto
- iii. Sekisui House Construction Tokyo
- iv. Sekisui House Construction Joshinetsu
- v. Sekisui House Construction Chubu
- vi. Sekisui House Construction Kansai
- vii. Sekisui House Construction Chugoku & Shikoku
- viii. Sekisui House Construction Kyushu

# Initiatives to Enhance the Value of Human Resources

## - Promoting the Participation of Women

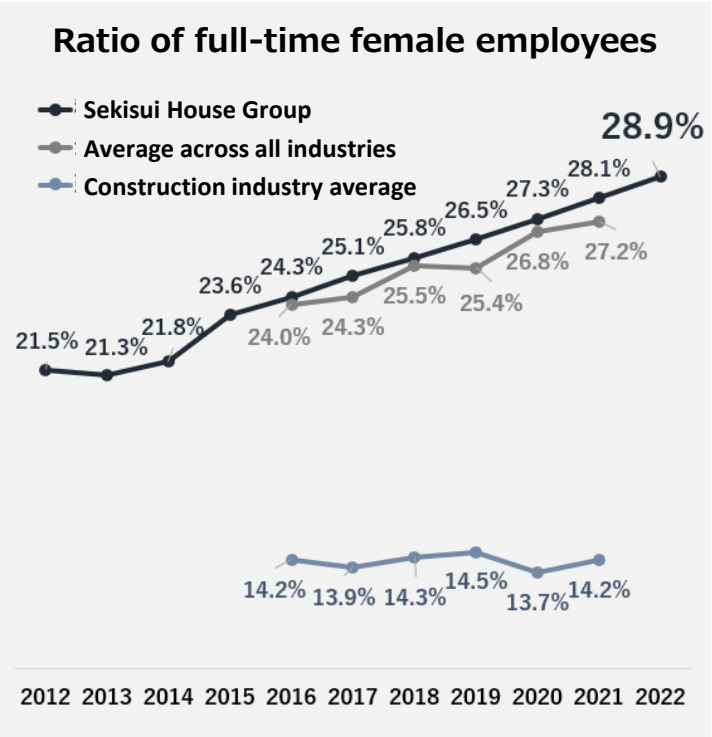
- As a major initiative for our business strategy, we proclaimed Human Resource Sustainability in 2006.
- We conducted training that reflected employee input, improved workplaces, and reformed supervisor mindsets.
- With the emergence of role models, the number of women striving to enhance their careers has increased.



# Initiatives to Enhance the Value of Human Resources

## - Status of the Participation of Women

### A Female Workforce More than Double the Construction Industry Average

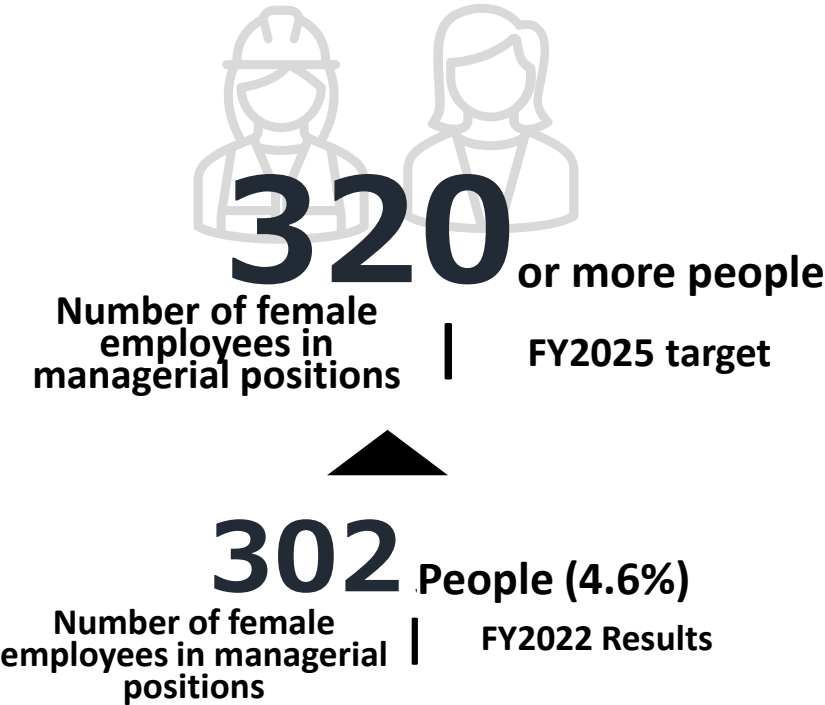


Figures from the “Basic Survey of Employment Equality,” Ministry of Health, Labour and Welfare of Japan

### Training next-generation leaders “Sekisui House Women’s College”



### Women participating in decision-making Achieving FY2023 targets ahead of schedule

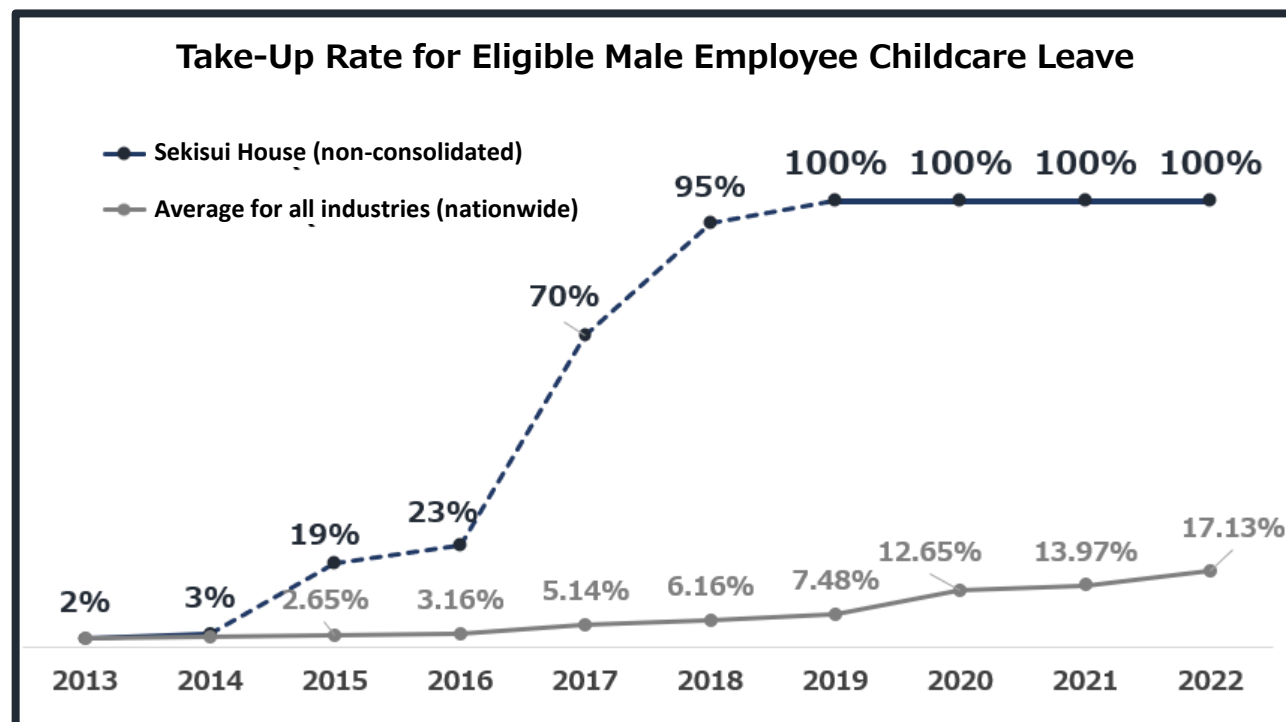




# Initiatives to Enhance the Value of Human Resources

## - Paternity Leave Program for Male Employees to Ensure the Happiness of the Individual and the Family

- Hoping for the happiness of the individual and the family, we announced paternity leave for male employees for one or more months in 2018.
- From 2019 onward, we have achieved a 100% usage rate for the paternity leave program for male employees.



Male Employees who Feel Happy  
in Housework and Child Rearing

**98.6%** (national average: 81.4%)



Male employees who took childcare leave <sup>1</sup>

Satisfaction for the Childcare Leave Program  
for Eligible Male Employees

**98.2%** (national average: 78.2%)



Male spouses who took childcare leave <sup>2</sup>

1. From the White Paper on Paternity Leave 2022.

2. From the Sekisui House Group's survey of people who used the Special Childcare Leave Program.

# Initiatives to Enhance the Value of Human Resources

## - Promoting Use of the Paternity Leave Program for Male Employees in Society

- Creating a system reflecting the opinions of employees and their families.
- Creating an opportunity to make it common in society for men to use childcare leave.

2019



- Held the Childcare Leave Forum 2019.
- Published the *Ikumen* White Paper 2019.
- Established September 19 as the Day for Thinking About Childcare Leave.

Use paternity leave by Japan's government employees  
Use of at least one month of leave

2020



- Held the Ikumen Forum 2019.
- Published the Ikumen White Paper 2020.
- Received the Grand Prix IKUMEN AWARD.

Comprehensive measures to address the declining birthrate  
30% by 2025

2021



- Held the Paternity Leave Forum 2021.
- Published the White Paper on Paternity Leave 2021.
- Received the Excellence Award in the Purpose and ESG Division of the 70th Nikkei Marketing Awards.

Amendment to the Act on Childcare and Nursing Care Leave

2022



- Held the Paternity Leave Forum 2022.
- Published the White Paper on Paternity Leave 2022.
- Received the Silver Award at the PR Award Grand Prix 2022 for videos on paternity leave, "what do you think about paternity leave?".

Amended Act on Childcare and Nursing Care Leave going into effect

2023



- Held the Paternity Leave Forum 2023.
- Published the White Paper on Paternity Leave 2023.
- Supported by 119 companies and organizations who work to promote paternity leave programs for male employees

Japan's government set target for use of childcare leave  
50% by 2025 and 80% by 2030

Social Trends

# Initiatives to Enhance the Value of Human Resources

## - Building a Sustainable Leadership Pipeline

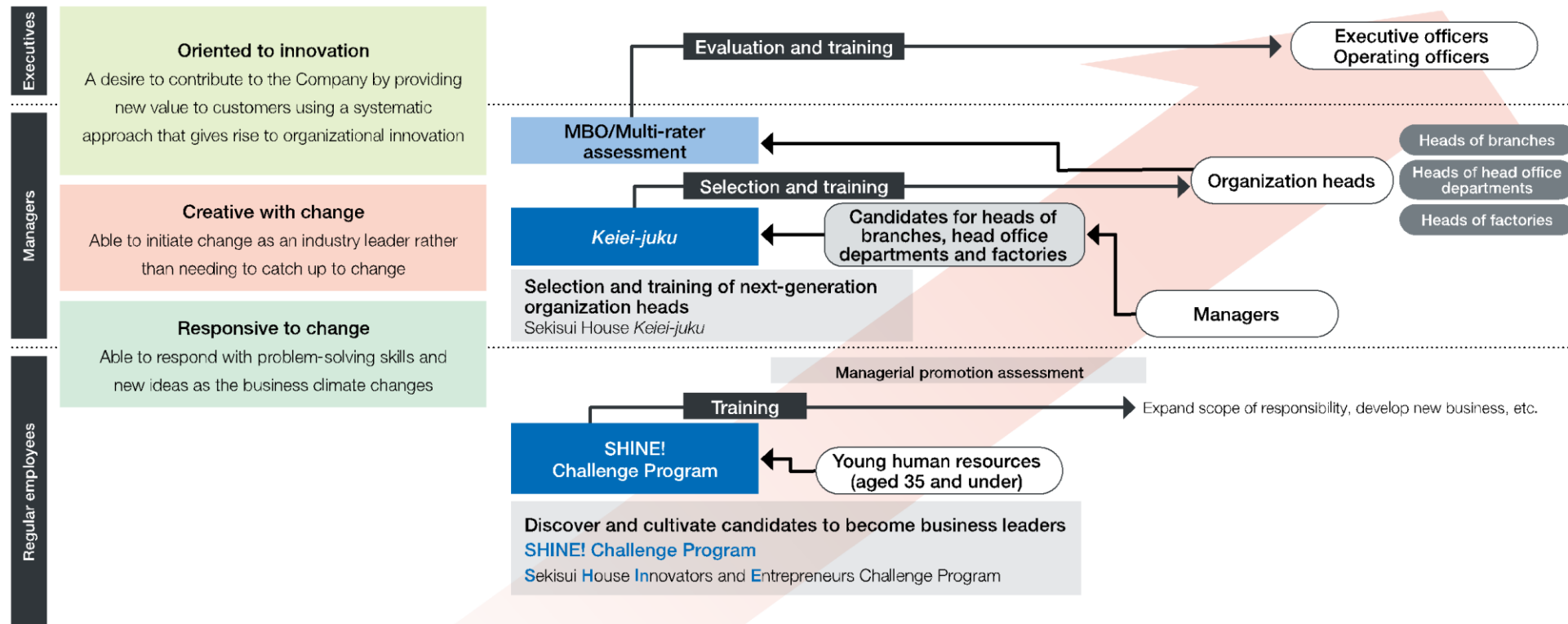
### Leader Training Instilling the Corporate Philosophy and Strategies

- ✓ Creating next-generation leaders better than ourselves and passing the baton.
- ✓ Creating individual training plans for all candidates and conducting periodic progress reviews.
- ✓ Aiming to further enhance the leader pipeline.

### Securing and Appropriately Placing Human Resources Aligned with Our Strategies

- ✓ Assess human resource needs based on the business strategies of each business unit.
- ✓ Recruiting and training that realizing appropriate placement.
- ✓ Expanding the onboarding program that supports active employee engagement.

Leadership Pipeline for Cultivating the Next Generation of Business Leaders



Employed executive officers and operating officers, general managers of head office divisions  
 Number of positions discussed: 69  
 Number of candidates: 150

Succession readiness rate  
 (candidates/positions)  
**217%** (FY2022)

Branch heads, the Head of Technology and the Head of General Affairs

Number of positions discussed: 140  
 Number of candidates: 274

Candidate availability rate  
 (candidates/positions)  
**196%** (FY2022)

# Improvement in human resource value

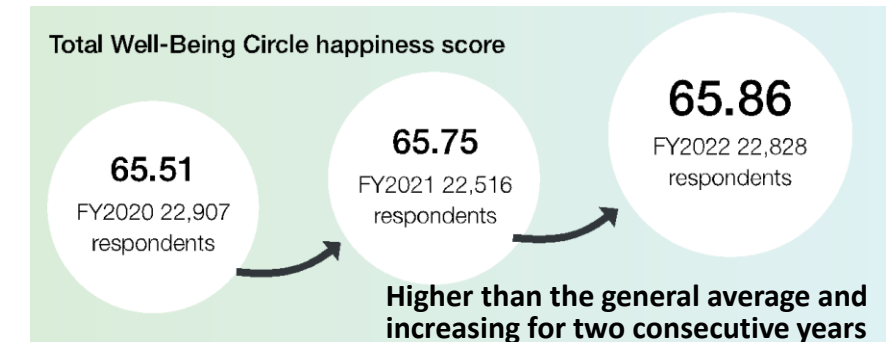
## - KPIs and Well-Being Survey

### Progress toward the FY2025 Targets

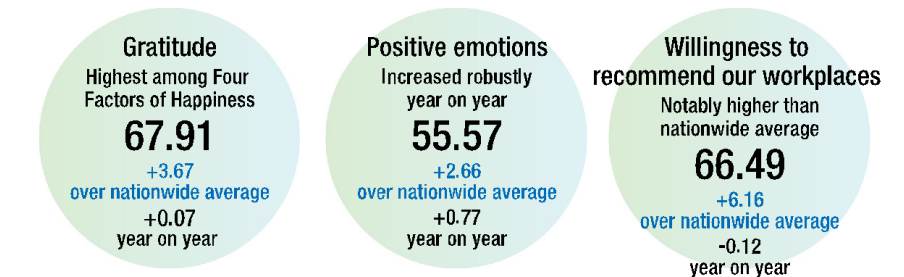
		FY2022 Targets	FY2022 Results	FY2023 Targets	FY2025 Targets
Supporting Self-Directed Career Development	Participants in self-directed career development-related training	—	16,987 persons	18,936 persons	22,030 persons
	SHIP registration rate	—	26.9%	30%	36%
	SHIP number of posts	—	2,176	2,500	3,000
Promoting DE&I	Number of female managers	260 persons	302 persons 4.6%	300 persons	320 persons or more
	Ratio of full-time female employees	28.0%	28.9% 6,743 persons	29.2%	29.8%
	Ratio of female new graduates hired	42.0%	44.6% 350 persons	40%	40%
Promoting Diverse Workstyles	Annual paid leave take-up rate	60%	73.1% 13.1 days	70%	70%
	Monthly average working hours per person	175.5 hours	170.73 hours	175 hours	175 hours
Building a Foundation for Well-Being	Take-up rate for eligible male employee childcare leave	100%	100%	100%	100%
	Rate of employees opting for the secondary medical checkup	98.0%	98.7%	95%	100%

### Well-Being Survey

- Conducting multi-faceted measurements of the happiness of employees and workplaces since 2020.
- Visualizing happiness and holding workshops.
- Connecting them to specific measures for each person to pursue happiness.



### Happiness Diagnosis to Promote Individual Happiness



Items related to stress and health will be a focus going forward



## Enhancing our corporate value via improvement in human resource value and social value

### Improvement in Human Resource Value

#### Human Resources Strategy Key Measures

#### Employee autonomy

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#### 1 “Kids First”

- Providing children with opportunities for diverse emotional experiences
- Helping children develop housing literacy
- Continuing to run the Children’s Fund, part of the Sekisui House Matching Program corporate program to match employee donations

#### 3 Respect for human rights

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#### 2 “Green First”

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#### 4 Regional revitalization business

- Developing and creating employment for housing construction workers
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- Delivering proposals on the effective utilization of PRE (public real estate)

# Enhancing Social Value

## - The Sekisui House's "Kids First"

### Nurturing emotionally vibrant children who have unique thoughts and ideas

Providing children with opportunities for diverse emotional experiences



Helping children develop housing literacy

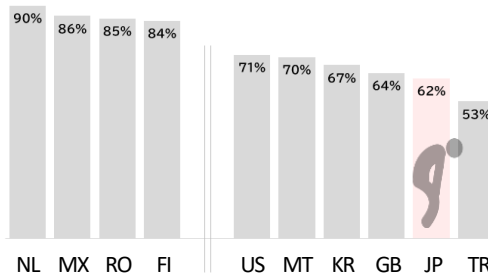


Continuing to run the corporate program to match employee donations



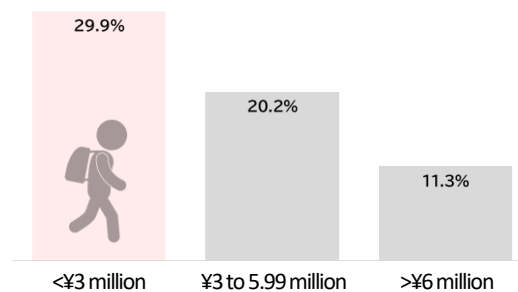
### Situation surrounding children

#### Happiness level: Global minimum level



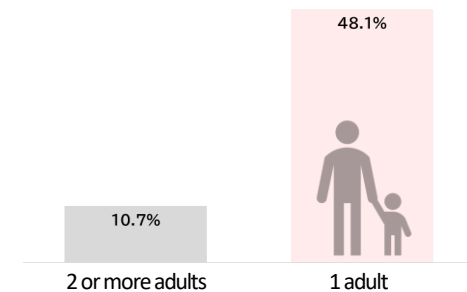
Children's spiritual happiness: 37th of 38 advanced countries <sup>1</sup>

#### Expanding disparity in opportunities



Percentage of children without experience opportunities by parental income <sup>2</sup>

#### Chain of relative poverty



One out of every two single-parent households is in relative poverty <sup>3</sup>

1. Created by Sekisui House based on Unicef Report 2020, Report Card 16.

2. Created by Sekisui House based on Chance For Children's survey.

3. Created by Sekisui House based on the Ministry of Health, Labour and Welfare's Survey of Citizen's Living Basics.

# Supporting Children's Emotional Development

## - Manufacturing and Urban Development from a Child's Perspective

- Won awards such as the METI Minister's Award of Excellence in the 17th Kids Design Awards Program
- Won a total of 116 awards for works for 17 consecutive years since the first award ceremony in 2007

Excellence Award, METI Minister's Award



"Spend time together under one roof!"  
Fuji Toranomon Children's Center

Incentive Award, Chairman's Award, Kids Design Association





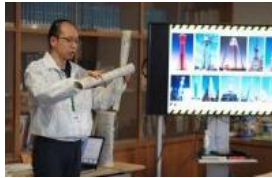









Housing proposals that incorporate life ideas  
for parents, Sekisui House noie

Special Award, BEYOND COVID-19



Proposals for child-raising support  
in condominiums

### Conducting School Visits and Hands-on Experiences at Our Facilities Since 2008

	Program				Elementary School Students	Middle School Students	High school students
School visits	 Doctor Universal Design Lesson	 Lesson on Brightness in Living	 Kids disaster prevention leader training	 Captain Earth "le-cology" Seminar	●		
Hands-on experiences and facility visits	 "A Letter from Dr. Forest" Program	 Treasure Hunt Tour with Head Recycler	 Learn about happy living	 Programming education	●	●	●
Special sponsorships and original teaching materials	 Minecraft Cup National Tournament	 Garden Tree Select Book	 Wild Birds Website Smartphone Version	 Teachers' guide	●	●	●



## Started Development of Online Experience Classes that Remotely Share VR Space Experiences for Model Houses and Schools in 2021

### School visits



#### Participants

**23,935** children

(Cumulative total, as of Jan. 31, 2023)

### Hands-on experiences at Sekisui House facilities



#### Participants

**50,145** children

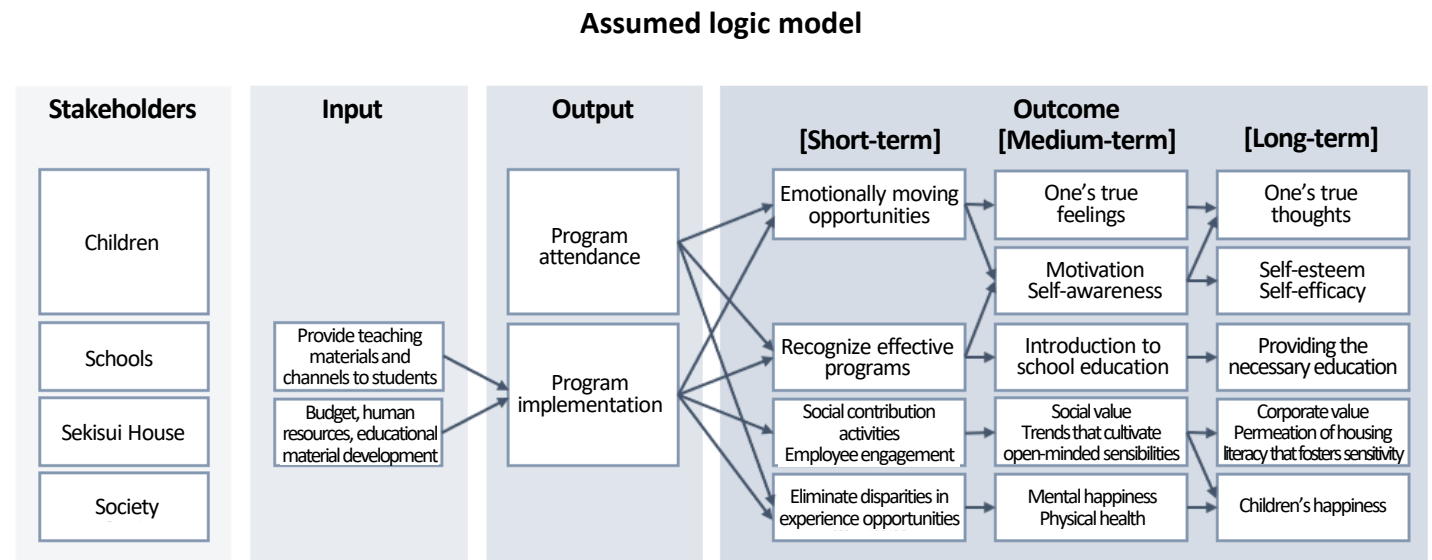
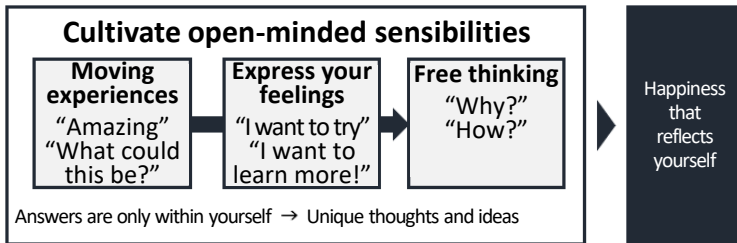
(Cumulative total, as of Jan. 31, 2023)

# Helping Children Develop Housing Literacy

## - Providing Opportunities for Experiences to Foster Sensitivity

### Creating a Housing Literacy Working Group and Strengthening Experience Opportunities for Children Across the Group

Sekisui House's Housing Literacy: Opportunities to Realize Ways to Live Your Life in a Way That Reflects Your Personality



# Sekisui House Matching Program

- Corporate program to match employee donations

Helping Create a Society and Environment in which Children Can Continue to Live Happily Since 2006

Assisted over **590** organizations

### Children's Fund

Supports activities for children's happiness and development

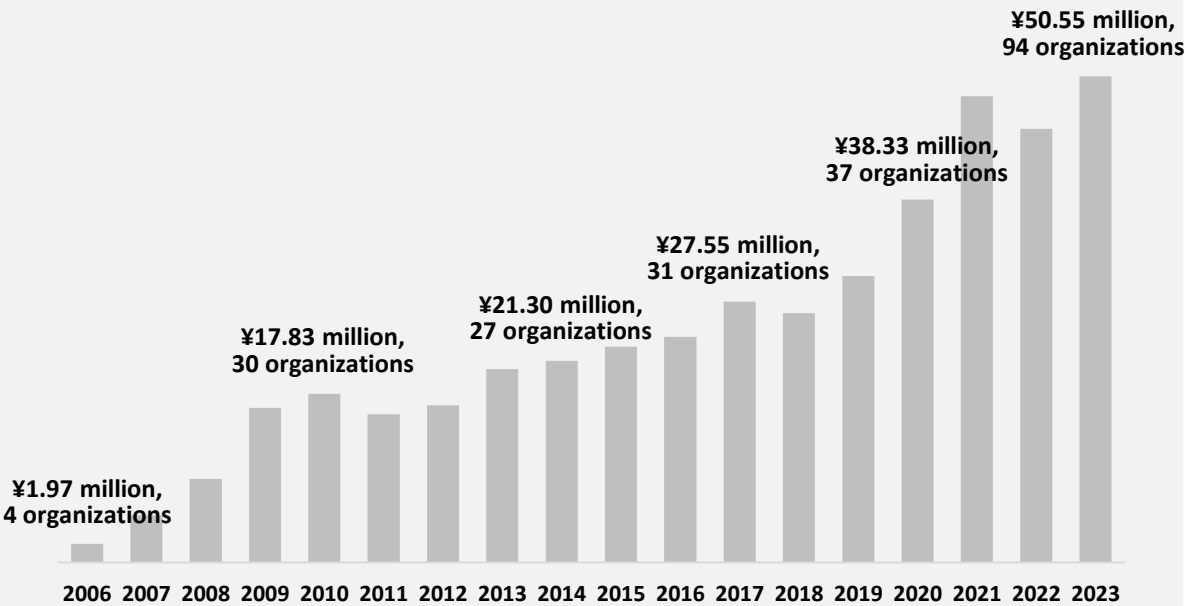


### Eco-Fund

Supports environmentally friendly and regional revitalization activities



Support totaling **¥440** million





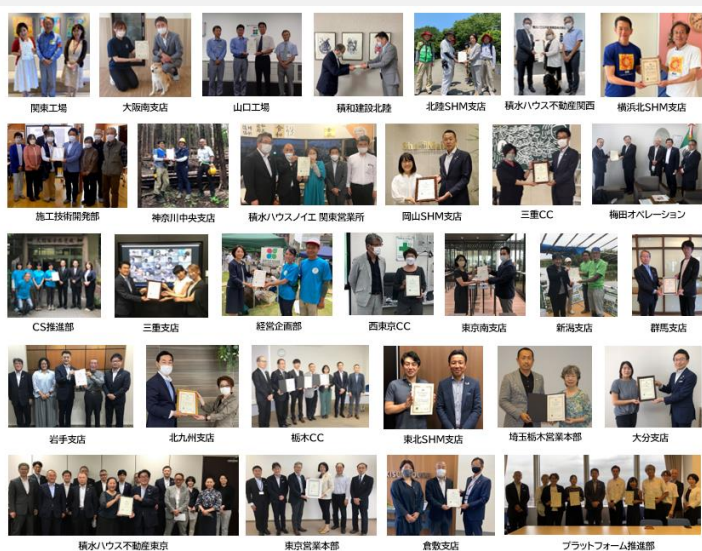
# Sekisui House Matching Program

## - Important Policies

Connect with the community  
to learn about issues

**1,850** people

participated in presentation ceremony  
with supported organizations



Presentation ceremony  
with supported organizations in 2022

Discuss what can be done

**1,400** people

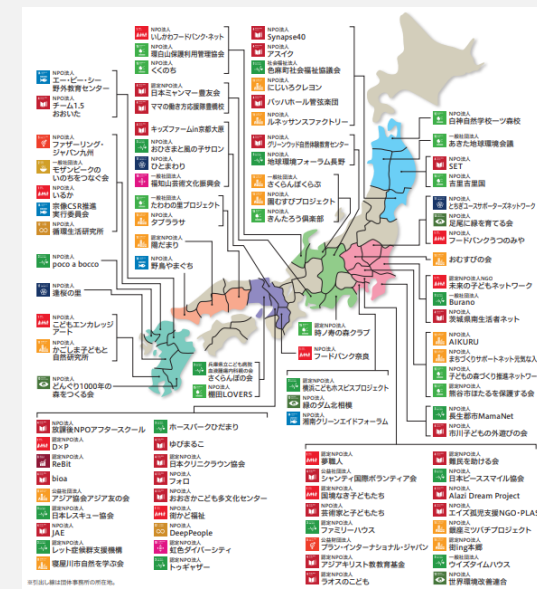
engaged in dialogue about contributing  
to society



Support for organizations

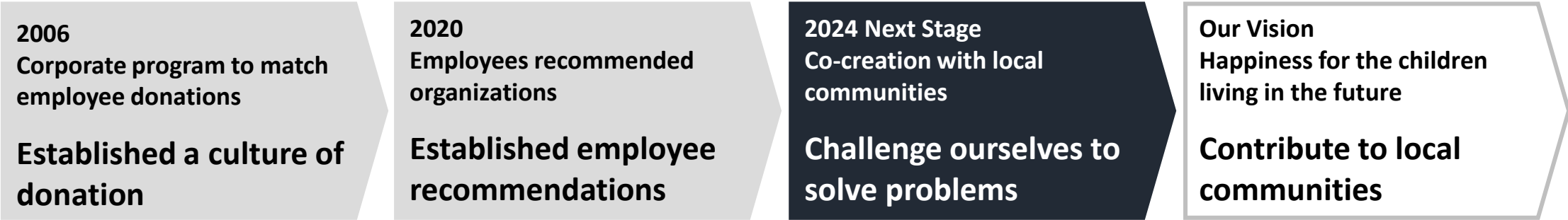
**94** organizations • **¥50.55** million

Employees recommend organizations





Combine Employee Ideas with Organization Activities to Solve Problems in Local Communities



Employee ideas to contribute to solving social issues

235 ideas 1,178 employee



Creating projects with non-profit organizations

Solving issues in local communities

