

# Section

# 2

## Mechanisms and Catalysts for Creating Value

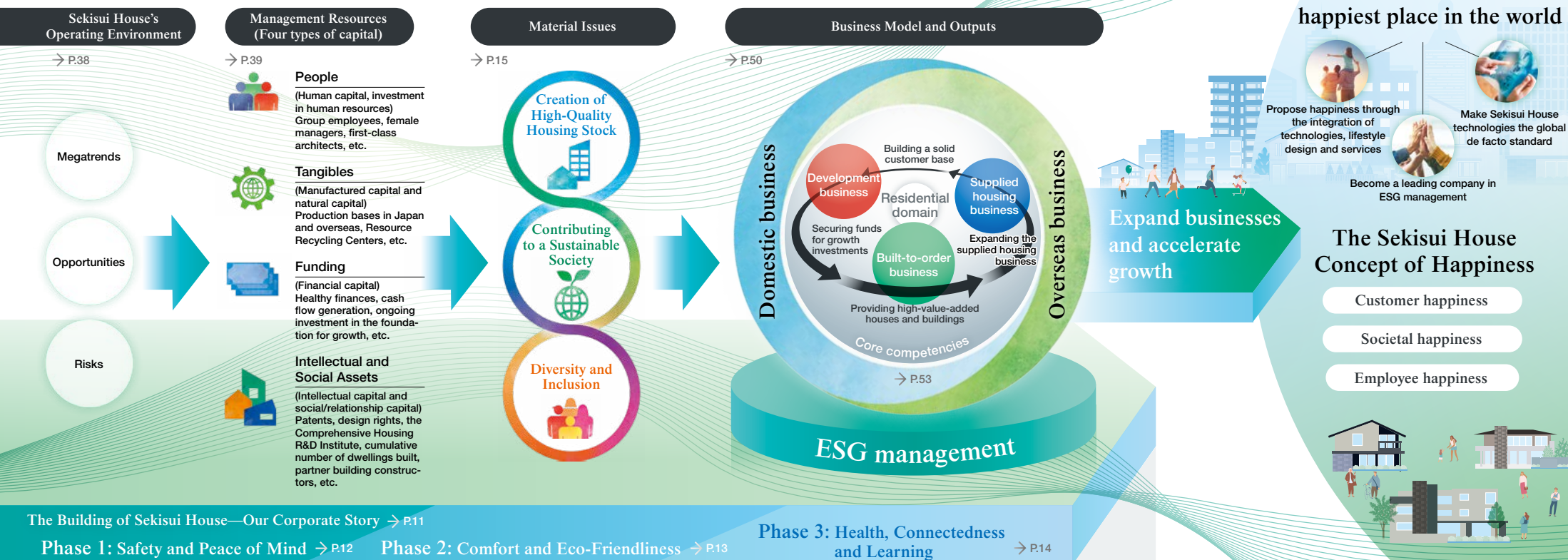
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# Value Creation Process

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.



The Building of Sekisui House—Our Corporate Story → P.11

Phase 1: Safety and Peace of Mind → P.12

Phase 2: Comfort and Eco-Friendliness → P.13








Phase 3: Health, Connectedness and Learning → P.14

Our Corporate Philosophy of Love of Humanity

# Sekisui House's Operating Environment, Risks and Opportunities

Amid the accelerating pace of social change, a successful approach to value creation must be based on more than formulating business plans based on currently predictable factors. Centered on sustainability, the Sekisui House Group analyzes medium-to-long-term issues that affect value creation to identify risk factors and opportunities for future business development and reflect them in medium-to-long-term strategic business planning.

## Megatrends

Megatrends	Specific Risk Scenarios	Specific Examples of Opportunities Created
<b>Climate change</b>  <ul style="list-style-type: none"> <li>Acceleration of decarbonization due to concerns about global warming</li> </ul>	<ul style="list-style-type: none"> <li>Impact of extreme heat on lifestyles</li> <li>Impact of extreme heat on business (production, construction sites, etc.)</li> <li>Impact of increasingly severe natural disasters</li> <li>Increased costs due to introduction of carbon tax</li> </ul>	<ul style="list-style-type: none"> <li>Promoting net zero energy houses (ZEH)</li> <li>Promoting net zero energy buildings (ZEB)</li> <li>Popularizing highly durable (long-lasting) homes, etc.</li> <li>Growing adoption of renewable energy</li> </ul>
<b>Biodiversity conservation</b>  <ul style="list-style-type: none"> <li>Initiatives to protect biodiversity from the effects of global warming</li> <li>Demand for effective use and re-use of water resources</li> </ul>	<ul style="list-style-type: none"> <li>Changes in growing ranges and areas suitable for plants used for greening</li> <li>Demand for water-saving businesses and facilities</li> </ul>	<ul style="list-style-type: none"> <li>Effective landscaping proposals for shrubs and trees</li> <li>Popularization of water-saving housing facilities</li> </ul>
<b>Resource recycling</b>  <ul style="list-style-type: none"> <li>Demand for effective use and re-use of resources</li> <li>Change in awareness toward a society without plastic</li> </ul>	<ul style="list-style-type: none"> <li>Demand for higher-quality recycling</li> <li>Increased processing costs for plastic waste materials derived from fossil fuels</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of recycling business through the use of high-level, thorough sorting and "wide-area certification"</li> </ul>
<b>Economic and policy changes</b>  <ul style="list-style-type: none"> <li>Geopolitical risks materializing and increasing</li> <li>Response to pandemics</li> <li>Promotion of workstyle innovations</li> <li>Labor shortages and acceptance of foreign workers</li> <li>Home ownership support policies</li> </ul>	<ul style="list-style-type: none"> <li>Rising material and energy costs</li> <li>Global spread of infectious diseases</li> <li>Reduced workforce due to declining employee satisfaction, turnover, and work-hour regulations should reforms not progress</li> <li>Turnover and reduced productivity due to worsening working conditions</li> <li>Changes in housing demand, shift away from home ownership</li> </ul>	<ul style="list-style-type: none"> <li>Minimizing impact by reflecting changes in sales prices and through cost management</li> <li>Development of technologies for preventing the spread of infectious diseases in the home, expansion of online content and sales tools</li> <li>Improved productivity through better employee satisfaction, recruitment of talented personnel</li> <li>Ensuring a high-quality workforce through improvements in the working environment</li> <li>Various government support measures for home purchasing, expanding proposals that reflect community and customer needs</li> </ul>
<b>Globalization</b>  <ul style="list-style-type: none"> <li>Acceleration of business globalization</li> <li>Increase in foreign visitors to Japan</li> <li>Inadequate number of hotel rooms</li> </ul>	<ul style="list-style-type: none"> <li>Intensification of competition</li> <li>Loss of opportunities to adapt, shifts in demand due to changing conditions</li> </ul>	<ul style="list-style-type: none"> <li>Development of overseas business</li> <li>Capturing long-term demand</li> </ul>
<b>Demographic changes</b>  <ul style="list-style-type: none"> <li>Severe demographic graying</li> <li>Total population reduction</li> <li>Concentration of population in urban areas</li> <li>Social participation of the millennial generation</li> <li>Longer lifespans and rising death rate</li> <li>Rising health consciousness</li> </ul>	<ul style="list-style-type: none"> <li>Accidents in the home, lack of care services</li> <li>Decline in the number of new housing starts, decline in the occupancy rate of properties under management, worsening problem of unoccupied houses</li> <li>Decline of rural areas</li> <li>Lost opportunities due to an inability to meet the needs of millennials</li> <li>Delay in employees returning to work</li> <li>Increasing complexity and difficulties with asset inheritance</li> <li>Competition to be first in advanced health-related technology</li> </ul>	<ul style="list-style-type: none"> <li>Expanding medical and nursing care, providing health-conscious housing</li> <li>Provision of good-quality housing</li> <li>Increased need for regional revitalization</li> <li>Expanding digital marketing opportunities</li> <li>Increased opportunities for nursery school intake, improved child rearing support systems</li> <li>Increased need for circulation of existing housing and real estate management trusts</li> <li>Promoting the sale of housing that contributes to health</li> </ul>
<b>Technological innovation</b>  <ul style="list-style-type: none"> <li>Coming of the IoT/AI era</li> <li>Advances in robotics technology</li> </ul>	<ul style="list-style-type: none"> <li>Loss of business opportunities, growing need for security measures</li> <li>Discontinuity in transfer of construction skills</li> </ul>	<ul style="list-style-type: none"> <li>Providing highly convenient housing</li> <li>Improving construction efficiency</li> </ul>

# Management Resources (Four Types of Capital)



## People (Human capital/Investment in human resources)

Based on our Corporate Philosophy of love of humanity, we have formulated and published the Sekisui House Group Human Rights Policy, and we aim to create workplaces where all employees can practice a culture of innovation and communication. In line with our belief that the growth of employees is essential to the growth of the Sekisui House Group, we are proactively hiring and developing diverse human resources, providing support for skill enhancement through in-house certification programs, and working to appropriately allocate human resources Group-wide. Through these measures, and by maximizing the value of our human resources by sharing a common vision, we aim to increase corporate value.



Consolidated employees: **29,052**  
Incl. overseas employees: **1,417**

• Sales representatives: **7,108**  
• Technical staff: **8,442**

Female employees in  
managerial positions: **302**

Employment rate of persons  
with disabilities (Group basis):<sup>1</sup> **2.86%**

Take-up rate for eligible male  
employee childcare leave: **100%**

Employees  
with major  
national  
qualifications

First-class architects:<sup>2</sup> **3,417**

First-class building operation  
and management engineers:<sup>2</sup> **2,904**

Second grade financial  
planners:<sup>2</sup> **4,560**

Registered real estate  
transaction agents:<sup>2</sup> **8,170**

Employees  
with internal  
certifications<sup>3</sup>

Chief Architects: **319**

Chief Constructors: **143**

Structural Planning Specialists: **214**

Platinum Specialists: **45**

CS Meisters: **63**

<sup>1</sup> Rate at 33 domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company)

<sup>2</sup> Sekisui House and Major Domestic Group Companies (excluding Konolke Construction)

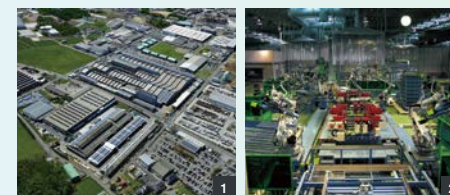
<sup>3</sup> As of April 1, 2023; Sekisui House (non-consolidated)



## Tangibles (Manufactured capital and natural capital)

### ▶ Manufactured capital

In our domestic businesses, we have production bases (factories) with production lines that are the key to production of homes with individual specifications in the built-to-order business, as well as distribution bases that deliver materials to construction sites nationwide. We are working to reduce the environmental impact of our inter-factory distribution through a modal shift to rail transport. In addition, we are carrying out capital investment in component production facilities to improve production efficiency and in the development business.



FY2022

Capital expenditure:

**¥95.3 billion**

1 2 Production bases: **6**  
5 in Japan, 1 overseas

Distribution bases: **40**

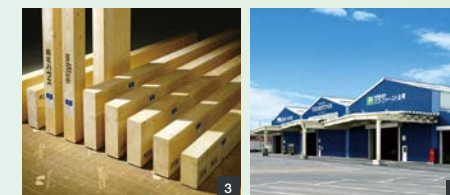
→ P.51 Value Chain

→ P.175 Factory Site Report

☐ Production system (Japanese only)

### ▶ Natural capital

We conduct sustainability-conscious CSR procurement. In addition to our FairWood procurement practices and acquiring forest certification, we pursue sustainability on the basis of coexistence and co-prosperity with our suppliers through measures including due diligence in procurement and promotion of local production for local consumption of domestic lumber. In addition, we are advancing proprietary initiatives to reduce energy consumption and environment burden.



3 Sustainable wood procurement rate: **97.1%**

Eco-friendly landscaping and greening  
(Gohon no Ki Project): **19,003** thousand trees

CO<sub>2</sub> emissions: **82** thousand t-CO<sub>2</sub>

Supplier science-based target-setting rate: **31.9%**

RE100 achievement rate  
(Sekisui House Owner Denki): **55.1%**

Waste emissions: **1,069** thousand tonnes

4 Resource Recycling Centers: **23** across Japan

→ P.136 Contributing to a Decarbonized Society

→ P.146 Biodiversity Conservation

→ P.154 Initiatives to Realize a Circular Economy

→ P.216 Supply Chain Management



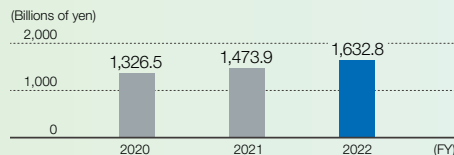
## Management Resources (Four Types of Capital)



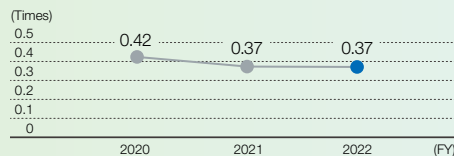
## Funding (Financial capital)

To support sustainable growth, we must establish a strong financial base, prepare for various risks in the market environment, and maintain the investment capacity to make swift and flexible investment decisions. We emphasize credit ratings as a standard for evaluating financial health and appropriate levels of financial leverage and have set the targets of a D/E ratio of about 0.5 times and a debt repayment term (net debt/EBITDA) of less than about 1.5 years, premised on maintaining an AA rating in Japan and A rating overseas. By applying these guidelines, we will maintain a balance between aggressive investment for growth and financial soundness.

## Equity Capital



## D/E ratio



Equity capital: **¥1,632.8 billion**

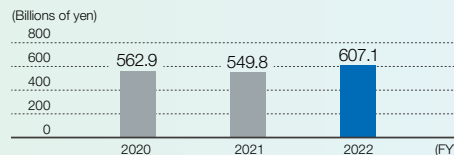
Interest-bearing debt: **¥607.1 billion**

D/E ratio: **0.37 times**

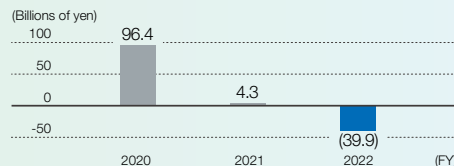
Free cash flow: **-¥39.9 billion**

→ P.74 Financial and Capital Strategy  
→ P.78 Financial Analysis

## Interest-Bearing Debt



## Free Cash Flow



Fifth Mid-Term Management Results (three-years) Real estate investment: **¥1,977.4 billion**

## Long-term credit ratings:

**AA** (Japan Credit Rating Agency)  
**AA-** (Rating and Investment Information)  
**A** (S&P Global Ratings)

Debt repayment term  
(Net debt/EBITDA): **0.93 years**



## Intellectual and Social Assets (Intellectual capital and social/relationship capital)

## ► Intellectual capital

The Sekisui House Group advances cutting-edge research and development in multifaceted areas. These encompass quality enhancements and new technologies for our detached houses, rental housing and other buildings, as well as development related to happiness, comfort and the environment. We are also working to foster a culture of innovation, proactively promoting technological development and innovation to power the sustainable growth of the Sekisui House Group.



FY2022 Research and development expenses: **¥9.5 billion**

Patents held: **787**

Design rights held: **359**

## Platform House Concept

- HED-Net in-home early detection network for acute illnesses
- PLATFORM HOUSE touch smart home service
- SUITE CONCIER website introducing lifestyle services

1 2 Comprehensive Housing R&D Institute

Human Life R&D Institute

Tomorrow's Life Museum (TLM)

Research centers (Konoike Construction: Osaka, Tsukuba)

→ P.51 Value Chain

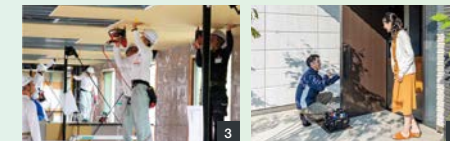
→ P.87 Technology and R&D Strategy

☑ Research and development (Japanese only)

☑ Display houses and hands-on exhibits (Japanese only)

## ► Social/relationship capital

A solid customer base boasting the industry's highest cumulative number of dwellings built together with the construction capabilities required to achieve it—these are two of our core competencies, which are integral to the Sekisui House Group's connection with society. We have built a framework for construction in which the Sekisui House Construction companies and partner building constructors are united by the spirit of “a community with a common destiny,” and established an after-sales service system through our Customer Service Centers, which are key to long-term relationships with homeowners.



Cumulative dwellings built (global): **2.62 million**

Partner building constructors involved in essential construction processes for Sekisui House: **2,595**

3 Domestic educational training centers and training schools: **3**

Overseas technical training centers: **1**

4 Customer Service Centers: **100** (at 30 offices)  
**1,462 staff**

→ P.51 Value Chain

→ P.206 Training centers and training schools

→ P.207 Customer Initiatives

→ P.210 Coexisting with Local Communities

☑ Sekisui House educational training centers and training schools (Japanese only)

## The Sekisui House Group's Human Capital Management

## What People Mean to Us

**Satoshi Tanaka**

Representative Director  
of the Board  
Executive Vice President,  
Executive Officer  
In charge of Division of  
Administration and  
Human Resources

**People: The Driving Force of the Sekisui House Group**

Since our founding, we have placed great value on people and striven to grow our business alongside our employees. After all, our lives are, first and foremost, our own. To make the most of our one and only life, we must each choose and pursue our own path.

So, why is it that we come together at the Sekisui House Group? Because we can achieve more when we work together with others who share our aspirations. Rather than each setting sail alone, we board the larger vessel of the Company. Individuals—each bringing their own abundant individuality, unique perspective and values—gather to discuss, cooperate and persevere together. The Company will continue to push ahead so that we can continue to sail forward with all our employees.

**Diversity and Inclusion**

To achieve our global vision to make home the happiest place in the world, we propose the value of happiness by integrating technologies, lifestyle design and services. Truly outstanding ideas arise when diverse people with varied values gather in friendly competition to learn from and improve one another.

At its highest level, this gathering of people can encompass not just the 29,052 employees of the Sekisui House Group, but the 125 million people of Japan and even all 8 billion people on Earth. By bringing together diverse people with whom our vision and strategy resonate, we hope to chase even larger dreams and create a more prosperous world. That is the ambition of the Sekisui House Group.

**Innovation and Communication**

In this era of VUCA<sup>1</sup>, we are confronted at every turn by challenges with no clear answer. In such circumstances, we must work together, each individual contributing their ideas, discussing them openly while trying various approaches to steadily achieve better results. This will sometimes yield success, and other times failure; what matters is not fearing failure, but learning from it to achieve future success. There can be no embrace of challenge without failure, and no progress without the embrace of challenge.

At times, we will have to go back to square one to rethink not just our solutions, but whether we are solving the right problems in the first place. But, by doing so, the Sekisui House Group creates new value through the aggregation of each individual's creativity, ingenuity and communication within an open workplace culture.

1 VUCA: Volatility, uncertainty, complexity and ambiguity

**Win-Win Relationships between Company and Individual**

When talking about “employing human resources,” it can sound rather top-down and patronizing, but we believe that, in reality, company and individual are equal partners. Employment is the condition of both a company and an individual selecting one other. Similarly, rather than the company developing and utilizing human resources, we think the correct framing is one in which a company provides a platform that allows human resources themselves to succeed and grow.

Individuals enhance their own value as human resources and at the same time bring growth to the company, contributing to the realization of a more prosperous world. A growing company can then provide a platform for greater success, empowering individuals to grow even more. This virtuous cycle comes out of the kind of win-win relationship between company and individual to which the Sekisui House Group aspires.



## Human Capital Management in Action

## The Sekisui House Group's Approach to Human Resource Value

## Human Resource Value = Employee Autonomy × Alignment of Efforts

The Sekisui House Group sees human resource value as the product of employee autonomy and the alignment of the efforts of its people. These two factors multiply one another, so when employees use Company resources to pursue autonomous career development while aligning their efforts with the Company's vision and business strategy, we are sure that the value created will result in tremendous growth.

## Corporate value enhancement

Realizing our global vision to make home the happiest place in the world

## Human resource value enhancement

## Employee autonomy



## Supporting self-directed career development

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



## Promoting DE&amp;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



## Promoting diverse workstyles

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



## 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



## Alignment of efforts

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

## Employee happiness

The diverse people of the Sekisui House Group



## Miwa Yamada

Chairperson of the Social Improvement Subcommittee  
Executive Officer  
Head of Diversity and Inclusion Promotion Department

## Human Resource Value Enhancement Drives Growth

Human resource value enhancement is a growth driver for the Sekisui House Group. We aspire to invest in human resources to raise their value, making both individuals and the organization stronger to provide new value to customers and society.

It is our employees that will make this aspiration a reality. To achieve our global vision to make home the happiest place in the world, we must first make our employees happy. In other words, we think it is crucial that we make Sekisui House—the professional “home” of employees—the world's happiest company.

## Enhancing Human Resource Value as a Foundation for Well-Being

Our conception of employee autonomy is, necessarily, not something imposed on employees, but that emerges from them—not for the sake of the Company, but in an employee's own pursuit of a happier life. To understand and address issues in this area, in 2020 we commenced the Well-Being Survey. The well-being of both individuals and the workplace as a whole has increased through efforts to foster a workplace culture in which every individual can examine what well-being means to them and, through dialogue, take action toward that ideal.

Employee happiness can become the foundation for contributing to customer and societal happiness, which in turn enriches employee happiness. The enhancement of social and economic value achieved through this cycle of well-being is Sekisui House's ESG management in action.

The following Human Resource Value Story highlights some of our initiatives to enhance human resource value. Through employee autonomy and the alignment of our efforts, we will continue working to enhance human resource value as a part of our business strategy aimed at enabling employees and the Company to grow together.

## Human Resource Value Story: Supporting Self-Directed Career Development

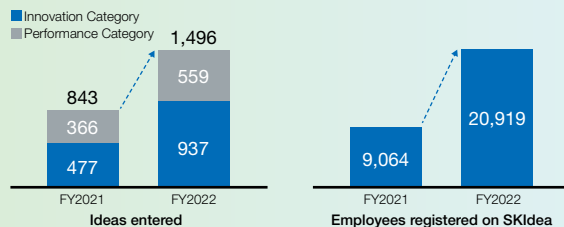
## Sekisui House Innovation &amp; Performance (SHIP) Awards Program

## Fostering an Innovative Corporate Culture

SHIP is a Group-wide initiative to foster innovation through communication. All employees are eligible to participate. The program combines the former Innovation Competition that we held to commemorate Sekisui House's 60th anniversary with awards we have held in the past, such as those for technical development and business achievements.

SHIP's focus is on innovation and communication; employees propose ideas to one another to spark innovation through active communication. By thus fostering an innovative corporate culture, the program creates opportunities for employees to take initiative and supports their self-directed career development. The program further aims to create a virtuous cycle of innovation and corporate value enhancement.

In the program's second year, employees submitted 1,496 entries, up 77.5% from the previous year. In addition, the number of employees registered with our internal app SKIdea<sup>1</sup> surpassed 20,000. This platform enables employees to see and comment on posts from other employees and request to join teams, helping foster an innovative corporate culture.



1 SKIdea: Short for Sekisui House Group Knowledge & Idea.

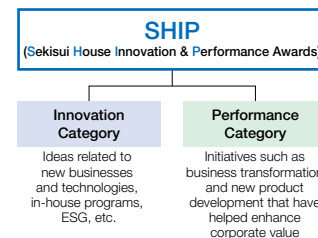
This app, developed in-house, is a platform for bringing together the knowledge, experience, skills and outstanding ideas of Sekisui House employees. The app allows users to see and like posts about ideas individuals have and request to join groups.

## Innovation Category/ Performance Category

SHIP comprises two categories. In the innovation category, teams of five or more post ideas on SKIdea. They exchange opinions with other SKIdea users and recruit other employees who are enthusiastic about their ideas, practicing innovation and communication while refining their proposals until they are ready to submit their official entry. The performance category recognizes outstanding employee performance.

Entrants submit presentations summarizing initiatives they have implemented and include what makes them unique, their results and their impact.

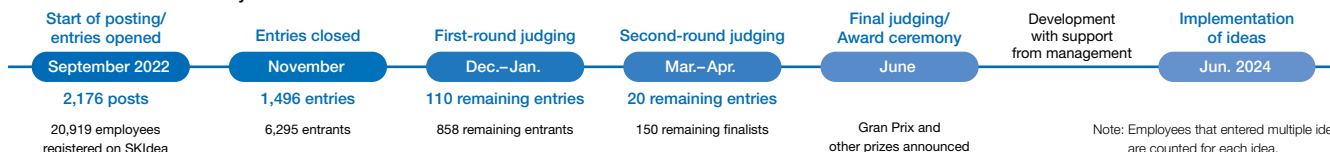
The program is aimed at fostering autonomous individuals and organizations that continuously generate innovation through cross-organizational communication, recognition for outstanding efforts and horizontal development.



## Six-Month Finalist Selection Process

The 1,496 entries submitted by employees were evaluated by a panel of 70 executives and managers from across the Group over a six-month period. The 10 innovation category entries and 10 performance category entries that made it through the second round of judging proceeded to the final round on June 9, 2023. The finalist presentations to top management and the ensuing award ceremony were livestreamed to Group offices and employees worldwide, inspiring them to work toward the same recognition.

## The 2nd Annual SHIP Journey

SHIP  
Sekisui House  
Innovation & Performance  
Awards

## Implementation of Ideas Winning Second-Place at the First Annual SHIP's

Five ideas entered by 27 employees were second-place winners in the first annual SHIP program. Four members of top management served as coordinators to support these teams in implementing their ideas over the course of the following year.

One of these ideas was titled "Sekisui Art Festival x Supporting Artists with Disabilities." The idea is aimed at realizing a more diverse society by creating places to exhibit artwork by people with disabilities. Since the final judging in March 2022, about 90 artworks have been displayed on the temporary fencing erected around construction sites and at Company event venues. We are currently advancing preparations to turn this into an ongoing project.



Left: Award ceremony at the first annual SHIP; Top right: Trial display of local art on temporary fencing; Bottom right: A final presentation at the first annual SHIP



## Human Resource Value Story: Supporting Self-Directed Career Development

## Technical and Construction Human Resources Support Our Core Competencies

Delivering the Highest Quality and Technology as a  
Collective of Professionals

Since its founding the Sekisui House Group has prioritized safety, peace of mind and comfort, and focused efforts on developing technical human resources. Building on a culture that embraces and develops the ambitious efforts and diverse ideas of passionate technicians, through the efforts of our many human resources, we have grown into a collective that delivers the highest quality and technology to customers. Specifically, we have established large-scale research and development facilities to support the activities of diverse personnel, acquired and protected patents for technologies created within the Group, established a proprietary production system for individual houses extending from production to shipment, built mechanisms to nurture design personnel, and built relationships with partner building constructors, among other initiatives.

We share with our partner building constructors a commitment to making customers happy through the highest quality and technology. Based on mutual respect as a “community with a common destiny,” we work to build equitable relationships, improve work environments and conditions, and develop human resources. We currently accept personnel from construction companies at three educational training centers and training schools located across Japan, providing support to help them quickly gain the skills needed to contribute in the field and continue enhancing their skills over time.



☞ Sekisui House's Educational Training Centers and Training Schools  
(Japanese only)

## Technological Development

R&D and Production: **902** employeesR&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** employeesReinforcing 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

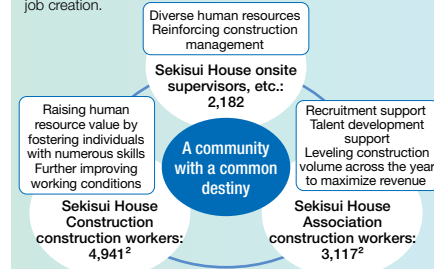
We offer student internships to motivate talented young people to join the Company at an early stage and strive to quickly develop human resources through systematic training and on-the-job training for junior employees (up to the fifth year of employment).

- Interns accepted (FY2022): **514**

## Construction

Construction: **2,182** employeesA 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

Sekisui House Educational Training Center and Training School Graduates in Action  
My Training Helped Boost My Confidence Onsite

Since I was little, I always liked making things, and I got interested in construction by helping my dad with his amateur carpentry projects. I chose to become a carpenter because it combines these interests—making things and construction. The basic knowledge and applied practice I got at the educational training center and training school have been very useful in my work. Thanks to the understanding and support of the more experienced carpenters I work with, I have been able to work with junior female carpenters, as well. My favorite part of interior carpentry is the moment when the lines of a mere frame turn into the planes of a building as the wall boards are put up. There is a special satisfaction in seeing something I helped build become a completed home.



**Kiri Nakata**  
Soga Construction, Co., Ltd.

Graduated from the Morioka Technical High School construction and design course. Now in her fourth year with Soga Construction. Began work in interior carpentry after completing a six-month course at a Sekisui House training school in 2019.

☞ See videos of people who have attended our training schools (Japanese only)

## Human Resource Value Story: Promoting DE&amp;I

## Promoting the Participation of Women

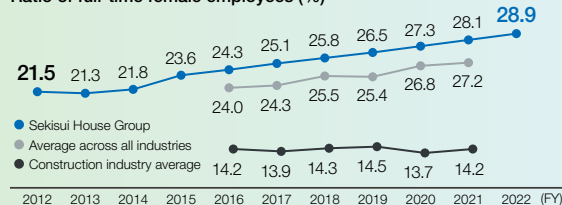
## A Female Workforce More than Double the Construction Industry Average

The construction industry as a whole is characterized by a low number of female employees. Sekisui House is tackling this issue head-on. The entire Group has committed to the active participation of women as essential to the Group's growth and is working toward this end.

In 2006, the Group announced a commitment to Human Resource Sustainability as key business strategy initiative. Accordingly, we are working to proactively hire and develop female employees. As of January 2023, the Group-wide ratio of full-time female employees stood at 28.9% (6,743 employees), more than double the average ratio in the Japanese construction industry.

In addition, we have enrolled employees in the Sekisui House Women's College each year since 2014. This program seeks to develop next-generation leaders and has helped produce role models and increase the number of female employees aspiring to take their careers further. The number of female employees in managerial positions has risen from 15 in 2006 to 302 in 2022, and we aim to surpass 320 in 2025.

## Ratio of full-time female employees (%)



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

Sekisui House Women's College graduates  
(cumulative total of eight graduating classes)

143

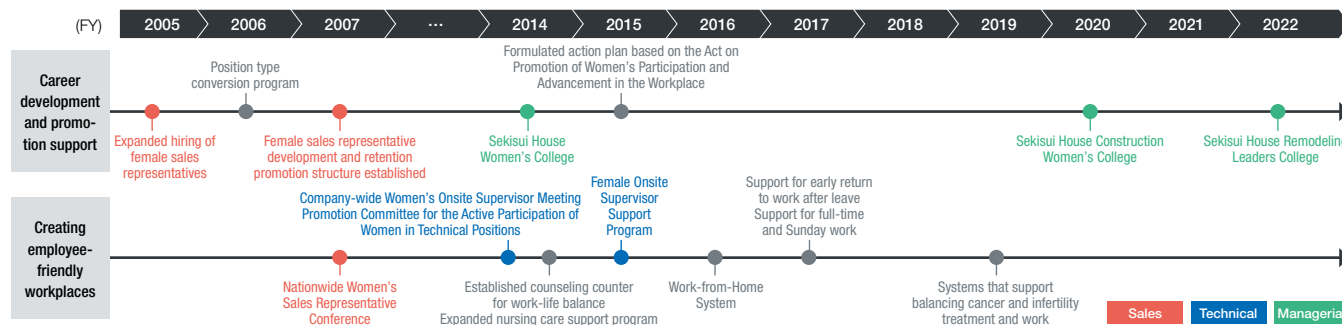
(of which, 92 from the first seven classes have been promoted to managerial positions)

## Retaining and Developing Female Sales Representatives

Aiming to better retain female sales representatives, we hold annual interviews with women who are in their first three years in sales positions to quickly detect and address any issues related to their health or the workplace environment. Furthermore, propelled by the forceful leadership of top management, we have held the Nationwide Women's Sales Representative Conference every year since 2007. Through the sharing of positive examples and creation of role models, the conference is helping to increase the number of female chief managers and area sales leads across the country.

## Supporting Career Development for Women in Technical Positions

To help develop the careers of front-line female technicians and expand the range of their professional activities, we have held the Company-wide Women's Onsite Supervisor Meeting since 2014. Furthermore, we have run the Female Onsite Supervisor Support Program since 2015, holding seminars and sharing examples of ways that employees have successfully balanced work and home life. Women are also stepping up as leaders, serving as technology leads and architect leads, and acquiring in-house certifications for their outstanding skills, performance and reliability.



## The Right Environment to Continue Utilizing my Experience and Abilities

After college, I went to work at a house builder. I returned to work after having my first child, but balancing child rearing and work proved difficult, and I eventually resigned. After some time as a stay-at-home mother and then working part-time, I came to work in remodeling sales at Sekisui House Remodeling in 2011. I chose the Company because it allowed me to use my past experience and offered the options of a four-day work week and shortened work hours. The sales representative job can be difficult, but the work suited me, and I did well in it. I became an area sales lead in my fifth year and was selected for the first class of the Sekisui House Remodeling Leaders College<sup>1</sup> before being appointed sales lead<sup>2</sup> in 2023. Marriage and childbirth are commonly seen as career enders for women, but in remodeling sales, my experience in child rearing and first-hand understanding of family life have been major assets.

1 A Sekisui House Remodeling central management candidate development program 2 Central chief manager of office sales representatives



**Yuri Maeda**  
Sales Lead  
Kyushu Minami Branch  
Sekisui House Remodeling, Ltd.

## Human Resource Value Story: Promoting Diverse Workstyles

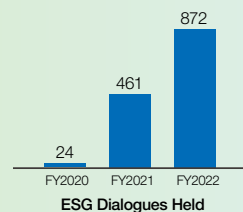
## ESG Dialogue

## ESG Dialogue Involving All Employees

Aiming to become a leading company in ESG management, Sekisui House strives to help employees take ownership of and internalize ESG considerations. As part of these efforts, we have hosted ESG dialogues since October 2020. Sekisui House defines internalizing ESG as enabling each employee to take proper action without having to think about it. Instead of taking a top-down approach or handling ESG as existing within the Company, we are focused on employee dialogue toward the goal of securing a shared recognition that the Company exists within ESG.

To this end, we deem it important to allow each employee to verbalize their experience and value systems even as they expand their perspectives by learning about concepts and ways of thinking that are different from their own. In FY2022, we hosted dialogues on themes selected by participant groups related to individual and workplace happiness, innovation and other topics. A cumulative total of 42,873 employees from all worksites took part in the dialogues.

Through ESG dialogue, we also strive to create a workplace culture that ensures psychological safety for every employee, providing a calm atmosphere that enables them to feel confident in expressing what they really feel, irrespective of job rank or employment type.

Employee participants in FY2022  
ESG dialogues

19,930

(February to July 2022)

22,943

(August 2022 to January 2023)

## Dialogue Instead of Debate

Each group participating in the ESG dialogue consists of four to five employees of varying job rank and employment type. With one employee appointed as a facilitator to encourage conversation and lead others to appreciate new ideas, participants engage in dialogue on a theme of their collective choice. The dialogue is designed to help employees discover their personal definition of ESG, determine their personal goals and otherwise gain in-depth understanding of ESG.

Our ESG dialogue is distinguished by its focus on conversation, not debate. We encourage participants to listen to and affirm others' opinions while expressing their thoughts in their own words. In this way, we seek to empower employees to play a proactive role in ESG management and take autonomous action informed by a robust sense of ownership. With this in mind, we are working to create mechanisms to encourage employees to take self-directed action, including the selection of dialogue themes and the nomination of facilitator candidates.

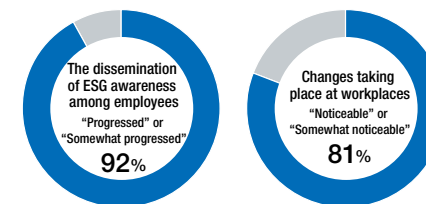
## ESG Management Starting from Dialogue

For us to become a leading company in ESG management and be continually sought after by society, it is important that employees think about how to respond to all stakeholders while providing the value of happiness. All employees must be empowered to take self-directed action and achieve innovation to this end. In this context, we have positioned ESG dialogue as the starting point of our platform designed to ensure the participation of all employees in recognizing, understanding, embracing and acting on ESG.

→ P.98 A Platform That Links Recognition and Action

## Positive Changes through Dialogue

In FY2022, ESG dialogues held at the Company spanned approximately 42,870 hours. Results of post-dialogue questionnaires indicated tangible progress in the dissemination of ESG awareness among staff at 92% of worksites. Comments contributed by respondents included "Each employee began to think spontaneously instead of following someone's lead" and "In the course of dialogue, my peers became more proactive and began making positive remarks." Also, results indicated that respondents noticed changes at 81% of workplaces. Some of these respondents commented that "Steady efforts are now under way to foster an organizational culture that emphasizes mutual understanding, cooperation and open communication" and "The dialogue greatly helps develop relationships of trust," while others indicated noticeable improvement in communications within worksites. These questionnaire results suggest that our ESG dialogue was effective.

Results of questionnaires following the FY2022 ESG dialogue  
(Drawn from 580 worksites holding 872 dialogue sessions)

At the beginning, some participants seemed to be nervous, as they were not accustomed to dialogue of this kind. Aware of this, we strove to offer an environment in which everyone felt free to share their desires and thoughts. As a result, since taking part in ongoing dialogue sessions, employees are becoming more active in workplace communications. This, in turn, is leading to the creation of an open and empathetic workplace culture that enables everyone to feel safe. In addition, some worksites now hold ESG dialogues on a monthly basis by accommodating employee requests for more dialogue opportunities.



## Human Resource Value Story: Building a Foundation for Well-Being

## Encouraging All Eligible Male Employees to Take Childcare Leave

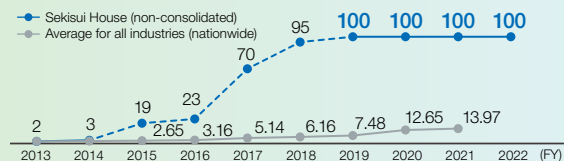
Supporting Happiness for Employees and  
Their Families

Sekisui House is strongly determined to support happiness for employees and their families. In line with this determination, in September 2018 we launched a male employee childcare leave (paternity leave) program. The development of this program started from incorporating opinions voiced by employees and their families. Today, male employees who take childcare leave under this program often receive words of encouragement from customers. Looking ahead, we will further enhance the program to support employee autonomy and step up initiatives to build a foundation for employee well-being.

Features of the Company's male employee childcare leave program include paying salary for the first one month of childcare leave and allowing applicants to divide their leave into as many as four separate periods before their child's third birthday. The program is designed to help resolve economic anxieties about childcare leave while enabling employees to flexibly take leave in light of their individual and family circumstances. In April 2021, the program was upgraded in response to requests from employees' families to improve flexibility by allowing employees to take childcare in one-day units until eight weeks after childbirth.

At Sekisui House, all eligible employees have taken childcare leave of one month or longer since the full-scale launch of this program in February 2019. Moreover, the ratio of eligible employees who utilized childcare leave has been 100% at Group companies since April 2021.

## Take-Up Rate for Eligible Male Employee Childcare Leave (%)

Employee satisfaction with the paternity leave program (satisfaction  
among spouses of male employees who have taken childcare leave)**98.2%** (78.2%; nationwide average)

Source: Questionnaires undertaken by the Sekisui House Group of employees who utilized the Special Childcare Leave Program

## Granting Childcare Leave of at Least One Month

In FY2022, the average length of childcare leave taken by male employees amounted to 31 days, with 100% of eligible employees taking leave. Comparisons of these figures with the nationwide average (8.7 days in FY2021; with only 13.97% of eligible workers taking leave) suggest that male employees at Sekisui House take childcare leave around 25 times<sup>1</sup> longer than the average for male workers in Japan.

Sekisui House's ideal for society is to eliminate barriers to taking childcare leave and spending quality time with family for all males. To achieve this ideal, we are striving to develop optimal working environments while helping supervisors raise their awareness regarding the growing importance of paternity leave. Moreover, we use the Company intranet to showcase male employees in a wide-range of jobs who have taken childcare leave. We also hold photo exhibitions that feature fathers taking care of their children and other events. In these ways, we strive to facilitate deeper appreciation of childcare leave among the entire workforce and foster a culture of mutual support.

<sup>1</sup> Calculated by multiplying the ratio of eligible employees who have taken paternity leave by the average number of days of paternity leave

## Happiness That Comes from Childcare Leave

Male employees of Sekisui House spend a weekly average of 17.8 hours on homemaking and child rearing (nationwide average: 12.4 hours). Moreover, 98.6% of our male employees derive happiness from these responsibilities (nationwide average: 81.4%). These figures indicate that our male employees proactively enjoy homemaking and child rearing, and find happiness in these activities.<sup>5</sup>

We have also developed the Family Meeting Sheet, a tool for facilitating discussions regarding handling child rearing and homemaking based on users' ideals for families. In FY2022, we recorded 13,404 downloads of this sheet from the Company's website. Moreover, we have designated September 19 as a childcare leave awareness day. In addition, in 2019, we began issuing the *White Paper on Paternity Leave* as well as hosting a forum focused on childcare leave taken by male employees. Through such efforts, we strive to contribute to the widespread utilization of childcare leave across Japan.

<sup>5</sup> Source: *White Paper on Paternity Leave 2022*

## Quality Family Time

In 2019, I took leave for one month straight when my wife was reinstated to her workplace after the birth of our first son. My wife was happy about my decision, telling me that during my childcare leave, she appreciated the greater emotional support I provided. Afterward, I felt a sense of fulfillment but, at the same time, thought that I hadn't done enough for my family. This led me to take five months of childcare leave upon the birth of our younger son in 2022. Taking care of a five-year-old and a newborn was often quite hard, but I nevertheless felt an immense sense of happiness spending quality time with my family. Those five months flew by. Given another opportunity, I would take childcare leave for at least one year. Moreover, I would love to encourage younger fathers to take long-term childcare leave.

IKUKYU.PJT (Japanese only)

## Average days of paternity leave per person



<sup>2</sup> Pertains to male employees who have taken leave granted under the Sekisui House program (childcare leave of at least 31 days before the child's third birthday)

<sup>3</sup> Source: "Basic Survey of Employment Equality," Ministry of Health, Labour and Welfare (regarding male workers who began taking childcare leave by October 1 of survey years)

<sup>4</sup> Based on a Sekisui House survey (*White Paper on Paternity Leave 2022*)



Yuki Sakai  
Design Section,  
Chiba Branch,  
Sekisui House, Ltd.

Guided by its chief manager's strong aspiration to make his branch the happiest workplace in the world, one of our branches has held training and workshops on an ongoing basis since November 2020. This branch also issues *Praise News*, an in-house newsletter, to create a workplace culture that encourages employees to commend one another and invigorates workplace communications.

## Human Resource Value Story: Alignment of Efforts

## Building a Sustainable Leadership Pipeline

Nurturing Leaders Who Will Disseminate Our  
Corporate Philosophy and Strategy

Securing competent leaders capable of disseminating our Corporate Philosophy and business strategy among autonomous employees and fostering organizational strength is essential to the Sekisui House Group's efforts to provide happiness to its customers and society as a whole.

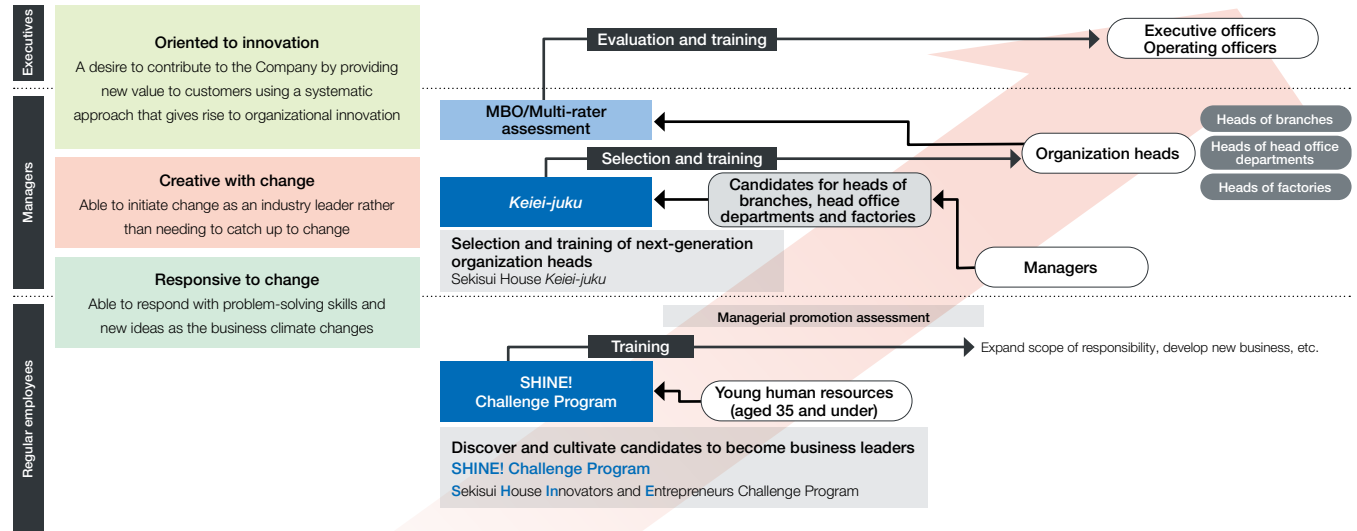
Accordingly, we strive to enhance the content of, and implement, job rank-based training for managers with the aim of securing greater capabilities to realize collective achievements, develop human resources and invigorate our organization. We have held the *Keiei-juku* management training program since 2018 with the objective of selecting and training future leader candidates in each organization (for the positions of branch manager, head office senior manager, factory manager, etc.). We also launched the SHINE! Challenge Program (short for Sekisui House Innovators and Entrepreneurs Challenge Program) in 2019. Through these measures, we continually endeavor to systematically produce strong candidates for leading the business into the future.

Also, we conduct multi-rater assessments for all managers in group leader positions or higher. Feedback gleaned via these assessments is utilized to formulate action plans aimed at facilitating positive changes in their management behavior. We give periodic coaching to help them reflect on their mode of operations and enhance their management capabilities.

Securing and Optimally Allocating Human Resources  
Based on Strategic Needs

We systematically hire and nurture human resources necessary to achieve sustainable growth by assessing human resource needs based on the business strategies of each business unit to optimally allocate human resources. We also utilize diverse hiring methods, such as referral recruiting, as well as multiple recruiting media, while proactively enhancing the on-boarding program to help employees quickly contribute after joining the Company.

## Leadership Pipeline for Cultivating the Next Generation of Business Leaders



In 2021, we began holding the Succession Plan Council to identify candidates for executive officers, operating officers and others in key positions (general managers of head office divisions and technology and production divisions). This council is aimed at deliberating the nomination of these candidates in a highly transparent manner from a diverse, Company-wide perspective. Specifically, the council prepares individual training plans for all candidates and conducts periodic progress reviews on these plans in order to further enhance our leadership pipeline. In 2022, the council expanded the scope of efforts to identify candidates to include branch heads, the Head of Technology and the Head of General Affairs

Succession Plan Council	
<b>Employed executive officers and operating officers, general managers of head office divisions</b> <b>Number of positions discussed: 69</b> <b>Number of candidates: 150</b>	<b>Branch heads, the Head of Technology and the Head of General Affairs</b> <b>Number of positions discussed: 140</b> <b>Number of candidates: 274</b>
<b>Succession readiness rate (candidates/positions)</b> <b>217% (FY2022)</b>	<b>Candidate availability rate (candidates/positions)</b> <b>196% (FY2022)</b>



# Business Models

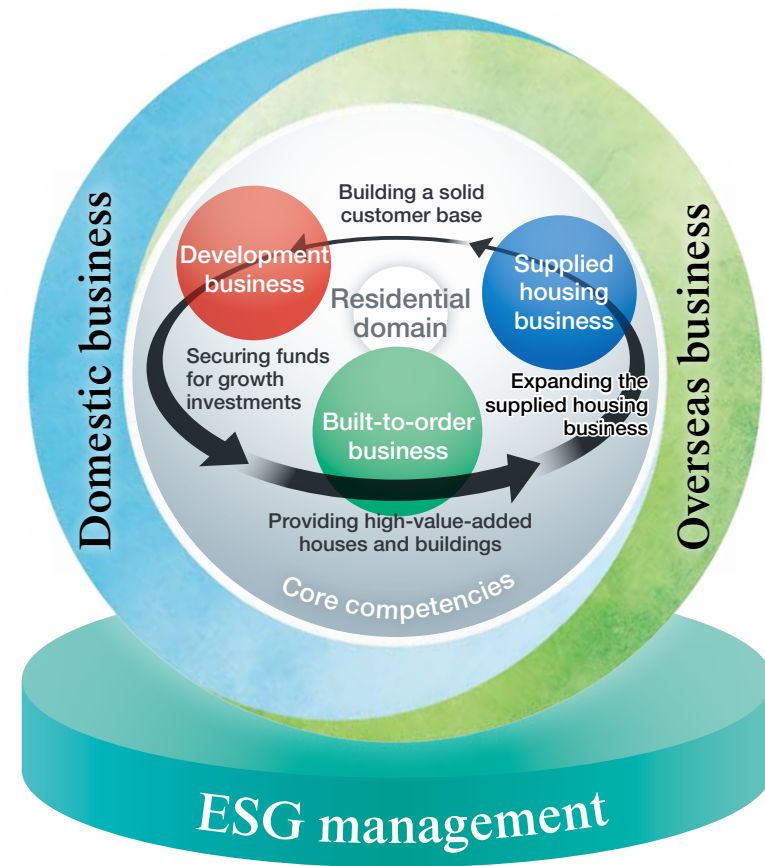
Based on a management foundation that incorporates ESG initiatives, as well as its unique value chain and core competencies, the Sekisui House Group has established business models that create value for diverse stakeholders through collaboration among Group companies.

Our operations in Japan utilize three business models. The first is the model of the built-to-order business, which has established a solid customer base by providing high-value-added houses and buildings. The second is the supplied housing business model, which draws on this customer base to conduct remodeling, rental housing management and other operations. The profit from these businesses is then invested in our third business model, development, which focuses on high-quality urban redevelopment and the development of beautiful communities that are a pleasure to live in. As we make growth investments for the future, we are also establishing a sustainable value creation process. We plan to establish the same three business models overseas through further expansion of the built-to-order business.

The Sekisui House Group will steadily achieve sustainable growth as it works to become a global company. Since 2010, we have continued to grow by reducing our emphasis on the built-to-order business through a more optimally balanced business portfolio. By leveraging high-quality housing stock to accelerate growth in the supplied housing business and increasing asset turnover in our development business, among other measures, we are enhancing all three of our core businesses to create a base for generating growth.

## Domestic and Overseas Business Operations

Built-to-order business	Build a solid customer base by providing high-value-added houses and buildings
Supplied housing business	Draw on the customer base from the built-to-order business to conduct remodeling, rental housing management and other operations
Development business	Invest profits from the built-to-order and supplied housing businesses in high-quality urban redevelopment and the development of beautiful communities that are a pleasure to live in.



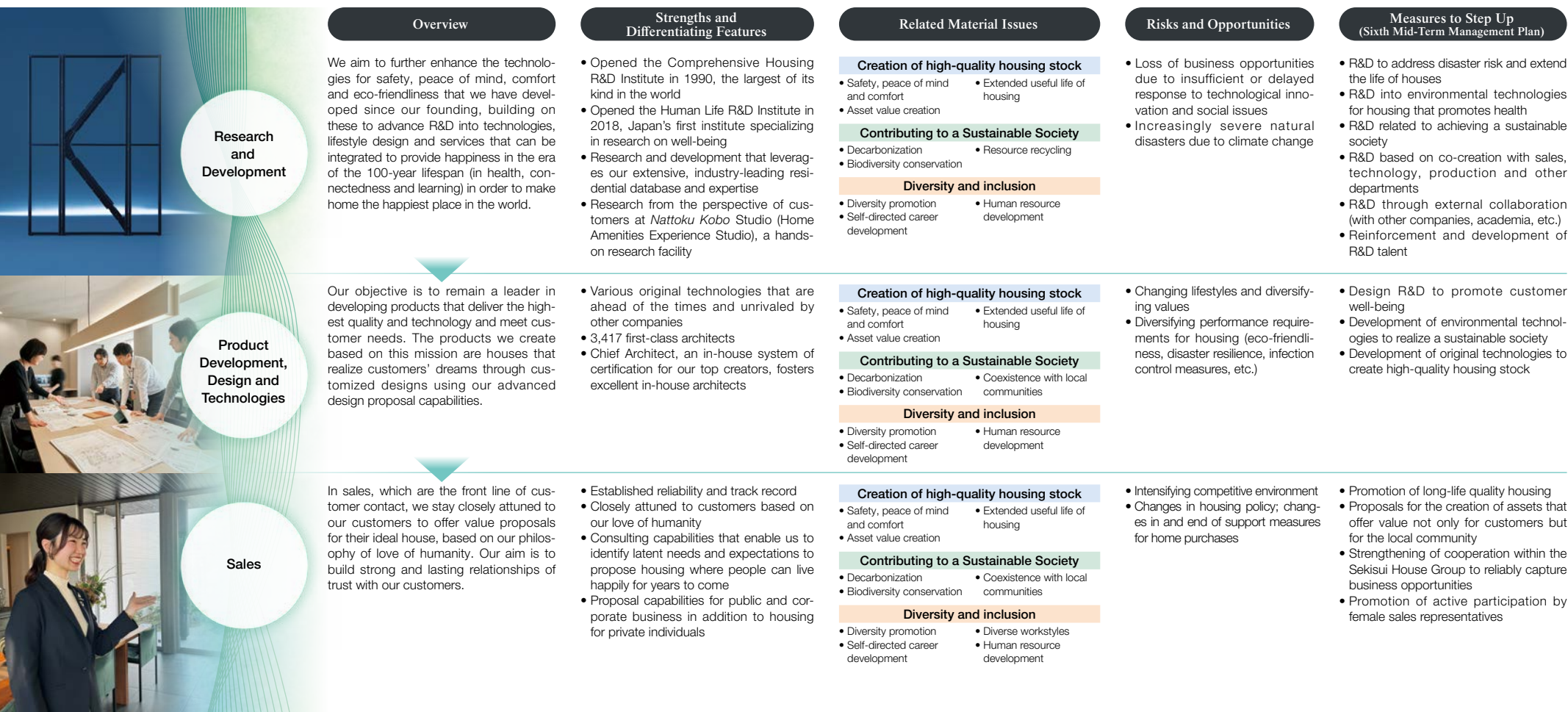
# Value Chain

The Sekisui House Group aims to create happy homes by constantly evolving the basic performance and environmental technologies that are important for residents, and by combining research and proposals for new ways of living. Our unique value chain is the source of this value creation.

Please see Section 4 for details.

→ P.133-180 Environment

→ P.181-218 Social



## Value Chain

## Procurement

## Overview

Building a house requires tens of thousands of components. Sekisui House works with diverse suppliers to promote sustainable procurement based on its CSR Procurement Guidelines.

Strengths and  
Differentiating Features

- A strong supply chain structured for coexistence and co-prosperity with suppliers
- CSR procurement as a signatory of the United Nations Global Compact<sup>1</sup>
- FairWood procurement based on our Wood Procurement Guidelines

<sup>1</sup> → P.219 Participation in International Initiatives and Activities with Government and Industry Groups

## Related Material Issues

## Creation of high-quality housing stock

- Safety, peace of mind and comfort
- Asset value creation
- Extended useful life of housing

## Contributing to a Sustainable Society

- Decarbonization
- Biodiversity conservation
- Resource recycling
- Coexistence with local communities
- Supply chain

## Diversity and inclusion

- Diversity promotion
- Human resource development
- Self-directed career development

## Risks and Opportunities

- Rapid increases in raw material prices and supply constraints
- Impact of natural disasters and geopolitical risks
- Human rights risks in the supply chain
- Impact of wood procurement on ecosystems and forests

Measures to Step Up  
(Sixth Mid-Term Management Plan)

- Increasing the resilience of the entire supply chain, including secondary and tertiary suppliers
- Strengthening and promoting CSR procurement for coexistence and co-prosperity with suppliers
- Promotion of supply chain decarbonization and respect for human rights
- Cultivation of FairWood procurement and promotion of zero deforestation efforts

## Production

Our unique production system manages each process from manufacture to shipping for each individual home. Under an advanced quality control system for pre-engineered housing, we promise consistent high quality for all homes.

- Strong production and quality control system through the use of robotics and cutting-edge information technologies such as AI, IoT and big data
- Flexible production lines and distribution systems enable production on a house-by-house basis
- In-house development of production technologies incorporating cutting-edge technology

## Creation of high-quality housing stock

- Safety, peace of mind and comfort
- Asset value creation
- Extended useful life of housing

## Contributing to a Sustainable Society

- Decarbonization
- Biodiversity conservation
- Resource recycling

## Diversity and inclusion

- Diversity promotion
- Human resource development
- Self-directed career development

- Rapid increases in raw material prices and supply constraints
- Rising logistics costs and driver shortages
- Shortages of production line labor
- R&D aimed at decarbonization
- Cyberattacks on production systems

- Strengthening of quality control by enhancing the use of cutting-edge technologies and promotion of production and logistics reforms
- Rationalization of production through automation and creation of comfortable workplace environments
- Decarbonization through means including raw material recycling, energy saving and energy transition
- Reinforcing information security

## Construction

We have established a design-build system encompassing our wholly owned Sekisui House Construction companies, and the Sekisui House Association, which is made up of partner building constructors. Together, they promote superior construction systems, excellent construction quality environments, and the development of construction techniques.

- Construction capabilities of eight Sekisui House Construction companies and about 7,000 partner building constructors united by the spirit of a community with a common destiny
- Group-wide system for construction quality control, continuous improvement, and record management and storage
- Three education and training centers throughout Japan and a technical training center in Vietnam for developing outstanding people as the Group's future leaders

## Creation of high-quality housing stock

- Safety, peace of mind and comfort
- Asset value creation
- Extended useful life of housing

## Contributing to a Sustainable Society

- Resource recycling
- Occupational health and safety
- Supply chain

## Diversity and inclusion

- Diversity promotion
- Diverse workstyles
- Human resource development

- Decrease in construction capabilities due to aging and shortages of skilled personnel
- Shortage of human resources due to increase in employee turnover and decrease in new hiring
- Decrease in construction site productivity due to deterioration of the natural environment caused by climate change
- Occupational accidents and accidents involving the general public

- Enhancement of work efficiency and construction environments to make construction sites safer and workers happier
- Hiring and training human resources that have multiple perspectives
- Strengthening of cooperation with Konoike Construction, which has strengths in construction of houses using traditional methods and in the civil engineering business

After-sales  
service

Sekisui House  
Sekisui House  
Remodeling  
Sekisui House Real  
Estate Holdings

To ensure comfortable living, now and always, we consider proper after-sales service to be part of the intrinsic value of a home and provide lasting peace of mind with long-term support systems, such as our initial 30-year warranty program and U-trus System

- Commitment to customer service that impresses customers
- Extensive after-sales service organization of approximately 1,500 employees
- System for centralized management of maintenance information from new construction onward

## Creation of high-quality housing stock

- Safety, peace of mind and comfort
- Asset value creation
- Extended useful life of housing

## Contributing to a Sustainable Society

- Coexistence with local communities

## Diversity and inclusion

- Diversity promotion
- Human resource development
- Self-directed career development

- Decline in customer satisfaction due to delays in response
- Risk of leakage of customer and other information

- Building solid relationships of trust with owners
- Enhancement of responsiveness by accepting phone calls 24 hours a day, 365 days a year, and by using AI chat bots
- Strengthening of information management system and handling



# Core Competencies

Our core competencies are our three greatest strengths—technical capabilities and construction capabilities driven by Sekisui House technologies, and a solid customer base derived from the industry's highest number of dwellings built—as well as our unique value chain. This value chain maximizes value that contributes to happiness for customers because the Sekisui House Group handles all processes relating to homebuilding, from basic R&D to product development, design and technologies, sales, procurement, production, construction and after-sales service. These core competencies are the source of the value we create.



## Technical Capabilities

- Universal design for “comfortable living—now and always”
- SHEQAS for proven safety and peace of mind, Airkis for a better indoor air quality and other original technologies
- Green First ZERO and other environmental technologies
- Original Dyne Concrete and Bellburn exterior wall panel manufacturing technologies
- Staff with diverse qualifications, including first-class architects and building operation and management engineers
- Enhanced workforce skills and ability to make proposals through an in-house system of qualifications (Chief Architect, etc.)
- New value proposals through the integration of technologies, lifestyle design and services  
Technologies: Seismic resistance (SHEQAS, Flexible B System), insulation performance  
Lifestyle design: Sekisui House Universal Design, Slow Living housing design, Green First ZERO (ZEH)  
Services: Platform House Concept (HED-Net in-home early detection network for acute illnesses, PLATFORM HOUSE touch)



## Construction Capabilities

- Sekisui House Construction companies, which are wholly owned subsidiaries of Sekisui House, use a design-build construction system
- Loyal cooperative system for construction through the Sekisui House Association
- Enhanced construction capabilities through skills development at educational training centers and training schools
- Acquisition of model approval for shortened construction timeframes
- Enhanced workforce skills and ability to make proposals through an in-house system of qualifications (Chief Constructor, etc.)



## Customer Base

- Owners of the 2.62 million dwellings we have built (including those overseas), the most in the Japanese housing industry
- An after-sales service system featuring after-sales maintenance through 30 Customer Service Centers across Japan for customer peace of mind after they take possession of their houses
- Long-term relationships with rental housing owners through Sekisui House Real Estate companies
- Owner referrals and a high repeat rate
- Relationships with homeowners through after-sales maintenance, including remodeling and renovation work
- Direct sales / Long-term warranty system (lifetime warranty)
- Enhanced workforce skills and service capabilities through an in-house system of qualifications (CS Meister, etc.)

## Maximizing Customer Value That Contributes to Happiness through Group Synergies



# Stakeholder Engagement

The Sekisui House Group identifies various issues and expectations through engagement with stakeholders, including customers (homeowners), consumers (prospective customers), suppliers, business partners, employees, shareholders and other investors, and local communities. We work to create value unique to Sekisui House by diligently addressing these issues and expectations.

Key Stakeholders	Responsibilities	Main Examples of Engagement		Results of Initiatives	
<b>Customers (homeowners)</b>	Constantly remaining closely attuned to our customers, we work to provide value from our customers' point of view to increase their satisfaction.	<ul style="list-style-type: none"> <li>Customer surveys</li> <li>Informative magazines published as communication tools               <ul style="list-style-type: none"> <li>– <i>Kizuna</i> (detached housing, twice annually)</li> <li>– <i>Maisowner</i> (rental housing, twice annually)</li> <li>– <i>gm</i> (condominiums, three times annually)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Operation of the Net Owner's Club</li> <li>Customer Service Center Owner Desk</li> <li>SUITE CONCIER website introducing lifestyle services</li> </ul>	<ul style="list-style-type: none"> <li>Longer useful lives for housing</li> <li>Improved customer satisfaction</li> <li>Enhanced after-sale support</li> <li>Creation of high-quality housing stock</li> </ul>	
<b>Consumers (prospective customers)</b>	We will proactively disclose information so that we can establish relationships of trust, with the goal of creating enriching homes and environments.	<ul style="list-style-type: none"> <li><i>Nattoku Kobo</i> Studio (Home Amenities Experience Studio) at the Comprehensive Housing R&amp;D Institute</li> <li>Tomorrow's Life Museum</li> </ul>	<ul style="list-style-type: none"> <li>Sekisui House Eco First Park</li> <li>SUMUFUMU TERRACE facilities</li> <li><i>Sumajuku</i> online seminars</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced development of new products and technologies</li> <li>Accumulation of big data relating to housing</li> </ul>	
<b>Business partners</b>	We will engage in fair and equitable transactions while fostering relationships of mutual benefit in order to develop together with our business partners by satisfying customers.	<ul style="list-style-type: none"> <li>Sekisui House Association and the Sekisui House Cooperation Association</li> <li>Sekisui House Primary Work Constructor Association</li> </ul>	<ul style="list-style-type: none"> <li>Annual activity policy briefing session</li> <li>CSR procurement (adhering to our CSR Procurement Guidelines)</li> <li>Supplier assessments</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of construction site environments that facilitate work (streamlining and standardization of work)</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a robust, sustainable supply chain</li> </ul>
<b>Employees</b>	We respect individuality so that employees can make the most of their individual capabilities. We nurture a spirit of embracing challenges through meaningful work; create a healthy, happy workplace environment and systems that allow employees to develop their careers autonomously; and work to improve employee satisfaction.	<ul style="list-style-type: none"> <li>ESG Dialogue</li> <li>Human relations training (annually)</li> <li>Compliance training</li> <li>Well-Being Survey</li> <li>Sekisui House Women's College</li> <li>Career interviews</li> </ul>	<ul style="list-style-type: none"> <li><i>Hito</i> in-house online magazine</li> <li>Sekisui House Innovation &amp; Performance (SHIP) Awards Program</li> <li>Challenge 6 initiative (six challenges for physical and mental health)</li> </ul>	<ul style="list-style-type: none"> <li>Active participation of women and diverse human resources</li> <li>Human resource training and development</li> <li>Occupational health and safety (including pandemic countermeasures)</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance and improvement of employee well-being</li> <li>Innovation</li> </ul>
<b>Shareholders and other investors</b>	We engage in fair and highly transparent corporate management with the aim of remaining an enterprise with high social value. We do so in order to improve our corporate value through sound growth that returns profits to shareholders and other investors.	<ul style="list-style-type: none"> <li>Financial results presentations and management plan briefing sessions</li> <li>Meetings with institutional investors and analysts</li> <li>General Meeting of Shareholders</li> <li>Publication of <i>Value Report</i> (Integrated Report; includes TCFD and TNFD reporting)</li> </ul>	<ul style="list-style-type: none"> <li>Publication of <i>Business Report</i> (twice annually)</li> <li>Issuance of IR News Mail</li> <li>Factory tours for individual shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Return of profits to shareholders</li> <li>Enhancement of information disclosure</li> <li>Building relationships of trust with shareholders and investors through active dialogue</li> </ul>	
<b>Local communities</b>	In order to protect the global environment and enable all people to enjoy a rich and fulfilling life, we will strive to cooperate with, participate in and give back to society by fostering local culture and prosperity while making the most of our uniqueness as a housing company.	<ul style="list-style-type: none"> <li>Sekisui House Matching Program for joint donations by employees and the Company</li> <li>Collaboration with NPOs such as Uzo Nishiyama Memorial Library and Kids Design Association</li> <li>Rokko Island Fund for Kobe Town Development charitable trust</li> </ul>	<ul style="list-style-type: none"> <li>Providing training in the SDGs using case studies</li> <li>"A Letter from Dr. Forest" and happy homes educational programs for elementary and junior high school students</li> <li>SDGs training, presentations of model initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Living that offers safety and peace of mind</li> <li>Community development for crime prevention and disaster preparedness</li> <li>Fostering of future generations (Kids First)</li> <li>Support for the independence of disaster victims and people with disabilities</li> </ul>	
				<ul style="list-style-type: none"> <li>Support for a diverse society</li> <li>Regional revitalization</li> <li>Coexistence with local communities</li> <li>Social contribution activities (including initial disaster response and recovery and reconstruction support)</li> </ul>	

## Customer Engagement

To continue providing new value as a partner in happiness, the Sekisui House Group works to enhance customer engagement, and in doing so also promote societal happiness and employee happiness.

### ► Our top priority in customer engagement

Since its founding, Sekisui House has valued communication, particularly hearing directly from customers, and consistently maintained a stance of putting customers first. In 1964, we made the major transition from conventional sales (through sales agents) to a direct sales and design-build business model, in which we take responsibility for every step from sales to design, construction and after-sales service. Since then, we have continued to reflect customer feedback in our design process, products and services. This stance of valuing customers has been passed down to the Sekisui House Group today, helping us propose homes that contribute to customer happiness.

### ► Facilities for Realizing Customer Happiness Display houses and hands-on exhibits (Japanese only)

#### The Comprehensive Housing R&D Institute and Nattoku Kobo Studio

The Comprehensive Housing R&D Institute is not only a facility for engineering research, but also a venue for customer interaction and participation, creating housing for diverse lifestyles.

At Nattoku Kobo Studio (Home Amenities Experience Studio), a hands-on research facility within the institute, customers experience the institute's proposals and provide direct feedback, helping reflect consumer perspectives in research.

#### Human Life R&D Institute

The Human Life R&D Institute studies well-being in daily living from a variety of angles, such as family bonding and personal fulfillment.

By integrating technologies with lifestyle design, the Human Life R&D Institute develops proposals for ways of living that make home the happiest place in the world.

#### Tomorrow's Life Museum (formerly the Sumai-no-Yume-Kojo centers)

Our Tomorrow's Life Museum (TLM) facilities are located adjacent to each of our factories and allow visitors to experience the lifestyle design proposals for happy homes developed by the Human Life R&D Institute.

In order to better meet diversifying housing needs, we created the TLM facilities by evolving the former Sumai-no-Yume-Kojo centers, which provided tours and experiences mainly centered on technological aspects of housing.



### ► Connecting with Customers to Provide Value through Happiness

#### Customer Service Centers (Customer Service Center Owner Desk, le-Log and surveys)

We established the Customer Service Centers to hear directly from customers and ensure that their feedback is duly reflected. We receive customer feedback in the course of periodic inspections and through surveys, and leverage it in our businesses. Through le-Log, which stores data on individual homes, and the Customer Service Center Owner Desk we aim to strengthen customer support and enhance customer satisfaction.

#### Home Visit Days (Tours of Completed Homes)

We hold home visit days, in which customers who have built homes with Sekisui House let us give tours to customers who are starting the process of building a home. These tours allow customers to hear actual homeowners talk about their homes in their own words, enabling engagement both with and between customers.



#### Family Suite / Family Suite Home Premium

The Family Suite concept was created by applying the Human Life R&D Institute's research into happiness to new structural technologies. Family Suite Home Premium was developed to better meet needs related to increased time spent at home as a result of the COVID-19 pandemic. Because they can accommodate diversifying housing needs, these proposals have been selected by many customers.



### ► Outlook

Our diverse initiatives, developed and evolved through ongoing communication with customers, entered a new phase beginning in 2020. Going forward, we seek to create intangible assets through the Platform House Concept and other initiatives centered on health, connectedness and learning to help foster happiness in the era of the 100-year lifespan.

At the same time, by taking the value in the form of happiness we have built up through engagement with customers in Japan and spreading it overseas, we will advance toward our global vision to make home the happiest place in the world.

#### History of Initiatives to Promote Customer Happiness

**1964**  
Established the direct sales and design-build system

**1987**  
Established the Customer Service Centers

**1983**  
Launched factory tours

**1989**  
Launched home visit days

**1990**  
Established the Comprehensive Housing R&D Institute and Nattoku Kobo Studio (Home Amenities Experience Studio)

**1992**  
Launched Sumaijuku seminars

**1997**  
Established the Sumai-no-Yume-Kojo centers

**2006**  
Launched townscape visit days

**2010**  
Launched the Sha Maison Festival

**2018**  
Established the Human Life R&D Institute

**2021**  
Established the Tomorrow's Life Museum (TLM) facilities

**2020**  
Established the Customer Service Center Owner Desk

