

III. Social

Social

III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety



**S Social**

Sekisui House strives to provide optimal value to customers through the value chain. We also want our employees to be happy and make this the happiest company in the world. With proper attention paid to the SDGs, we engage in activities that contribute to society and create value for local communities, with the goal of bringing sustainability to society.

- 51 III Social
- 52 Addressing Material Issue ②  
Pursuing the Potential of the Home
- 53 Deeply Cultivating and Expanding Basic Technologies
- 65 Improving Construction Quality and Boosting Construction Capabilities
- 68 Maintaining and Increasing Housing Asset Value
- 72 Addressing Material Issue ③  
Coexisting with Local Communities
- 73 Harmony with Local Communities through Business
- 76 Harmony with Local Communities through Social Activities
- 80 Protecting Life and Property from Natural Disasters
- 81 Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- 82 Understanding and Implementing ESG
- 84 Developing Human Resources
- 87 Diversity and Inclusion
- 90 Workstyles, Motivation and Smart Work
- 93 “Happiness” Health Management
- 95 Respecting Human Rights
- 97 Occupational Health and Safety

Addressing Material Issue ② Pursuing the Potential of the Home

Social

Addressing Material Issue **2** Pursuing the Potential of the Home



III. Social

Addressing Material Issue ② Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Basic Concept

Since its founding, the Sekisui House Group has focused on supplying houses of high quality—safe, comfortable, eco-friendly homes that protect people’s lives and assets. We believe that housing has the power to resolve numerous social issues, while during the COVID-19 pandemic especially, the role of the home in people’s lives has expanded. Our aim is to create value for residents as we enter an era of the 100-year lifespan. We plan to utilize technical resources developed in Japan to bring new services to the global marketplace, and will continue to provide housing-related integrated proposals of technologies, lifestyle design and services that offer the happiest homes in the world.

Themes and Key Performance Indicators (KPI)

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
The pursuit of customer satisfaction	Customer satisfaction rate*1	%	95% or higher	96.1%	95% or higher	95% or higher
	Rental housing occupancy rate*2	%	95% or higher	97.7%	95% or higher	95% or higher
Proposals of technologies, lifestyle design and services	New proposals of technologies, lifestyle design and services	—	—	“At-home housebuilding” Launched SMART-ECS	—	—
	Platform House Concept for homes to bring happiness in the era of the 100-year lifespan	—	—	Trial implementation of HED-Net	—	—

\*1: From questionnaire one year after moving in

\*2: Occupancy rate of housing rented from Sekisui House Real Estate companies

Deeply Cultivating and Expanding Basic Technologies

# We Build Homes for Happy Living That Are Safe, Comfortable and Healthy by Integrated Proposals of Technologies, Lifestyle Design and Services

The Sekisui House Group has long sought to supply high-quality housing that is safe and comfortable—making homes eco-friendly and resistant to natural disaster as the times increasingly demand. Looking ahead, we are turning our attention to building homes for “happy living” for an era in which people are living longer—beyond 100 years of age. We will address social issues by integrating both tangible and intangible elements: the development of technologies and products plus the creation of value through happiness research. In the area of production, we have built a meticulous supply chain management system for material procurement and are strengthening relationships with our suppliers to produce long-term mutual benefits. At the same time, we are promoting the use of AI and IoT to achieve first-rate performance, quality, and productivity, and help build a market in which a home is a good social asset.

## Exploring, evaluating and researching home and living styles—the Comprehensive Housing R&D Institute and Human Life R&D Institute

In the pursuit of safety and comfort, and to improve quality, Sekisui House has long been engaged in research and development on both tangible and intangible elements related

to home building. The Comprehensive Housing R&D Institute was established in 1990 in Kizugawa-shi, Kyoto, and the Human Life R&D Institute was established in 2018 in Osaka—the latter serving as Japan’s first private research facility on happiness.

We set up the *Nattoku Kobo* studio at the Comprehensive Housing R&D Institute, and in 2013 we set up the *Sumufumulab* in the Grand Front Osaka building near Osaka Station—all

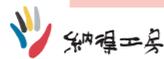
together four facilities under our umbrella to carry out R&D.

The Comprehensive Housing R&D Institute performs inspections and assessments of the basic performance of housing, along with R&D on new construction methods, plus research on universal design and new eco-friendly technologies—all based on developing “technical resources for happy living” that promise comfort and peace of mind at all times.

The Human Life R&D Institute carries out surveys and performs forward-looking research on housing and lifestyles from the standpoint of how people live, focusing on homes where happiness grows the longer you reside in them. The aim of the research is to increase the intangible value that Sekisui House aspires to provide—in the form of happiness and well-being.



Comprehensive Housing R&D Institute—where state-of-the-art homes are born



Human Life R&D Institute—the first research on happiness conducted by a Japanese company



## Information exchange with stakeholders at participatory facilities *Nattoku Kobo* and *Sumufumulab*

At *Nattoku Kobo*, consumers have the opportunity to learn about and try out all kinds of home amenities while talking with the manufacturer. The studio is a place where visitors come to think about home living, providing and receiving information. Visitors to *Nattoku Kobo* reached a total of one million in April 2021.

*Sumufumulab* is the industry’s first open innovation center. Information sharing and explorations take place that

Addressing Material Issue ② Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Deeply Cultivating and Expanding Basic Technologies

Social

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

include refining one’s sensibilities and discovering one’s ideals. Members\* and other participants join events and workshops for such vital information exchange on the topic of the home and what it means. We “co-create” with a wide range of stakeholders as part of our R&D endeavors.

In early 2020, some “Dialogue in the Dark” events were held as part of the ongoing House of Dialog collaborative program. In August, online talk sessions started to be held monthly, led by different people involved in work related to lifestyle research.

*Sumufumulab* has been quite popular, receiving a total of 840,000 visitors as of the end of January 2021, while 22,267 people have participated in a “Dialogue in the Dark” event.

\*There are approximately 30,000 *Sumufumulab* members as of the end of January 2021—folks interested in workshops or helping with surveys that explore more abundant living.

Smart universal design provides safety, security, ease of use and comfort

Sekisui House has been creating housing since the 1980s, following the same principles that are today known as “universal design.” This is our concept of lifelong housing, which aims to make a home easy to use for anyone at any stage of life.

In 2002, we established the independent SH-UD (Sekisui House Universal Design) standard, and have been pursuing smart universal design that extends to comfort since 2010. Smart universal design is also highly valued in society, and our efforts in this area have won numerous Good Design Awards and Kids Design Awards.

The Kids Design Award is an award created by the Kids Design Association, a METI-affiliated NPO established in May 2006. The awards have been given 14 times in total up to 2020. Sekisui House has supported the organization since its founding, and won six Kids Design Awards in 2020, not to mention winning awards in every year since they have been given.

Kids Design Awards extend from our research and appear in the homes for “happy living”

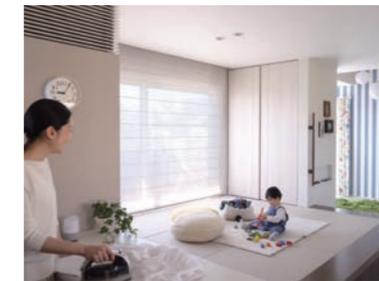
Our Kids Design *Kodomo idokoro* houses have living spaces that are modifiable by the homeowners as their children grow, based on the smart universal design approach that promotes children’s safety and self-reliance. *Kodomo idokoro* won the very first Kids Design Award, and after design updates, has now won its third award in the category of “designs to develop the creativity and create the future of children.”

The design update in April 2020 incorporated elements from two areas of research that won Kids Design Award in 2019—our “Baby OS” research, which won the Special Award (Chief Juror’s Special Award) the previous year, focusing on the patterns of behavior specific to infants under the age of three, and our research into fatigue-easing study environments.

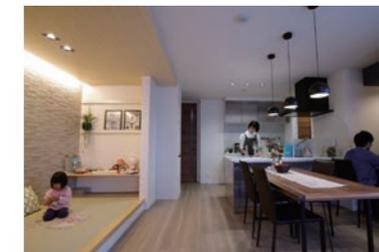
Winning in the category of “designs to support comfortable raising of children” was Kobayashi-sanchi, a model house in Sekisui House’s *Sumai-no-Yume-Kojo* Center in the Kanto region, renewed and reopened in October 2019. We have established these interactive model house centers in five regions across Japan (Tohoku, Kanto, Shizuoka, Kansai and Yamaguchi). The Kobayashi-sanchi model house presents a vision for families raising children of how the home can suit their needs 10 years on. It is designed to allow visitors to easily discover and realistically envision a lifestyle that resonates with them.

Also, seven lifestyle-based model houses were completed last year at the Kanto *Sumai-no-Yume-Kojo* Center based on the concept of “resonance.” Dubbed “*Minna no Kurashi—7 Stories*,” the grand opening was held in September 2020.

In the same category of designs to support comfortable raising of children, our Sha Maison Work-Life Mix rental housing won an award for proposing a living environment that offers families new lifestyle choices for the new work-at-home era. As working at home becomes more prevalent, parents will start to have more time and mental energy which can have a positive effect on their children’s development.



A new *Kodomo idokoro* proposal: *Baby idokoro*



An example of the Sha Maison Work-Life Mix concept—a multipurpose space that allows the parent to watch over the child from the kitchen or dining work area

From happiness research to technical development—tangible and intangible elements integrated to offer families healthy spaces and happy times

A wide range of research is conducted at the Human Life R&D Institute, focusing on what makes people happy.

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

Sekisui House’s research survey on happiness revealed that both parents and children value the time they spend together around the “family hearth.” Even though everyone is spending a long time together in the living room, each person is doing their own thing and relaxing in their own way. When you have

Deeply Cultivating and Expanding Basic Technologies

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

one large, undivided living room space, everyone can maintain a comfortable distance from one another while feeling each other’s presence. This creates a sense of togetherness that makes a family feel happy. It is the concept behind the Family Suite model, and a key takeaway from the happiness research.

The Family Suite model was further developed to incorporate lifestyle proposals for a post-pandemic era with the announcement of Family Suite *Ouchi* Premium in August 2020. This proposal is based on the results of a survey conducted by the Human Life R&D Institute in May 2020 on how people spend their time while at home. This survey also led to our *Sha Maison Work–Life Mix* concept.

Based on the survey, in June 2020 the Human Life R&D Institute developed the following “Five Tips for Happy Stay-at-Home Living” in response to lifestyle adjustments people have been forced to make quite suddenly. The tips are designed to help people think more flexibly about their home space and way of living.

**Five Tips for Happy Stay-at-Home Living**

1. To lighten the woman’s burden of housework: “share and do both things”
2. Come up with ideas for quickly turning a space into an office
3. Add greenery to alleviate stress when unable to go out
4. Set up a personal space—the simplest thing to do
5. Have multiple study areas for children to study at home

**Testing and verification research at Sekisui House**

Various types of testing and verification are performed for research on new techniques and technologies to improve housing performance—to develop both new construction methods and new structural components.

At Sekisui House, we are able to perform in-house shaking table tests, lateral loading tests, and other types of testing and verification of the strength of building structures, the durability of building materials, seismic resistance, livability, etc. Our in-house system of performance verification has led to the early discovery and addressing of problematic issues, and has produced significant results, including our original “B System” construction method for three-story buildings and our SHEQAS seismic control system. We also use an accelerated weathering system to test the weather resistance of structural components in our efforts to extend the service life of housing.

Additionally, we developed the concept of lifelong housing more than 30 years ago, based on ergonomic assessments, which has informed today’s research—on universal design, the verification of heat insulation performance in actual-size houses, verification to improve the sound insulation performance of our structural components, and testing and verification of indoor air quality. The goal is to create housing that enables everyone to lead lives of good health in comfort.



Inspection for VOC concentrations and allergens in a newly built home. This practice has led to the eco-friendly *Airkis*, our high-quality indoor air system.



Floor-sound insulation testing led to SHAIDD55, our high-performance acoustic isolation floor system.

Highlights

**Working with the University of Tokyo Professor Kengo Kuma to support the education of young architects from around the world**

In June 2020, in collaboration with the University of Tokyo, we established the Sekisui House–Kuma Lab International Architectural Education Platform at the University of Tokyo, endowed by Sekisui House, to educate young architects from around the world. Since December 2020 the program’s lecture series has been held online. The talks have focused on the topic of Nature, with lecturers invited from among Japanese and international architects, artists, philosophers, and other prominent figures with an international reputation to lecture on their own research topic or professional activities.

The Sekisui House–Kuma Lab carries out activities combining an international design studio, digital fabrication center, and digital archive center. It aims to establish an international research and education platform in computational design, post-digital and urban design, architectural history, and other fields within the study of architecture in order to explore directions for the future of housing.



Professor Kengo Kuma  
The University of Tokyo  
(Member of commission overseeing the endowed course)

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## Deeply Cultivating and Expanding Basic Technologies

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

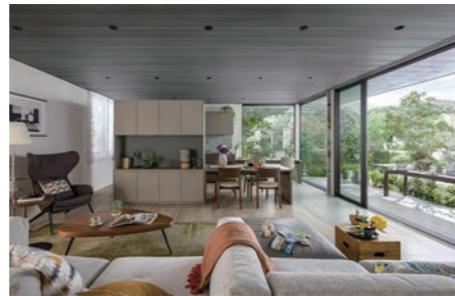
Respecting Human Rights

Occupational Health and Safety

#### Proposals for leading a vibrant home life: Family Suite *Ouchi* Premium and KOKAGE LOUNGE

Based on research into homes where happiness grows the longer you reside in them, and by employing cutting-edge technologies, Sekisui House developed the Family Suite model in 2018 that proposes a large living space—a departure from the conventional “LDK” (living-dining-kitchen) concept. This new, open design brings families together while allowing them to do their own thing at a comfortable distance from one another. In fiscal 2020, approximately 60% of the single-family detached houses we built employed the concept.

Family Suite *Ouchi* Premium, brought to market in August 2020, is a new-concept model that incorporates lifestyle proposals designed for a post-pandemic era with such features as a work-from-home study, “*Uchi de Bar*” hideaway spot, and “At-home Fitness” exercise space and program.



Large, open-layout space with high ceiling

September 2020 saw the market introduction of our KOKAGE LOUNGE through the SHAWOOD series of wooden custom detached houses. This approach offers a space that feels like being under a large tree—a proposal for enriching time spent at home in the expected “new normal” post-pandemic times to come. This concept house is the only wooden frame structure in Japan that has obtained type-approval certification.\*1 It employs cutting-edge techniques to create the large space with as large as an 8- × 10-meter sloped ceiling.

\*1: An advance certification by the Minister of Land, Infrastructure, Transport and Tourism that a building of an approved type “conforms to a series of regulations such as structural strength, fire prevention and evacuation” without requiring full inspections under those regulations. (Building Standard Law Article 68-10)



Unified, open interior space with sloped ceiling

#### Starting with indoor air quality to protect children’s health, extending to an enhanced indoor air environment for a new living style

Since the late 1990s, when sick building syndrome came to light, we have been pouring resources into research on indoor air quality. In 2007 we began developing the *Airkis* indoor air system to reduce indoor concentrations of the five major chemical substances responsible for causing sick building syndrome\*2 to less than 50% of the guideline value set by the Japanese government.

In April 2018 we began featuring the *Airkis* system in our SHAWOOD wooden-frame houses, and 85% of our custom detached houses adopted this system in fiscal 2020. We expanded that adoption to our Sha Maison rental housing apartments, condominiums, and CELEBLIO assisted living facilities for senior citizens.

We also carry out PR support for and conduct surveys to ensure the creation of good air environments for children. In 2011 Sekisui House registered as a corporate sponsor of the Japan Environment and Children’s Study (JECS) run by the Ministry of the Environment, which aims to identify the environmental factors, such as exposure to chemicals and the ambient environment, that may adversely affect child health and development. The study set the first three years after its launch in January 2011 as its recruitment period, followed by a 13-year follow-up period.

While expanding adoption of the *Airkis* system, which focuses on children’s health, we additionally pushed forward with development of a next-generation indoor environment system for detached houses that combats viruses, pollen, and other

pollutants. That system, known as SMART-ECS\*3, was launched in December 2020 to offer a new style of living and working during the COVID-19 pandemic.

“Ventilation zoning” utilizes a heat exchange ventilation system and ceiling-mounted air purification equipment to control air flow according to home life and activity, providing a safe and comfortable living environment.

In April 2021 we started to offer the industry’s first residence-based ventilation and air purification simulation system.

\*2: The five substances subject to concentration measurement of chemicals in indoor air, according to the Housing Performance Indication Standards designated by the Ministry of Land, Infrastructure, Transport and Tourism. These are: formaldehyde, toluene, xylene, ethyl benzene and styrene.  
\*3: Sekisui House registered trademark (pending); ECS: Environment Control System

#### Next-generation indoor ventilation system, SMART-ECS for controlling air flow throughout the home based on area and activity

① Ventilation zoning  
Controls air flow and cleans rooms daily.

② Heat exchange ventilation system  
Saves energy and maintains comfort year-round without opening windows.

③ Ceiling-mounted air purifier  
Quickly removes fine aerosol pollutants.

④ Residence-based ventilation and air purification simulation system  
A housing industry first for visualizing the spread and flow of air!



Antiviral construction materials, Touchless equipment, Planning



Antiviral construction materials



Automatic room door

## Deeply Cultivating and Expanding Basic Technologies

### Social

### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

**Deeply Cultivating and Expanding Basic Technologies**

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources  
Diversity and Inclusion

Workstyles, Motivation and Smart Work  
“Happiness” Health Management

Respecting Human Rights  
Occupational Health and Safety

#### Ventilation zoning in the SMART-ECS system

Ventilation zoning controls air flow so that the living-dining-kitchen area where residents spend so much time is “upwind” and the entrance area where little time is spent is “downwind.” Spatial planning so that a changing room is placed next to the entrance keeps dirt from outside from getting inside the house.



#### Residence-based ventilation and air purification simulation system

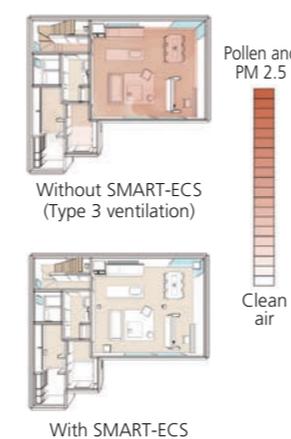
This simulation system is integrated with home design CAD software to show customers how air spreads and flows at the design stage. We also have videos that show the effects on pollutants of using SMART-ECS in model plans.

#### Air cleaned by SMART-ECS



Note: Spot ventilation in a bathroom or toilet is not part of the simulation.

#### Two hours after ventilation and the effect of pollutants from outside air



#### Flexible β System for multiple purposes: Technology improvements boost competitiveness and shorten construction periods

Our original β System construction method, the world’s first heavy-gauge steel rigid-frame construction method, developed in 1997, allows greater freedom in the placement of structural columns to greatly increase design flexibility in spatial layout and the placement of windows on every floor.

In 2017 we developed the Flexible β System, which further increased design freedom and the ability to present novel spatial solutions. The system can be used to meet a wide range of architectural needs, from detached houses to rental housing, residences that incorporate a shop or office, housing for the elderly, nursery schools, hospitals, hotels, or public facilities. Our high-strength WH Columns allow a reduction in the number of columns, and our high-strength WH Beams enable large openings and a large column-free open space with a span of up to 9 meters.

The height of a story can be raised and combined with a high ceiling to create an attractive indoor space, or offer a large, multipurpose column-free open space in non-residential structures. The system also affords access space between floors in the ceiling for equipment piping and the like that enhances freedom in the planning of non-residential facilities, especially. One other feature of the Flexible β System is that it makes it possible to create an outdoor overhang (up to 2.5 meters) that becomes an attractive feature of the building.

The system is employed in our BIENA three-story steel-frame detached houses, BEROE three- to four-story rental housing, and our BEROE PLUS multi-purpose condominiums, and was implemented in our Regnum Court brand in 2019—three- and four-story steel-frame detached houses for urban settings. In 2020 we developed a new high-load-bearing foundation that reduces the number of footing posts and length of the foundation for non-residential structures built primarily on soft ground areas.

Such technological improvements boost the competitiveness of the Flexible β System and shorten the construction period. Sekisui House is also using its expertise in housing for the

construction of roadside hotels aimed at regional revitalization through the Trip Base *Michi-no-eki* Project, and in other hotel construction.



Flexible β System allows wide openings and large, open spaces

#### Multiple applications of the Flexible β System



Deeply Cultivating and Expanding Basic Technologies

Social

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

**The Platform House Concept: Make home the happiest place in the world**

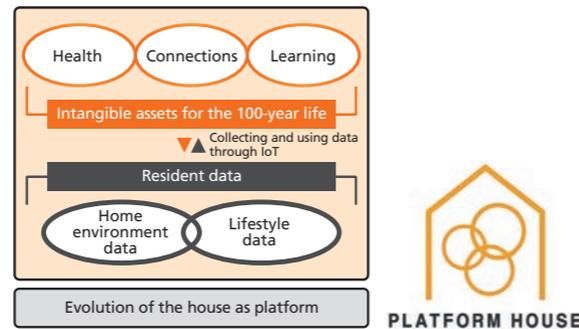
Our Global Vision at Sekisui House is to make the home the happiest place in the world. The Platform House Concept was developed and announced in 2019 based on this vision. The concept encompasses systems that will support the health and happiness of residents of the houses we build as we enter the era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

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

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

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

The Platform House Concept



The first stage of this initiative is centered on health—the foundation for “homes that support good health”—and involves offering services that provide the early detection of acute diseases.

**HED-Net: The world’s first system of in-home early detection of acute diseases**

The first stage of the Platform House Concept initiative is the world’s first in-home early detection network, HED-Net.

In Japan, approximately 290,000 people get a stroke each year, and it happens at home in 79% of cases. With a stroke, it is vital to provide treatment as soon as possible. One effective treatment is to administer to eligible patients t-PA, an enzyme for dissolving blood clots, within 4.5 hours after the stroke. However, some 15,000 people die at home each year due to delays in detecting a stroke. Including other incidents such as heart disease, drowning in bathtubs, falling from heights, and collapsing, as many as 70,000 people die every year from accidents and illnesses at home. Late discovery in some situations highlighted the need for nursing care. It is clear that how quickly a person is found holds the key to their treatment and recovery. We began research and development on the HED-Net system to address this specific issue.

**Medical condition detection through non-contact sensors eliminates residents’ stress**

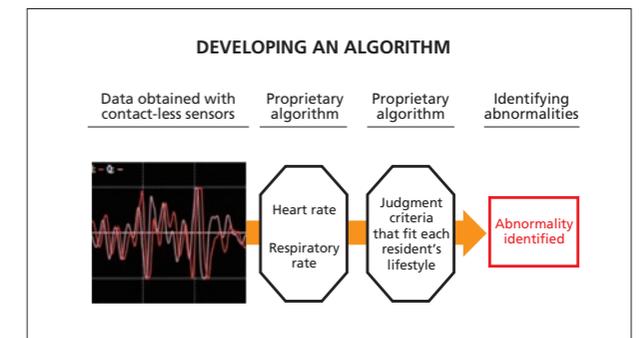
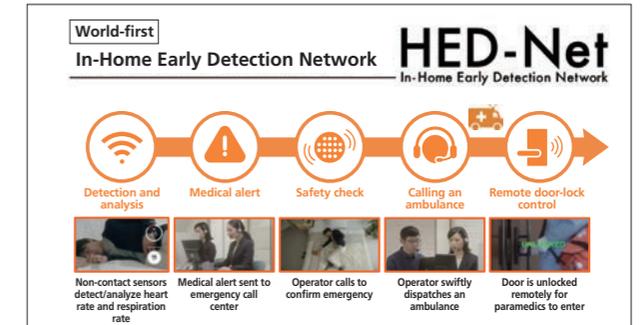
The sensing technologies installed in the home, integrated with the HED-Net system, detect and analyze a resident’s vital data such as heart rate and respiration rate.

The key feature of this system is the use of non-contact sensors, which cause no stress to the resident. If a possible medical emergency is detected, a medical alert is sent immediately to the emergency call center. The operator then calls to confirm whether there is an emergency or not, and if so, dispatches an ambulance. When the paramedics arrive, the resident’s door can be unlocked remotely and locked again afterward.

It can reduce the social cost (medical/nursing care costs, etc.)

from accidents in the home by as much as 1.9 trillion yen.

As countries around the world, including Japan and other developed nations, face significant challenges ahead in terms of “closet caregivers” for an aging population, there will be a growing need to find ways to cope with the issue. Sekisui House believes that the Platform House Concept can help reduce the number of people who need care.



## Deeply Cultivating and Expanding Basic Technologies

### Social

#### III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

#### Resident-participation pilot project begins for system verification leading to service rollout

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

Following proof-of-concept tests at the Platform House Lab and verification tests at our testing facility, we began system rollout through a pilot project in December 2020 that enlists the participation of ordinary homeowners. Sekisui House plans to solicit the cooperation of about 30 owners of new custom-built detached houses in the Tokyo area who wish to have the HED-Net equipment installed in their homes.

The project aims to set up and verify\* the functioning of the non-contact biosensors, their data acquisition capabilities, the accuracy of the software in determining if a malady or disorder is occurring, and the functioning of the system overall. The first and biggest aim is to corroborate that the HED-Net system works as intended without being significantly affected by lifestyles, environment, room layout, equipment, etc.

After the year-long pilot project is over, the sensors and

algorithms will be further checked and improved to match the various residential environments in which they are functioning, in preparation to begin commercial service.

Sekisui House is also creating partnerships and hiring people to bring about further innovation in terms of developing new preventive services that make use of the vital data collected in the home, aiming to bring about a future in which health-maintaining homes are nothing out of the ordinary. The project also gives participating owners the ability to check on their home and family from outside using a smartphone, and gives them the chance to test out smart home services that function room by room.

\* The purpose of this project is to verify that the sensors are able to detect and analyze heart rate and respiration rate; the scope does not include anomaly alerts or safety confirmations, and does not initiate any calls for emergency response services.

#### Second stage of initiative: Prevention

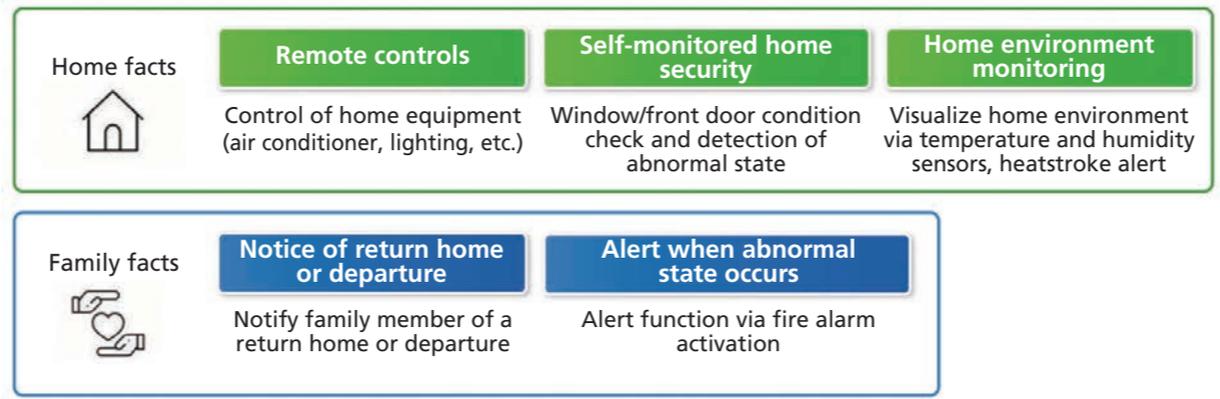
The HED-Net system is set up to identify an acute condition; its next evolution will be prevention. For example, with the vital data that the sensors in the home collect, such as daily readings of heart rate, breathing rate, and blood pressure, it is possible for the system—when changes are detected—to give the resident a prompt that suggests ways to improve their lifestyle in order

to prevent ill health. Or if a high-risk situation is detected, a service can be provided by having the system linked to a medical institution. Beyond health, services can be included for social connection and learning, thereby promoting happiness in the home for the era of 100-year life.

#### Outline of HED-Net pilot project

Eligible housing	<ul style="list-style-type: none"> <li>• Detached house newly built by Sekisui House</li> <li>• House construction completed after December 2020</li> <li>• Location in Tokyo area (and elsewhere with conditions)</li> <li>• Planned total of about 30 houses</li> </ul>
Installed equipment	<ul style="list-style-type: none"> <li>• Body sensors in bedroom, living room and dining room (with exclusions)</li> <li>• Equipment to detect, analyze and send data</li> </ul>
Project duration	<ul style="list-style-type: none"> <li>• About one year</li> </ul>
Participant cooperation	<ul style="list-style-type: none"> <li>• Questionnaires, system operation checks, data collection, etc.</li> </ul>
Smart home functions	<ul style="list-style-type: none"> <li>• The experience and verification of Platform House smart home functions</li> </ul>

#### Smart Home services for the Platform House pilot project (Note: May vary according to housing design and specs)



New Sekisui House construction that includes HED-Net system (Photo: Matsudo, Chiba, November 2020)

Illustrated smartphone app screen

## Deeply Cultivating and Expanding Basic Technologies

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

#### Building a neutral inter-enterprise information sharing platform using blockchain technology

In Society 5.0—proposed by the Japanese government—the social aim is to use digital technologies and data to create new benefits and improve convenience for members of society. The system would involve enterprises sharing information and having an infrastructure set up for linking services and complementary data from different sectors.

In an effort to accelerate the transformation required, in 2019 Sekisui House took up its position as a housing manufacturer and started working with other industries—energy, electric appliances, insurance, and telecommunications—to build a neutral inter-enterprise information sharing platform using blockchain technology.

Blockchain is ideally suited for ensuring the security of information among multiple enterprises when sharing data such as a transaction history among multiple computers connected to the internet.

The first stage of this initiative verified the business model and effectiveness of an end-to-end solution for the real estate lease agreement process. The second stage verified how the sharing of data across a group of companies involved in the sector could simplify leasing procedures up to the point of taking up occupancy, as the same personal identification information is

required by companies offering products and services separately, whether setting up a new contract or a person changing addresses, initiating, suspending, or canceling a service, from fire and earthquake insurance to utilities. When personal information is all seamlessly integrated via a secure blockchain, procedures are greatly simplified, from on-site inspection to the signing of the contract.

The system also makes it easier for prospective renters to see a property, eliminating the need for a real estate management company by using a digital identity paired with a *smart lock*\*1 to access the vacant property without an agent being present.

\*1: The hardware installed on an existing mechanical lock and system that adds wireless communication to allow locking/unlocking functions and lock management via smartphone

#### An end-to-end solution for the complex process of moving into a rental property: Service implementation begins at Sha Maison rental housing

In April 2020, Sekisui House became a founding member of the NEXCHAIN\*2 consortium, which was established to promote a new blockchain-driven inter-enterprise information sharing platform. The consortium has recently been testing the platform to evolve it from the trial phase closer to commercial operation.

The industry’s first end-to-end solution\*3 for the process of moving into a rental property (for contracting infrastructural services) went operational in January 2021. For renters of Sha Maison housing, the system handles all of the complex procedures necessary for moving in, including the lease agreement signing and infrastructural service contracting.

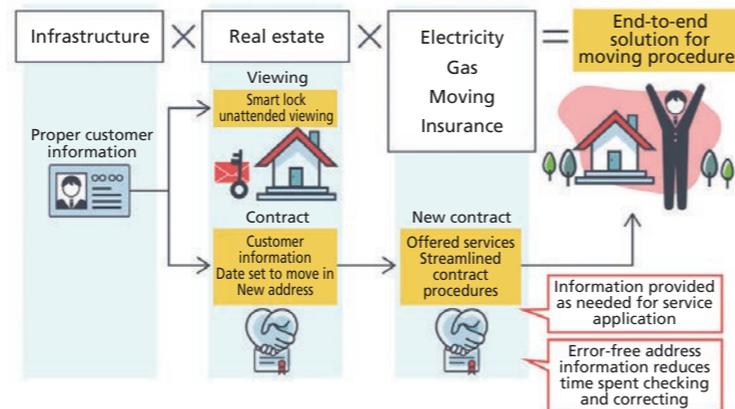
Pre-registered personal information authorized by the potential renters themselves is used to streamline the initial property viewing application and to simplify a range of procedures that include moving arrangements and contracting for electricity, gas, and insurance, providing tremendous convenience to its users. Plans are to gradually expand the area of service and soon implement the smart lock system for unattended property viewing, something that has yet to be put into practice.

By promoting this platform, Sekisui House aims to create a new industry standard for procedures for moving into rental properties, and create services with NEXCHAIN that will significantly enhance participation in society in light of emerging issues in the “new normal” times to come.

\*2: A consortium to promote the sharing of data across industries for the purpose of creating useful, new services that benefit both individuals and companies in an evolution to Society 5.0. The consortium is now working to resolve issues both technical and business-related in preparation for commercial implementation, and is establishing the rules and conditions for the platform.

\*3: The first end-to-end solution offered by a company involved in rental housing management and brokering that covers the various procedures necessary for moving into a rental property through the sharing of information among companies (according to Sekisui House research)

End-to-end solution for process of moving into a rental property



Timeline of blockchain technology implementation

April 2017	Development of the real estate information management system was started using blockchain technology.
April 2019	Sekisui House, KDDI, and Hitachi partnered to begin verifying system to improve convenience in the lease agreement process using a blockchain inter-enterprise information sharing platform.
September 2019	Five more companies joined the consortium to test the system’s ability to simplify procedures for contracting essential services, including utilities and fire and earthquake insurance. Trials began on testing a smart lock system for viewing properties more efficiently without a real estate agent as intermediary.
April 2020	NEXCHAIN inter-enterprise information sharing platform consortium was launched.
June 2020	Recruiting of member companies for the NEXCHAIN consortium began. (33 participating companies as of January 31, 2021)
January 2021	Platform became operational for contracting essential services.

Deeply Cultivating and Expanding Basic Technologies

Social

III. Social

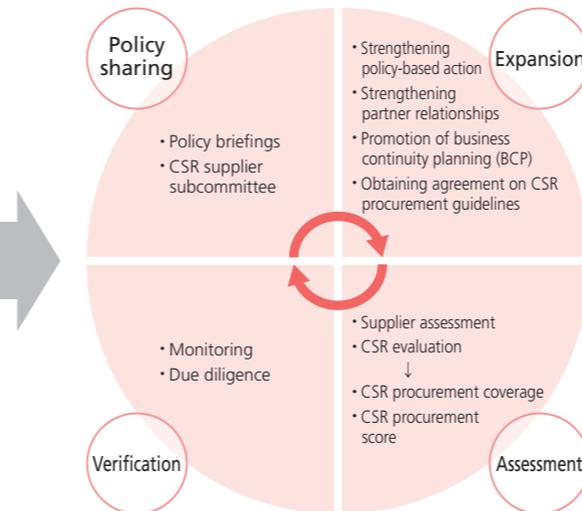
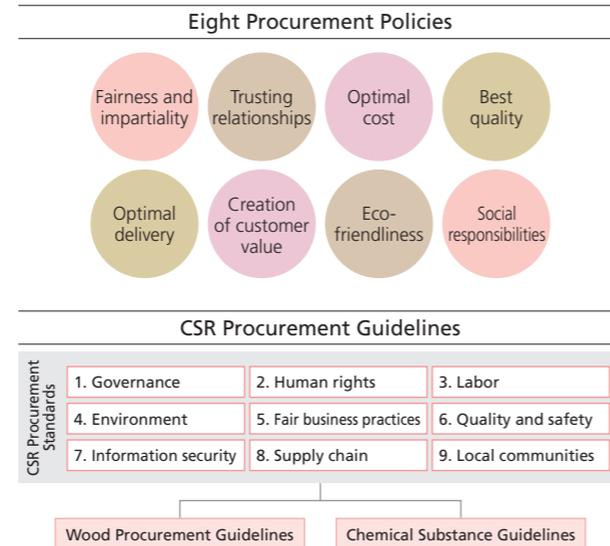
- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies**
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Eight procurement policies that undergird our approach to supply chain management

The Sekisui House Group aims to provide high-quality products and services to customers in every process. Toward that end we have put a supply chain management system in place that extends across boundaries of company or organization for overall optimization.

In 2007 we established eight procurement policies that we continue to adhere to and promote in our procurement activities based the Sekisui House corporate philosophy and code of conduct. These are the core policies that undergird our supply chain management, and their fair and impartial implementation is what allows us to build relationships of trust with our suppliers—key partners in our business activities—which leads to smooth, friendly business relationships.

Procurement Policies, CSR Procurement System and the PDCA Cycle



We hold policy briefings and CSR supplier subcommittee meetings, and carry out supplier assessments and CSR evaluations, to build a system that keeps the PDCA cycle in motion based on a strategic top-down policy deployment approach (Hoshin Kanri).

Strengthening procurement sustainability together with partner companies: Action, assessment, verification and improvement based on mutual understanding

Policy briefings for partner companies

We strive to ensure the best quality, optimal cost, optimal delivery, and eco-friendliness of our products and services. Every year, around 150 of our major partner companies participate in our policy briefings to ensure consistency with our procurement policies and to deepen mutual understanding. We provide explanations of the latest management plan, procurement policies, and product strategies at these briefings. We also share information intended to serve as a set of guiding principles for our partner companies, and we make sure to honor outstanding companies and share best practices.

Strengthening policy-based action and partner relationships

We share Sekisui House policy with key partner companies and work to strengthen policy-based action that promotes major

reforms and *kaizen* aimed at aligning the direction of business activities. Since fiscal 2014 we have expanded the number of partner companies we work with in this way and have been trying to strengthen those relationships.

Promotion of Business Continuity Planning (BCP)

A number of adverse events occurred in 2020—the spread of a highly infectious disease, natural disasters, and industrial fires—that revealed procurement risks which can interfere with business continuity. When a disaster of some kind occurs, we quickly gather information from our partner company and draft a plan to handle the situation as quickly as possible, while requesting the partner company to implement their initial response decisively.

As a means of gathering information from our partner companies, Sekisui House is building a contact system that is integrated with our partner company database. If a procurement risk is imminent, the system is activated and we contact all partner companies that are at risk at once to confirm their safety.

We also aim to establish a more resilient supply system by ordering from multiple suppliers and requesting that a supplier spread out production to more than one location as a way of preparing for a possible suspension of supply due to an unforeseeable event.

QCD and ESG

Efforts to improve supplier and outside manufacturer quality through raw material standards and product specifications	Best Quality Q	Optimal Cost C	The pursuit of optimal costs through full surveying of market conditions, cost analyses, etc.
Procurement based on considerations for the environment and corporate social responsibility, starting with human rights	ESG	Optimal Delivery D	Efforts to provide stable supply and the pursuit of efficient logistics

Process improvement through supplier assessments

We began supplier assessments in 1998 to ensure fair and impartial transactions. Since 2009 we have disclosed our assessment outcomes to partner companies to spur on or strengthen their internal reforms at partner companies. The primary objective is to have the assessments lead to concrete improvements, which is why the process does not stop with an assessment but extends to pragmatic suggestions for the partner

Deeply Cultivating and Expanding Basic Technologies

Social

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

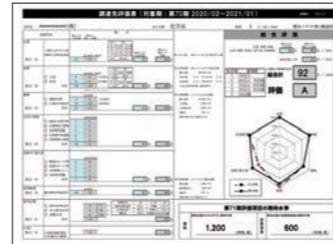
Respecting Human Rights

Occupational Health and Safety

company’s PDCA cycle.

For the fiscal 2020 supplier assessments, 116 companies were major suppliers, comprising 75% of the total amount of procurement.

In carrying out these assessments, the focus is on process management to encourage reforms, rather than uniform evaluations of assessment results. Going forward, we plan to implement supplier assessments with high transparency and continue to support the strengthening of our partner companies, in addition to maintaining fair and impartial transactions.



Supplier assessment chart  
An overall rating is given from A to E based on areas evaluated, laid out on a spider chart to identify positives and issues alike.

**CSR procurement standards and guidelines established to carry out CSR evaluation**

At Sekisui House, we established our CSR procurement standards in 2015 and have incorporated socially responsible values into our procurement ever since. We revised those standards in 2018 in line with global trends, and then established the Sekisui House CSR Procurement Guidelines.\*

We are now actively pursuing the cooperation of partner companies, both through a written agreement to adhere to the guidelines, and through periodic follow-up reviews and inspections to track the actions being taken toward adherence. Such processes help us raise awareness of social responsibility among partner companies, encourage sustainable practices, and intensify our CSR procurement efforts.

In 2019 we began carrying out CSR evaluations\* using a check-sheet method for self-assessment based on the revised CSR procurement standards (47 topics under 9 themes). A CSR evaluation is one assessment item for supplier assessments. The CSR approach for each topic is based on five factors: 1. legal awareness, 2. policies, 3. systems and responsibility, 4. verifying initiative outcomes, and 5. corrections. We have each company first perform a self-assessment and then we tabulate, score, and evaluate the results.

When commissioning a company as a new business partner,

we perform a protocol-based evaluation and factory inspections for suitability from the standpoint of ESG principles. In addition, we require a signed agreement confirming an understanding of the CSR procurement guidelines before any transactions are conducted.

In-house at our procurement department, we post these guidelines and various regulations to provide easy reference for employees. Seminars and working group meetings are also held within the department to keep everyone in tune with social issues and up-to-date on the latest laws.

\* Following the signing of the United Nations Global Compact (UNGC) in 2018, we joined the supply chain subcommittee of Global Compact Network Japan (GCNJ). Since fiscal 2019, the check sheet has been based on the GCNJ’s SAQ (self-assessment questionnaire) for CSR evaluation.

**Rigorous monitoring and due diligence**

We monitor suppliers flagged by the assessment results for risks involving the environment or human rights or other issues. Through on-site interviews we provide advice concerning evaluation standards and how to meet those standards, and confirm the current status of compliance as part of due diligence. In 2020, we were unable to visit sites to perform due diligence because of the global pandemic, so we used a teleconferencing system for 15 companies. The results of that due diligence were soon reflected in daily actions and are stimulating reforms. In serious cases we work with the department concerned to determine the proper action to take, and stipulate measures which might include cutting back on transactions, depending on the score in the supplier assessment.

Additionally, as a construction company that uses a high volume of lumber, we recognize the particular need for a strict approach in the procurement of timber where infringement risks are high, so we conduct due diligence targeting approximately 50 companies that are major wood material suppliers. As necessary, we also conduct on-site inspections of logging areas at overseas producers upstream from our suppliers. (For details, see page 39.)

**CSR supplier subcommittee seminars promote CSR procurement**

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

suppliers and provide advice.

Toward that end, in 2018 we set up a CSR supplier subcommittee to conduct training on the importance of ESG management and CSR procurement, providing education on CSR evaluations as part of supplier assessments. We get suppliers to agree to put the ideas into practice, which ensures the effectiveness of their written agreement to comply with the CSR procurement guidelines in supporting a sustainable supply chain. Such training seminars are combined with policy briefings for our important partner companies—given to approximately 150 suppliers in fiscal 2020.

**Our approach to human rights at partner companies**

Sekisui House requests that our partner companies take initiatives in their business activities that protect human rights, an issue that is included in our CSR procurement guidelines as an evaluation topic. To complement the guidelines, we work to ensure that our partner companies know the Sekisui House Group Human Rights Policy and adhere to it strictly.

This policy was set up in April 2020 and applies to all officers and employees of the Sekisui House Group. We also expect our business partners, including partner building constructors and suppliers, to understand and support this policy.

Our human rights policy is presented on the online information-sharing platform we maintain with our business partners and is readily available for viewing at all times.

Deeply Cultivating and Expanding Basic Technologies

Social

**Automated production of key structural components and exterior wall components to facilitate streamlining and built-to-order production**

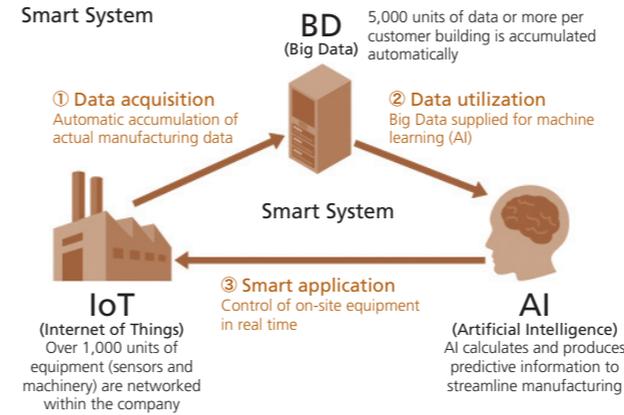
Sekisui House considers improving quality and operational efficiency in production and logistics to be key efforts that lead to sustainability in society in many ways—by helping to create happy homes for customers, enabling safe and comfortable workplaces for employees, and reducing environmental impact.

At Sekisui House, we carry out built-to-order production using structural components made specifically for each residence based on the principle of built-to-order design freedom. We combine streamlining with built-to-order production across multiple products with small production lots, using automation to assure the supply of high-precision structural components that offer consistent, stable performance and quality.

We manufacture key structural components such as columns and beams, along with exterior wall and other original components, at five factories in Japan. We strive to improve quality and boost production efficiencies further at each factory through continuous *kaizen* and effective plant investment. We also actively share information among factories to build technical knowledge and speed up the application of knowledge to relevant processes in each location.

For example, we introduced a smart system that makes use of IoT, Big Data, and AI in the production line for steel beams—key structural components in our B System, a construction method for three- to four-story steel-frame houses. The system was first introduced at our Shizuoka Factory and the extensive automation streamlined the production line significantly. The same system was then applied to streamline the production line at our Yamaguchi Factory, and now we are preparing to introduce the system at our Kanto Factory.

The AI learns from the past production information (Big Data) that we have accumulated and automatically makes decisions that are appropriate to the situation. By making use of this smart system, we have become able to automate adjustments to our production volume and work scheduling. We have also increased operational efficiency and carried out power-saving operations by using AI in production lines, and as a result have achieved a 31% improvement in productivity, reduced working hours by 9%, and decreased power usage by 12%.



**In-house production of original exterior wall components and AI-driven improvements in productivity and quality**

Two original exterior wall components produced by Sekisui House are: Dyne Concrete, a component of the highest quality lightweight steel-frame product; and the Bellburn ceramic exterior wall on our SHAWOOD wood-frame detached homes.

Dyne Concrete is custom-formed for each residence at our own factory using original configurations of material and manufacturing methods. We assure accuracy in the product when pouring concrete into formwork by first laying in a mesh of high-precision reinforcing bar that is robot-welded.

The use of robots enables a round-the-clock production system, thereby improving efficiencies. It also produces concrete that has a warm character, made possible by deep channels and beautiful textures, enabling the creation of distinctive designs that could not be achieved previously.

Bellburn ceramic exteriors employ designs that embody the warmth of soil and natural textures that only a ceramic could produce, creating an appearance that improves with age. The tile is manufactured under strict quality management as an industrial product. It is a ceramic for outer walls that features high weather resistance, durability, strength, and surface hardness. On the production line we introduced a quality control system that

uses AI specialized for image processing to increase the output of conforming product in real time. The system has improved production efficiency, strengthened quality control, and reduced inventories.

We plan to adapt the same system to the process following extrusion molding, using AI to catch the raw material that is producing external defects and return it to the upstream process for recycling. AI is also being used in the system of cutting stock from lot material to built-to-order units to boost the manufacturing yield of materials.

We plan to incorporate other cutting-edge technologies as well to automate the production line and strengthen system development to further improve quality.



The housing industry's first automated line for all-built-to-order production of multiple types of frameworks

**Semi-automating combined processes to boost production efficiency**

We had already improved the processes that combine in advance multiple building components at the factory to improve work efficiency at construction sites, but in 2019 we began looking into setting up semi-automated lines. We are making significant improvements to labor-intensive processes such as combining wall frameworks with exterior wall and window sashes, for example, or attaching metal fittings to columns and beams to build a wood-frame house.

In 2020, at our Yamaguchi Factory we began semi-automating a combining line for the B System to attach steel beams. Robots mark the position on a column where the automatically transported beam on the line is to be connected,

III. Social

Addressing Material Issue ② Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources Diversity and Inclusion

Workstyles, Motivation and Smart Work "Happiness" Health Management

Respecting Human Rights

Occupational Health and Safety

Deeply Cultivating and Expanding Basic Technologies

or might attach some components automatically, thereby saving labor and reducing the need for operators. Meanwhile, we are using the latest IoT sensors to confirm the positions of components, workers, and forklifts in real time as part of a system Sekisui House developed to boost production efficiency by issuing efficient instructions.

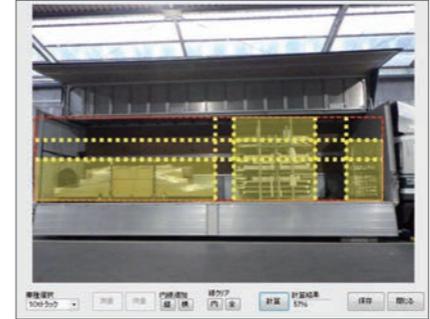
**Aiming to improve work efficiencies and ways of working using an in-factory logistics visualization system and app to visualize load efficiency**

Beyond improving quality in logistics, work efficiencies also pertain to how employees work and handle each task, including at group companies and partner companies.

At our Shizuoka Factory, we built a logistics visualization system that has improved efficiency, quality, and response timeliness of loading work from manufacturing to shipping. Prior to implementation of the system, paper was used to confirm information—numbers of components manufactured at the factory and components supplied to the factory, or compiled data on delivered product by type. The introduction of a streamlined system that employs 2D barcodes has greatly lightened the load for workers and reduced losses, while enabling high-efficiency, high-quality loading work. In addition, the utilization of cumulative data has sped up the Plan-Do-Check-Act cycle, which has contributed to significant reductions in truck waiting times at factories. As a result, a number of improvements were made—the number of trucks waiting over two hours at the factory was cut to zero; 90% of errors in loading were eliminated; more jobs were standardized to allow anyone to do them; and overtime hours were reduced.

In 2020 we started efforts to boost truck load efficiency using an app. When a photo of the truck bed is taken, the app analyzes it and quantifies the load efficiency as a percentage. Heightened awareness of load efficiency of a truck at the loading stage, even for procuring from suppliers, makes it possible to reduce the number of trucks needed and transportation time. Going forward,

we will be setting up higher efficiency mechanisms to work with the in-factory logistics visualization system.



Load efficiency visualized by taking a photo

**ISO 9001 and ISO 14001 certifications, plus ongoing improvement of production quality control systems**

Every production line has an individually assigned person to take responsibility for the line as a way to manage quality thoroughly in every process. We implement careful inspections of incoming raw materials, sampling inspections of components, and regular proficiency tests of factory technicians. Seeking excellence in our production quality control systems, in 1998 we had all of our factories certified under the ISO 9001 international quality management standard, becoming the first company in the industry to do so.

In 2001 all six of our factories were certified under the ISO 14001 international environmental management standard. Sekisui House is also putting effort into creating a system for protecting the global environment.

A new B System steel beam production line went into operation at our Shizuoka Factory in April 2016, which utilizes cutting-edge technologies to improve quality and efficiencies at the same time. Our welding bead automatic inspection system is the first of its kind in the housing industry. It is part of a high-precision 100% inspection system that offers traceability and prevents defects from getting through.

Our production line for Dyne Panel exterior wall material that went into operation at our Kanto Factory in September 2016 increasingly uses robots and has introduced an automatic inspection machine—measures that have greatly improved quality.

**Safety, health, and comfort—a good workplace environment in our factories**

We carry out essential health and safety management at each of our factories in an effort to prevent accidents or health problems that might occur during work operations. We work to assure the safety and health of our employees, and endeavor to create a comfortable workplace environment, facilitate smooth work, and improve productivity.

Health and Safety Committee meetings are held once a month at all factories, along with quarterly Production Division Health and Safety Promotion Council meetings, to share information regarding the current condition of each factory, specific areas for improvement, and our prospects for the future. In 2017 we set production equipment safety standards and established safety regulations so that all of our factories operate under the same standards in terms of protective equipment (safety fences) and hanging tools (tools for slinging).

III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Improving Construction Quality and Boosting Construction Capabilities

Social

# Our Group Companies and Partner Building Contractors Together Improve Quality and Strengthen Construction Capabilities

In working on construction projects across Japan, it is essential to produce structural components at our own factories with high precision, and maintain strong alliances with Sekiwa Construction companies\*<sup>1</sup> and a large number of partner building contractors based on mutual interest. Working with approximately 8,000 construction technicians\*<sup>2</sup>, who are a major asset of the Sekisui House Group, we are pursuing a range of initiatives aimed at developing top-notch construction technologies and systems, and assuring high construction quality and safe working conditions.

\*1: A wholly owned subsidiary with 15 companies across Japan (as of February 1, 2021) \*2: Three major types (foundation work technicians, framers/exterior specialists, and interior carpenters)

## III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

**Improving Construction Quality and Boosting Construction Capabilities**

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

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Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

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Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

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Occupational Health and Safety

### Our company-wide construction quality control system

Quality control plays an important role in the overall workmanship of a home.

We employ a company-wide system of quality control in the construction of every building to assure premium quality, ongoing improvement initiatives, and the management and preservation of construction quality records.

**Construction quality control systems to produce high-quality buildings for customers**

We bring together Sekisui House on-site supervisors, Sekiwa Construction companies construction managers, and the construction technicians of partner building contractors to make ongoing improvements in processes to maintain and improve construction quality. They have also set up an inspection system that assigns individual responsibilities.

● **Chief Inspector System**

A chief inspector (an employee who has completed chief inspector training and earned qualifications as an inspector) carries out special inspections to ascertain the construction quality of a project, to determine the quality system in action and inspection capabilities, to provide support to on-site supervisors and construction managers for inspection work, and to implement quality improvements for critical control points.

● **Construction Quality Council**

Consisting primarily of project technical directors, the council analyzes and evaluates construction quality inspection results. It systematically identifies flaws, studies and shares particulars necessary for improving quality, and promotes quality improvements ranging from plan proposals to implementing specific improvement activities.

● **Certification Training and Inspection Training**

Inspector certification training and inspection training are carried out for on-site supervisors and construction managers to raise the standards of inspection techniques.

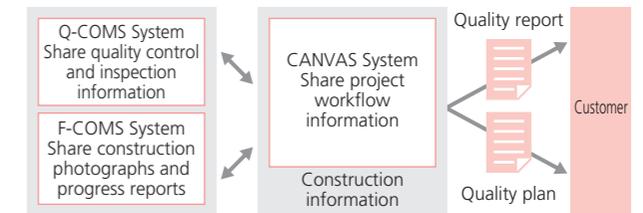
### Visualizing construction quality level and assuring full accountability

We have introduced the Q-COMS and F-COMS construction quality control systems for managing and preserving construction quality records for every building and to provide internal controls. The CANVAS project workflow information system centralizes management of the data, such as construction site inspection records and construction management reports.

Quality control information is linked with photographs for the purpose of visualization, and a special app for construction site supervision by the on-site supervisors and construction managers (at Sekiwa Construction for permanent works) on a smart device to provide timely work site management and raise the level of quality even higher. We are also promoting the use of such smart devices for checking quality in real time. Inspection data—based on input data—is collected and analyzed, and used to set directions for construction quality improvement initiatives.

We are also creating a practical accountability support system to provide explanations to homeowners during construction, which will help prevent misunderstandings and distrust due to lack of information. On-site supervisors use tools created with the CANVAS system, such as quality plans and quality reports, to provide explanations of matters as required at whatever stage they are needed. By fulfilling our duty of accountability, we are able to put homeowners at ease at the start of construction, allowing them to plan and prepare for moving in.

### Outline of company-wide quality control system



### Benefits programs for partner building contractors and working with the Sekisui House Association

The greatest strength of the Sekisui House Group is the Sekisui House Association, which consists of group companies and partner building contractors. As of February 2021, the association includes the 15 companies in our group company Sekiwa Construction Ltd. and approximately 7,000 partner building contractors throughout Japan (including the partner building contractors of Sekiwa Construction companies, which are members of the Sekiwa Association).

Sekisui House has pursued “responsible construction” since the company’s founding. Our partner building contractors are irreplaceable, and we consistently hold them in high regard, fostering relationships of trust and mutual interest that will last over the long term.

The Sekisui House Association cooperates with each Sekisui House office to pursue initiatives aimed at improving construction quality, achieving zero emissions, providing solutions for customers and neighbors, implementing safety measures, keeping the construction site tidy, developing worker skills, and improving

Improving Construction Quality and Boosting Construction Capabilities

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources  
Diversity and Inclusion

Workstyles, Motivation and Smart Work  
“Happiness” Health Management

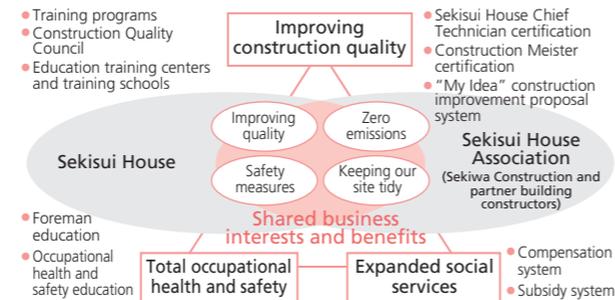
Respecting Human Rights

Occupational Health and Safety

working conditions. The association also serves as a place for information exchange that allows individual work sites and partner building contractors to share issues they face and study possible solutions, and offers training and study opportunities to improve work processes and techniques.

The Sekisui House Association is a tremendous driver of action for us in times of natural disaster, such as when an earthquake or flood strikes, from the initial response to actions required for restoration and reconstruction. We will continue striving for customer satisfaction by working with the association and raising the value of the Sekisui House brand as we work toward shared goals.

Achieving customer satisfaction with the “shared goal” mindset



We also run various benefits programs to support partner building contractors and construction technicians who work on our construction sites across Japan.

The Sekisui House subsidy system is designed to support improvement in workforce management at partner building contractors and to expand benefits for construction workers. The amount of subsidies given in fiscal 2020 totaled about one billion yen.

The Sekisui House Cooperation Association was established in 1982 to improve employment practices and expand benefits to partner building contractors. It assists in the running of various systems at Sekisui House, including our construction site safety assurance system and funded pension system.

Initiatives to improve work site productivity

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

We have organized a Technical Directors’ Council, Construction Management Committee, and Work Site Productivity Improvement Working Group, consisting of technical deputy directors representing locations around the country, the head office, and factories. We offer labor-saving Dyne Panel exterior wall material and provide a thermal insulation search app for smart devices to boost the efficiency of checking construction documentation. Such efforts help us to identify and study issues that lead to increased productivity.

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



Dyne Panel, a physical resources solution

Sekisui House Chief Technician certification—authorized by the Ministry of Health, Labour and Welfare

The Sekisui House Chief Technician certification, established in 1983, is a self-certification system run by the Sekisui House Cooperation Association. In April 1985, this certification became the first of its kind in the construction and housing industry, obtaining

ministerial authorization for being in line with national certifications.

The examination is held once a year, and in fiscal 2020, 151 people passed. Registered individuals with the certification reached 6,628 in 2020, with the certification helping on-site work leaders to maintain and improve construction quality.

The purpose of the certification is to evaluate the skills of technicians involved in the three major types of construction for Sekisui House fairly and appropriately, and to maintain and improve quality. To be eligible to take the certification exam, one must have three years or more experience doing technical work on-site for Sekisui House of the type being certified, plus complete a short course.

The three types are: foundation work, framing/ exterior work, and interior finishing. After obtaining the certification, further experience leads to becoming a Construction Meister.



The blue helmet is worn by a certified Sekisui House Chief Technician.

The Construction Meister System honors superior technicians at our construction sites and fosters motivation

The Sekisui House Group has two systems that honor superior technicians in the field across Japan—the Construction Meister System and Sekisui House Remodeling Meister System.

The Construction Meister System, established in 2010, recognizes the technical skills of construction workers at our construction sites and honors them as superior technicians. Its aim is to foster the development of advanced skills in young workers. Certified Construction Meisters boost the motivation and pride of all construction technicians by becoming role models, fostering an atmosphere of diligence and the pursuit of high-level skills, thereby contributing to higher quality and greater customer satisfaction throughout the company.

Improving Construction Quality and Boosting Construction Capabilities

In fiscal 2020, we had a total of 365 certified Construction Meisters—80 foundation work technicians, 98 framers/exterior specialists, and 187 interior carpenters. Among these are 91 First Meisters and one Top Meister. Each recipient is awarded a certificate and incentive pay. Since 2010, a total of 2,867 Sekisui House technicians have been certified as Construction Meisters.

In 2020 we created a new Quality Champion Commendation System to honor Construction Meisters who are exceptional promoters of quality. The commendation also focuses attention on our social responsibility as a leading construction company to ensure superlative quality and technique. Under this new system, 66 Construction Meisters were commended in 2020.

We also have the Sekisui House Remodeling Meister System, established in 2008, which certifies and registers superior technicians working for partner building constructors who do remodeling work for Sekisui House. The certification system also extends to a number of areas including homeowner satisfaction, work volume, attitude and consideration for others on the construction site, attention to safety, management capabilities, and ability to foster young talent.

Educational training centers and training schools to ready technicians for frontline work

Sekisui House has established educational training centers and training schools where we conduct training that allows technicians from each company in the Sekiwa Construction as well as technicians hired by partner building contractors to learn techniques and acquire skills. The schools also teach proper conduct to facilitate interaction as members of society and prepare trainees for the working environment.

Our schools are unique in that they do not merely provide the opportunity to acquire technical skills and knowledge necessary for construction with Sekisui House, but also the opportunity to study our corporate philosophy, which is indispensable for achieving customer satisfaction.

In fiscal 2020, classes were held online due to the COVID-19 pandemic, with 47 trainees completing the framing/exterior course and 54 completing the interior finishing course—a total of 101

technicians. Special education is also conducted at training schools in qualifications needed at work sites. A total of 2,887 technicians have completed courses and are working as construction technicians and construction managers around Japan.

After completing training, technicians are able to participate in a variety of ongoing training at various centers to further improve their technical knowledge and skills.



Start of classroom session



Specialized training (use of grinding wheel)

Technical training center opened in Vietnam: Trainee acceptance and some training continuing online through the pandemic

In November 2019, with our facility in Hanoi we became the first housing manufacturer to establish a technical training center in Vietnam for housing construction. The center strengthens our system for taking on technical trainees from Vietnam.

We have a service agreement with the JIC Kyodo Kumiai Support Association to help local organizations make preparations for recruits. The center gives technical trainees a chance to learn Sekisui House's construction techniques and study Japanese in a practical way while remaining in familiar environs in their home country so that they can start work without any problems when they arrive in Japan. Explanatory meetings for families, training

fees, and other expenses are all covered by Sekisui House, and a supportive atmosphere is created so that technical trainees can come to Japan without any concerns.

The first group to get trained had six trainees who went through the foundation course at the center, then started construction work in Japan in January 2020. The Hanoi training center enlists the help of both Sekisui House employees and first-rate Vietnamese technicians who have had practical experience learning skills on Sekisui House sites and have returned to Vietnam.

In 2020, activities were affected by the COVID-19 pandemic, with 33 technical trainees taken on in 2019 unable to receive education or training as scheduled. The foundation course training for three trainees, and exterior course training for seven trainees, were significantly delayed. The 10 finally reached Japan in January 2021, while the remaining 23 trainees were scheduled to fly to Japan in February 2021 or thereafter.

Also, it was impossible to take on trainees as planned in 2020; however, we interviewed 10 people for technical trainees.



Training center in Hanoi



Auto level placement training in foundation course

III. Social

Addressing Material Issue ② Pursuing the Potential of the Home Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Maintaining and Increasing Housing Asset Value

Social

## Long-term Support to Homeowners for Home Life as Our Partners

Since its founding, the Sekisui House Group has focused on putting the customer first in its business activities. We established the CS Promoting Department to carry out company-wide customer support. The department runs a consultation desk for customers to improve customer satisfaction, along with the online Net Owner's Club to provide home life support to homeowners, and support our Customer Service Centers across Japan that supply after-sales service. The goal is to extend caring, genuine customer service on a daily basis so that all owners of the homes we build will be satisfied their entire lives.

### 93% certified as long-term quality housing For a sustainable society of long-lasting housing

The average lifespan of houses in Japan is said to be about 30 years. To make houses that last longer is the key to effectively utilizing resources and improving asset value.

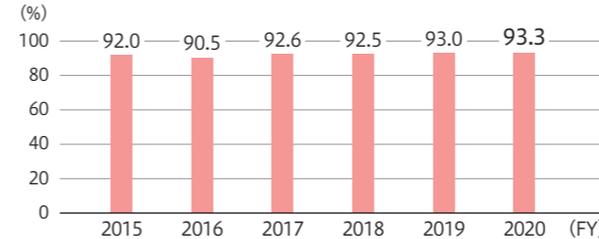
Under the Act for the Promotion of Long-Life Quality Housing that went into effect in June 2009, the Japanese government established the Long-Term Quality Housing Certification Program, which aims to build up a stock of high-quality, long-term housing. Houses that are built according to set standards for structure and facilities are certified as "long-term quality housing" and various tax benefits apply. In fiscal 2020, 93.3% of the homes we built were certified as "long-term quality housing," and that percentage is on the rise.

We also operate *le-Log*, a regularly updated database of historical data about each residence, ranging from such basic building information as the homeowner's information to the design plans, inspection results, and repair records. Homeowners can use the *le-Log* database in managing maintenance or renovations of their home.

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

We will continue putting our energy into making longer-lasting homes that provide safety, security, and comfort.

Rising percentage of Sekisui House residences certified as long-term quality housing



### Our quality housing stock system SumStock helps customers pass their homes on to the next generation

SumStock is a circulation system for high-quality existing housing stock. It is run by the Provision of Quality Housing Stock Association, a general incorporated association founded in 2008 that comprises 10 major housing manufacturers including Sekisui House and chaired by Sekisui's current chairman, Toshinori Abe. The circulation system is an integrated system for its members that covers all steps from value appraisal to certification through to resale. Its activities are aimed at increasing quality housing stock and invigorating the market.

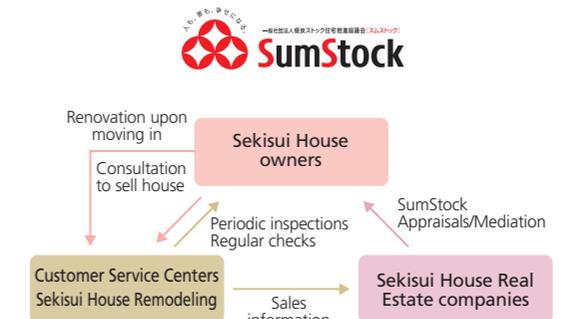
A house's basic structure ("skeleton") and its interior furnishings and facilities ("infill") are appraised separately by years of depreciation, and the value of the building and the land

are indicated separately in this proprietary circulation system. The houses supplied by member companies must fulfill three requirements to qualify: ① Has a database of residential data; ② Has been on a 50-year-plus maintenance program; and ③ Has seismic resistance that exceeds recent standards.

Also, using the data accumulated in *le-Log*, our proprietary housing history database, homeowners are able to circulate their home as a high-quality house. Since 2019, we have been holding SumStock Housing Expos, opening actual houses on the market to visitors, and informing them of such existing houses built by Sekisui House and the benefits of the renovation work we can do.

Our Customer Service Centers and group companies are working together to further expand the number of houses in circulation in the SumStock system.

A collaborative initiative within the group



### III. Social

Addressing Material Issue ② Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

"Happiness" Health Management

Respecting Human Rights

Occupational Health and Safety

## Maintaining and Increasing Housing Asset Value

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

**Maintaining and Increasing Housing Asset Value**

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

#### Highlights

### SumStock Housing Expos are held across Japan, promoting the value of existing houses through renovation work

In connection with use of the SumStock system to promote the circulation of existing houses, Sekisui House Real Estate and Sekisui House Remodeling have teamed up to hold SumStock Housing Expos twice a year since 2018. Starting with regional expos, in November 2019 the first national-level expo was held. In the short time since these were first held, the total number of visitors reached 2,799 as of January 2021.

At a SumStock Expo, visitors are given the chance to tour actual secondhand houses on the market built by Sekisui House, view the original design plans, see its renovation history and history of regular inspections, and get the feel for a renovation through a before-and-after VR simulation.

Visitors often praise this approach, saying “the maintenance history was clear and easy to understand,” or “since a renovation could make it feel so new, I felt there was absolutely no problem buying a secondhand house.”

These events receive lots of visitors—both those seeking a secondhand property and homeowners—with whom we share the value of the house as a social asset to be maintained throughout a long life.



SumStock Housing Expo

### Building a system with expanded customer support services for homeowners with easy access

Sekisui House values its relationships with homeowners highly, starting the moment a newly built house is placed in their hands. To provide “comfortable living—now and always,” our principle of living happily in a home for long time, we continue to set up systems that offer attentive after-sales service—consultations on any and all matters with quick and timely responses.

As of February 2021, we have about 100 Customer Service Centers (30 offices) nationwide to provide support to homeowners, and in 2020 began offering the new services described below to expand our solutions to meet homeowner needs.

#### Customer Service Center Owner Desk Since August 2020

We have set up a new 24-hour-a-day support system for homeowner consultation and quick response to inquiries. Open 365 days a year, a number can be called at any time, even outside Customer Service Center business hours, giving homeowners peace of mind.

#### Sumai-Smile Club Support Basic Since August 2020

A support service for owners of detached houses. By paying a monthly subscription fee, the homeowner periodically receives coupons that can be used for maintenance services by specialized staff and other types of maintenance coupons for services that include repairs and housecleaning.

#### At-home Maintenance Since June 2020

A service for consulting with a professional on maintenance while in your home. You can explain a problem while showing it live using the camera on your smartphone or tablet, making it easier to provide a fast, appropriate response. This service is for the growing number of people who wish to do an easy repair themselves or who simply want to ask a question without calling a repairman into their home.

All of these new services can be accessed easily by linking a membership on our Net Owner’s Club site for homeowners to the LINE messaging service (no ID or password needed for login) to consult with a chatbot.

Homeowners are showing great interest in such services, especially younger people who appreciate the easy access by smartphone. This new means of communication is also becoming more widely accepted in this age of COVID-19 when it is safer to avoid face-to-face contact.

We plan to expand such services and our points of contact with homeowners as our partners to protect their home lives.



Sumai-Smile Club Support Basic logo



Housecleaning: a popular Sumai-Smile Club Support Basic service



At-home Maintenance flaw confirmation using phone camera

### Remodeling and renovation proposals for greater resilience and comfort

Our Green First ZERO net-zero energy housing offers a high level of comfort, cost-effectiveness, and eco-friendliness. We now offer remodeling and renovation to improve disaster preparedness and therefore achieve greater resilience with Green First ZERO + R. (See page 29.)

The addition of a power generation system using photovoltaic and fuel cells (the Ene-Farm system), in combination with storage cells, saves energy and ensures energy supply in a disaster. It provides an important lifeline in an emergency and can continue to be used in daily life after the emergency is over.

Over time we have been getting more and more inquiries about our home remodeling and renovation proposals that provide greater disaster resilience, due to the many storms and earthquakes that hit Japan in recent years. The storage battery that we propose provides plenty of electricity for emergency situations but is also useful for the smart use of electricity in daily life. We will continue putting effort into renovations that equip

## Maintaining and Increasing Housing Asset Value

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

**Maintaining and Increasing Housing Asset Value**

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

zero energy houses for disaster preparedness to boost the home’s resilience.

We have also adapted the concept behind our Family Suite new house construction centered around a spacious living area to Family Suite Renovation for existing houses. This proposal-based flexible remodeling of space offers greater comfort tailored to the way families live, thereby generating new value in home living. This offering was announced in August 2019 and has since been utilized by homeowners in 6,700 homes.

Many of the existing houses we have built use a lightweight steel frame. Our newly developed RF Support Beam System allows structural columns to be removed to renovate a house by converting compactly partitioned areas into a large living room space. The expanded living space increases comfort while also maintaining and improving the asset value of the house.



RF Support Beam structure illustration

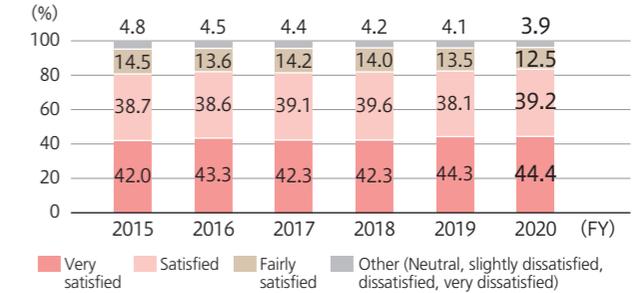
#### Feedback from homeowners and customer satisfaction surveys help us to improve quality further and expand services

Sekisui House conducts customer surveys to find out how homeowners rate the housing products and services we provide. We ask owners of detached houses to complete a questionnaire on the house-building process. A pre-construction letter of inquiry gives us the chance to allay anxieties by clarifying any unresolved matters listed, to proceed smoothly through to the post-construction phase. A questionnaire upon moving in allows customers to rate their satisfaction level at different phases of the process, from preliminary discussions to the handing over of the house. A questionnaire one year after moving in lets customers rate how well the design proposal succeeded, their satisfaction in terms of ease of use, after-sales service, etc. Owners of our Sha Maison rental housing are asked to fill out a questionnaire two years after handing over. These questionnaires cover overall satisfaction, the workmanship of the building, the customer’s willingness to recommend Sekisui House to other people, and satisfaction with various parts of the house, the power generation system, and with company representatives.

Since August 2012, customers have been able to answer questionnaires online at the homeowner member site, Net Owner’s Club. The improved convenience has seen more homeowners use the online system year by year. At present more than half of detached house homeowners respond to the questionnaire online.

The collated and analyzed questionnaire results are communicated to the relevant departments, helping to improve daily operations, expand services, develop new components and products, and improve design and construction.

#### Questionnaire one year after moving into detached house on level of satisfaction (choice of 7 levels)



Note: The horizontal axis on the graph is the survey year.

#### A system for preventing flaws and recurrences and creation of a database for complaints to improve quality

To supply houses to homeowners in which they can live safely with peace of mind and enjoy good health and comfort, we constantly strive to improve quality, and have set up a system for preventing flaws and ensuring that they do not recur.

Valuable input for boosting the quality of our housing comes in the form of responses to the one-year-after-moving-in questionnaire, plus the honest feedback from residents through our Customer Service Center and CS Promoting Department. We conduct surveys on services and products based on homeowner feedback, then analyze the results and share everything with the relevant departments. To date, improvements have been made to reflect the wishes of homeowners. These include remodeling water-use areas and the equipment and interior fixtures.

## Maintaining and Increasing Housing Asset Value

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

**Maintaining and Increasing Housing Asset Value**

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG  
Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

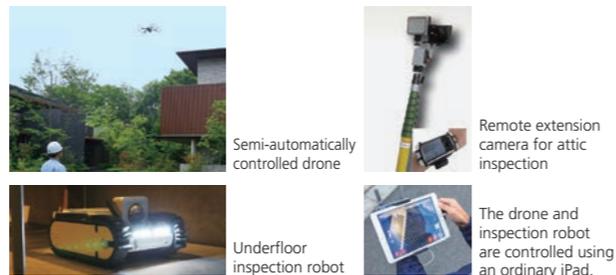
Occupational Health and Safety

### Smart inspection system for remote inspection and diagnosis

Inspections are carried out at regular intervals after we hand over houses to customers—after three months, one year, two years, five years, and 10 years. Inspections, plus maintenance and repairs, are performed according to the age of a house. Since February 2016 we have been sending maintenance advisors to visit homeowners when requested to provide advice upon the 20th year in their home.

We utilize the latest technologies to conduct periodic inspections and maintenance, including a special robot, drone, and iPad. In August 2019 we began implementing a new “smart inspection” system for detached houses. The system involves the use of a drone, underfloor inspection robot, and remote extension camera for attic inspection. High-resolution footage is taken and uploaded to the cloud. Dedicated staff standing by at our office support desk quickly analyze the images and determine if any flaws exist.

A standard smartphone and tablet can be used for easy remote operation. The system makes it unnecessary to perform dangerous or difficult work such as climbing to high places or crawling into an underfloor space, thereby improving working conditions. As these technologies eliminate demanding physical effort, they offer the opportunity for women or more senior employees, for example, to conduct inspections, which in turn helps resolve a pressing social issue in the construction industry—an ongoing shortage of labor combined with an aging workforce. The use of technology also shortens the time needed to conduct inspections while reducing clerical work, allowing us to give more time to homeowners and provide additional support.



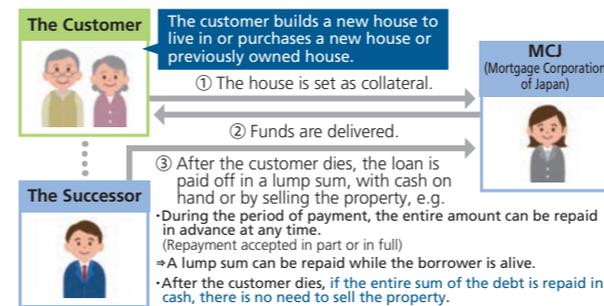
Implementation of the smart inspection system is currently being expanded to Sekisui House Customer Service Centers all across Japan. We will continue using cutting-edge technologies to extend high-quality after-sales service to our homeowners everywhere.

### Reverse mortgage loans support new house building and renovations for seniors

The Sekisui House Group is now offering reverse mortgage housing loans to meet the needs of retirees and others who want to lead richer lives into their old age. The loan system provides support to older people who had perhaps given up the idea of building a new house or renovating their existing one due to financial strain.

In January 2017, Sekisui House began offering new reverse mortgage loans in partnership with the Mortgage Corporation of Japan, Limited. The loan program differs from traditional reverse mortgage loans, which are aimed at freeing up home equity as cash for living. The loan we offer is a new type of housing loan that allows the homeowner to borrow funds for as long as they live to use for renovating their house or building a new one. The homeowner only needs to pay the monthly interest, while the balance is returned in a lump sum when the property held as collateral is sold upon the borrower’s death. For individuals in

#### How a reverse mortgage loan works



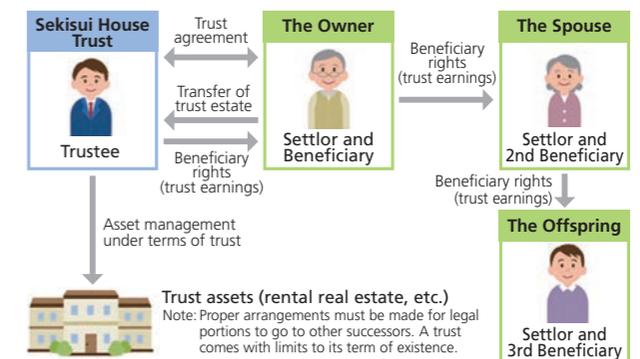
their 50s, 60s, and up who had given up the idea of building or renovating because they couldn’t afford the expense, the program offers a new option that can help them lead more fulfilling lives in their old age.

### A trust for real estate management and succession reduces the burden of managing real estate and supports the creation of a succession plan

Sekisui House Trust, Ltd. gives owners of rental housing peace of mind by helping them to pass on their valuable real estate to the next generation. They often face difficulty in managing their property for numerous reasons. They might be too busy, suffer from dementia, find it too troublesome, have no one in the family with knowledge of managing real estate, or the property they own is far away, for example. Many wonder how they can prevent conflict in the succession to their estate. One effective way to allay these concerns and anxieties is to set up a trust for real estate management and succession.

Our group company Sekisui House Trust, Ltd. specializes in this kind of trust, and offers a new option for the management of real estate and its succession to the next generation, whether a rental property, private home, or unoccupied house.

#### When a real estate management trust is the successor (Sequential beneficiary)



Addressing Material Issue ③ Coexisting with Local Communities

Social

Addressing Material Issue **3** Coexisting with Local Communities



III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③ Coexisting with Local Communities

- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Basic Concept

To make home the happiest place, it is paramount that the customer’s house is located in a safe community that gives rise to feelings of peace and comfort. The local community is what makes people’s lives possible; it is where people live, work, and study. A sense of community fosters local culture and builds a regional society, leading to social asset formation. The Sekisui House Group is actively engaged in new projects aimed at regional revitalization to increase the happiness in local communities. We also work with local non-profits and nongovernmental organizations to help communities in various ways. The main function of housing is to protect the lives and property of its residents. As natural disasters intensify around the world, we are focusing more intently on disaster prevention and mitigation, even though we might at times feel powerless in the face of nature’s fury. As a company that specializes in housing and community development, we are prepared to help with swift restoration and rebuilding after a natural disaster.



Themes and Key Performance Indicators (KPI)

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
Regional revitalization Contributing to society	Trip Base <i>Michi-no-eki</i> Project, a project for regional revitalization (total numbers since start of project)	—	—	4 prefectures: 8 buildings 596 rooms	5 prefectures: 14 buildings 1,053 rooms	7 prefectures: 18 buildings 1,410 rooms
	Sekisui House Matching Program employee participation rate	%	30%	27%	30%	40%
Social asset formation	Detached house residence evaluation (★4 or higher)	%	—	—	50% or higher	—
	Sha Maison Gardens (★4 or higher)	%	—	—	50% or higher	—

Harmony with Local Communities through Business

Social

# Sustainable Town Development Based on Child-friendly and Eco-friendly Communities

The Sekisui House Group focuses on children and the environment with Kids-First and Eco-First initiatives to establish good relationships with local communities. We are a home builder that works to provide solutions to many issues facing communities through our projects to supply housing and to build developments. We want there to be more net-zero energy housing (ZEH) to create children-friendly communities that are resilient in the face of disasters. We are promoting such building efforts in many areas, aiming to bring about sustainable community development by expanding the scope of our activities.

## III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

### Miramachi, a large-scale development complex with 404 lots: Creating a community that will continue to be vibrant in 20–30 years

Miramachi is a community development project located in the city of Toyohashi in Aichi Prefecture. It involves the development of a total land area of 270,000 m<sup>2</sup> with 404 lots that will include detached houses, as well as shops and restaurants, and business and medical facilities. Based on Toyohashi’s land optimization plan, we are working with the city to develop an area in the vicinity of Minamisakae Station as a residential district.

The name “Miramachi” is derived from the Japanese words *mirai* (future) and *machi* (town) to signify our interest in seeing this residential development that we are calling “Common Stage Miramachi” grow into a thriving community even 20 to 30 years into the future.

We have proposed the building of primarily net-zero energy houses on this subdivision land, combined with an environmental plan that systematically incorporates greenery. Plus, all utility and phone cables are buried underground, so there will be no unsightly utility poles. Such planning creates a beautiful, open space with homes, roads, and parks connected by greenery that is pleasant to walk through. Underground wiring also helps in an emergency such as an earthquake or typhoon, as there are no concrete poles to fall over and block the passage of emergency vehicles.

As the first trial of its kind in Japan, we will also introduce automatic combined meter reading for electricity, gas and water, using the communications technology employed in smart electric meters. Such technology will also allow residents to view their

current usage online, thereby improving convenience for residents and helping to conserve energy to protect the environment.

In the center of the subdivision a common space will be created, in addition to a child daycare and community center—Miramachi Kodomokan—to help form a real community among residents.

We will continue to carry out urban development that provides value and a bright, active future for children.

#### Four values built into Miramachi

<p><b>Community Contribution</b></p> <p>Joint development to raise the value of the southern part of Toyohashi, creating a “compact city”</p>	<p><b>Environmental Awareness</b></p> <p>About 400 ZEH homes planned—an environmental approach to 2030 as an Eco-First company</p>
<p><b>Sustainable Growth</b></p> <p>Systematic use of existing trees to create relaxing space and protect the environment</p>	<p><b>Disaster Resilience</b></p> <p>Roundabouts (circular intersections) and underground power cables assure safety and resilience</p>



Beautiful streets in Miramachi with no utility poles

### The *Egota-no-mori* Project—building a multi-generational sustainable community

The *Egota-no-mori* Project is a new large-scale urban development project that is in balance with the natural environment of Egota-no-Mori Park in Nakano, Tokyo, and features separate zones of facilities. Different zones offer houses with lots to lease or purchase for families with children, rental housing for seniors, rental housing for students, a private nursing home, and child-rearing support facilities such as a nursery school and after-school center. The town-building project is aimed at promoting multi-generational exchange and circulation. In another zone stands Tokyo General Hospital, an important part of a system that provides local medical care.

The apartment buildings can accommodate families of various makeups and at different stages of life, which makes it possible for people to change residences within the area, facilitating a circulation of households. It is a good environment in which to raise children, and also offers medical care and nursing service in adjacent zones—attractive features that motivate people to continue living in the development. In the middle is a community center that offers a restaurant, lounge, kids’ room, even car-sharing services, functioning as a shared community space that gives rise to multi-generational exchange and also serves as an evacuation center and provides an evacuation route in times of emergency.

Note: The Mori Living-In-Lab Council of *Egota-no-mori* is currently serving as the area management organization.

Winner of the 2019 Good Design Award Best 100, Exceptional Good Focus Award (Design of Community Development), The Green City Award for Green Business Activities, and the MLIT Minister’s Prize



Harmony with Local Communities through Business

III. Social

- Addressing Material Issue ②  
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**The *Dai-no-mori* Project in Sendai: Community building with history, culture and nature**

The *Dai-no-mori* Project is a project to build a small café, gallery, restaurant, and pottery workshop on a forested property in a residential district of Aoba-ku, Sendai. The project keeps the trees on the property intact as a reminder of a lifestyle that existed for generations, planting and maintaining trees as a valuable source of timber to build a home for the next family generation. The project takes advantage of unused land and will include a group home for people with disabilities as part of the community. Sekisui House proposed creating an open community hub that would also provide welfare services. After learning hard lessons from the Great East Japan Earthquake, we saw the importance of creating personalized settings for multi-generational relationships. So we gathered information and ideas from nearby residents in the planning stages that included an interview with the 90-year-old landowner on what they remembered about the locale from their childhood. We wanted to build sustainably a complex that people would feel at home in—that would support diverse lifestyles and connections within the local community.

The property is about 2,000 m<sup>2</sup> and has a huge zelkova tree that is over 300 years old. The plan was to incorporate the various trees into the layout for the buildings to make it a new kind of forest. For the neighboring residents it would be a place for cultural exchange and a place to go to relax. For the owner it would be a stable source of long-term income. The *Dai-no-mori* Project came together as a result of Sekisui House teaming up with the landowner, local residents, a builder, and a project manager. We plan to use the project as a model for similar projects to be undertaken nationwide.



*Dai-no-mori*, a forested spot for local interaction

**The Open Village Nokishita community complex: Healthy urban development through connections and functions**

Open Village Nokishita was established as an initiative to create a place where people with no previous ties to the locality could live with peace of mind. (Project planning and facility operation by AiNest Co., Ltd., a wholly owned subsidiary of Kokusai Kogyo Co., Ltd.) The facilities are located on the east side of the city of Sendai, in Tagonishi, Miyagino-ku, a newly developed area that is home to many victims of the Great East Japan Earthquake in 2011. Large-scale public housing had been built in the aftermath of the disaster, but those who moved in did not feel comfortable, as it provided few common areas at which people could gather and communicate with one another. Sekisui House became involved in the second phase of disaster restoration to devise a plan that would help form a basis for a local community—a community that enabled child-rearing in a new residential area by providing a facility at which children could spend after-school hours that would also function as a place where all kinds of people could gather and interact. We thus joined the project to contribute the architectural planning, designing, and building.

The facilities we planned for this 4,200-square-meter site around a courtyard were: a group home and short-stay facility for people with disabilities, a consultation and support office, a café and gallery to provide job assistance to people with disabilities, and a collective space and private nursery school. Tenant management is handled by a social welfare corporation, non-profit organization and private company. (Opened in May 2019)

The concept for the project was “healthy urban development through connection and function.” The central courtyard can be seen from all of the surrounding buildings to provide safety. We will continue working with local residents and volunteers to develop complexes like this one to benefit communities.



Open Village Nokishita, an easy place to gather

Recipient of the 2020 Kids Design Award

**The Trip Base *Michi-no-eki* Project: Comfortable yet simple roadside hotels to be built in 15 locations in 6 prefectures**

Sekisui House has partnered with Marriott International on the Trip Base *Michi-no-eki* Project, a project for regional revitalization, working in collaboration with 25 local governments and 38 partner companies around Japan to utilize the system of roadside rest stations called “*Michi-no-eki*” to propose a style of travel that encourages exploration of lesser-known destinations to discover their unique charms.

We started opening simple, comfortable roadside hotels in October 2020, and in the first stage of the project, 15 roadside hotels will be built in six prefectures by March 2022, offering a total of approximately 1,152 rooms. (Click here for a list of areas in the project’s first stage.) Going forward, we plan to expand the combined capacity of these hotels to about 3,000 rooms in 25 prefectures by 2025.

The hotel business will be run by Marriott International under its “Fairfield by Marriott” brand, the first such arrangement in Japan. Marriott will run the hotels, which will be built under contract by Sekisui House. They will be designed only for overnight stays, without a restaurant, to encourage dining and using hot spring facilities in the vicinity. Visitors will go to the *Michi-no-eki* station and interact with local people, also bringing economic stimulus to the area.

The project offers a viable path to regional revitalization through a new style of travel.



Fairfield by Marriott Hotel

III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic  
Technologies

Improving Construction Quality and  
Boosting Construction Capabilities

Maintaining and Increasing Housing  
Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities  
through Business

Harmony with Local Communities  
through Social Activities

Protecting Life and Property from Natural  
Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Harmony with Local Communities through Business

Work-life mix for regional revitalization:  
Support for raising children and working at  
home to attract young households

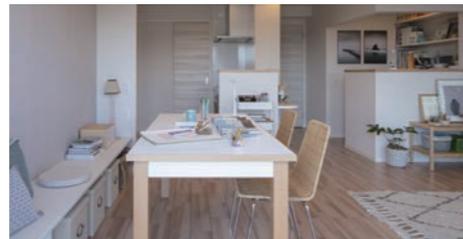
This housing project to support raising children is based on a work-life mix\* concept for new lifestyles in an age of working at home. The project is designed to motivate young couples who want to have children, or who are raising children, to move to a more rural area.

Local governments across Japan have recently been using the opportunity presented by the increasing popularity of “workations” and remote work, especially since the COVID-19 pandemic, to promote efforts aimed at regional revitalization. This project, in which Sekisui House teamed up with the town of Nakagawa in Tochigi Prefecture to build housing to support child rearing, is a prime example.

The project to build rental housing for households raising children in tandem with a childcare support facility is designed to stem the outflow of the town’s population and encourage an influx of young people from other areas to settle permanently in the town. When this younger generation integrates into the community, they become active in neighborhood associations and the like, which stimulates the local area.



Eminar Nakagawa, support housing for raising children in Nakagawa, Tochigi  
Sha Maison rental housing (behind in photo) + child support facility (front in photo)



Inside a house that is designed to support child-rearing in Nakagawa, Tochigi.

Situated around a large courtyard on the site of this project, we built housing for families raising children, with an adjacent support facility. Each dwelling unit has a compact, functional design that is easily partitioned for work, child-rearing, housework, or rest and relaxation.

In our housing designs, Sekisui House has focused on creating spaces that allow children to feel safe and comfortable. We have leveraged the know-how from our *Kodomo idokoro* design solutions, which allow homeowners to adjust their home layout as their children grow, to create spaces in nursery schools and kindergartens. Our proposals are based on smart universal design principles for children aimed at creating environments that children are comfortable in and that encourage their emotional development.



Kodomo idokoro, Oamishirasato City Child Care Exchange Center in Chiba

There are similar needs among the senior population for residences in safe, comfortable locations that allow people to lead healthy, happy lives into their old age. We are developing proposals for many different facilities and areas that include group homes, private retirement homes, and housing for the elderly that includes assistance services, utilizing the expertise we have in housing and the cutting-edge technologies from non-residential construction.

\* Often described as work-life balance, where people seek a harmonious balance between different facets of their lives. We have incorporated this concept into the branding for our rental housing for a work-at-home era: Sha Maison Work-Life Mix.



AS HEIM Kamifukuoka nursing home

Child Chemo House  
A care home for children fighting cancer

Child Chemo House opened in March 2013 in the city of Kobe. It is run by Child Chemo Support Fund, a public interest incorporated foundation. The facility provides an environment for infants and small children with cancer that allows them to undergo chemotherapy while living with their mother, father, and siblings in a home-like situation, rather than being alone in a hospital or facility. Ceiling windows everywhere allow in plenty of natural light, and our *Airkis* high-quality indoor air system purifies and ventilates the air. In October 2013 we built examination rooms within the facility for infants and small children that puts young children at ease when they receive treatment. Sekisui House Remodeling, Ltd. did the construction work, incorporating Kids Design elements. Various local community events have been held at Child Chemo House since its opening, elevating its value as a local resource that supports local residents’ lives, as well.

We have reached and supported Child Chemo House through the Sekisui House Matching Program (see page 76), under which our company matches employee donations to NPOs and other organizations. For building the facility, we were in charge of the overall design, planning and construction. We have since continued to support the organization’s activities through participation in charity walks, setting up vending machines that forward proceeds, and through other activities. We will keep involved in these activities as part of our making connections with the community.



Child Chemo House provides a home-like environment accompanying intensive treatment.

Harmony with Local Communities through Social Activities

Social

# Working with Local Communities to Achieve Sustainable Social Revitalization

Sekisui House participates in a range of projects to benefit people in local communities based on love of humanity, our corporate philosophy. We carry out initiatives that closely involve local communities based on our Kids-First and Eco-First principles. These initiatives include working with local citizens' groups and educational organizations to support education and benefit the environment.

## Sekisui House Matching Program has donated over 400 million yen to 403 organizations

In fiscal 2006, we began the Sekisui House Matching Program, through which the company matches employee donations to NPOs and other organizations engaged in addressing social issues. Nearly 6,800 employees currently participate in the program (27% of employees). To date, a total of over 400 million yen has been raised and donated to 403 organizations.

In fiscal 2021, a total of approximately 49 million yen was raised and earmarked to support 49 organizations, primarily involved in efforts related to the SDGs. We continue to support youth education and environmental initiatives in this way.



## Collaborative initiatives with charitable groups

Every year, we hold presentation ceremonies to announce our partnerships with charitable organizations. Ceremonies are held at the Sekisui House office closest to where the group is active to introduce what the group does and promote awareness of those activities. We actively promote these collaborative initiatives, create plans that are mutually beneficial, and take action together in ways that benefit society and the local area, thereby promoting revitalization.



## Association to protect the fireflies of Kumagaya City and our Saitama Kita Branch

This non-profit, which goes by the name "Firefly Patrol," carries out activities to protect the *genji-botaru*, a species of firefly found in Japan. In October 2020, volunteers from our Saitama Kita Branch joined the association's training course to become "firefly *Satoyama* instructors" and participated in its *Satoyama* preservation program for children.



## Japan Rescue Association and our Osaka Minami Branch

This certified non-profit trains therapy dogs and provides dog-assisted therapy to children who are hospitalized for a long time. It strives to make therapy dogs an accepted regular presence in hospitals. In November 2020, about 15 employees from our Osaka Minami Branch made wool felt key holders as presents for children in long-term care at the Osaka Women's and Children's Hospital in conjunction with the Japan Rescue Association.



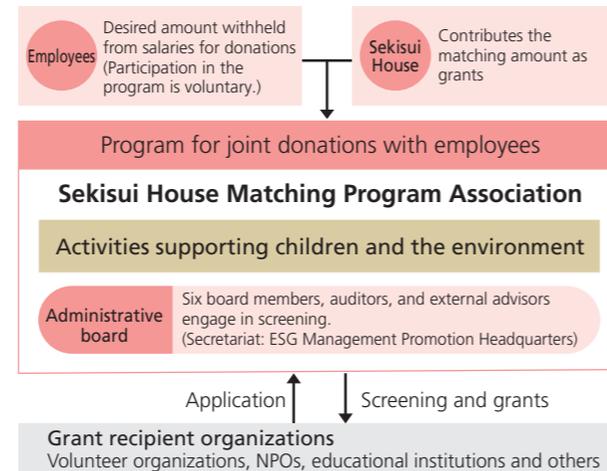
When asked about their volunteer experience, employees who have participated in these activities express a new awareness—"I started to think about the social significance of the company" and "I felt that I was working to achieve sustainable development goals."

As a known and trusted company in so many communities, we are committed to working with charitable organizations to address local issues on an ongoing basis.

## III. Social

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- Harmony with Local Communities through Social Activities**
- Protecting Life and Property from Natural Disasters
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- Occupational Health and Safety

### Screening and grants



## Family House and our Yokohama Kita Sha Maison Branch

In October 2020, our Yokohama Kita Sha Maison Branch contacted Family House, a certified non-profit that helps children with illnesses and their families, about having some of our employees join "volunteer activities that can be done at home" for the organization. Until the previous year, the branch had joined in regular cleanups, but the pandemic prevented such in-person gatherings. As a replacement activity, they were able to make disposable cloths and greeting cards to donate.



Harmony with Local Communities through Social Activities

Kids-First initiatives  
(Educational support in collaboration with educational institutions)

Educational programs at our model houses:  
Career education support for elementary and junior high school students

As part of our Kids-First efforts, we provide educational support in collaboration with educational institutions, utilizing the model houses Sekisui House operates around the country to provide children with fun hands-on opportunities to learn about housing. We are now setting up a career education program for elementary and junior high school students that will encourage them to think about the meaning and purpose of working and will help them in choosing their path in life. In November 2020, as a workplace tour that is part of a career education program at Osaka Municipal Tajima Junior High School, students were welcomed at a three-story house at the Sekisui House model house site in Namba. The students were able to tour the model house, experience house layouts in virtual reality, and listen to a lecture from a Sekisui House sales representative and home designer about what it takes to build homes. We will continue to offer educational support through such programs to expand the vistas of children looking toward their future with great hope. We will take full advantage of the over 300 model houses that Sekisui House runs across Japan to provide children with eye-opening educational experiences.



Study tour at model house (left) and virtual reality experience of room layout using QR codes (right)

Supporting programming education, a Japanese government initiative:  
Getting elementary school kids to imagine and design “houses of the future”

Sekisui House is the only company in the housing and construction industry to be a cooperating firm in a MEXT educational initiative kicked off in September 2019 with Programming Education Promotion Month in Future Studies. The initiative is a precursor to programming education that became compulsory in elementary schools in fiscal 2020.

As part of this effort, we have held special lessons for children entitled “Everyone’s House! Houses of the Future!” These lessons, held at our *Sumai-no-Yume-Kojo* Centers and locations in other parts of Japan, teach elementary school children about housing. The children are given the chance to take ideas from what they learn to design and build “a house of the future” of their own using architectural simulation software on computers, and other means.

In fiscal 2020, due to the pandemic, only three schools were able to participate, with a total of 130 students, but taking measures to prevent the spread of COVID-19, we plan to continue offering the lessons on building houses and “happy homes” of the future. Cooperation with children’s programming education is a way for Sekisui House to contribute to society through education and to appeal to the public that we are working to create happy homes. It is also part of our effort to achieve the sustainable development goals. We are proud to continue supporting programming education in elementary schools through our participation and cooperation with this initiative, incorporating the study of housing into education.



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

School visit classes at educational institutions

Our Kids-First initiatives are designed to provide educational support through a collaboration with educational institutions. Efforts include workplace experiences for students at Sekisui House sites and our staff visiting to schools to offer lessons.

Captain Earth “le-cology” Seminar

Mixing hands-on learning and game playing, an educational experience about living with global warming give students a chance to learn about and have fun with eco-friendly ways of living through the topic of housing.

“A Letter from Dr. Forest” Program

Dr. Forest (a Sekisui House employee) is a specialist in greenery who uses examples of nature—in a school courtyard, for example—to get kids think about ecosystems and the issue of native vs. introduced species of plants.

Treasure Hunt Tour with Head Recycler (facility tour version)

A program held at the Sekisui House Eco First Park (Koga, Ibaraki) for students to learn about the circulation of resources.

Lesson on Brightness in Living

Using light meters, kids measure brightness around them to come to understand the usefulness of natural light indoors.

Lessons by Dr. Universal Design

A Sekisui House employee dressed up as “Dr. UD” teaches about universal design from the point of view of safety and ease of use.



School visit class for teaching about house insulation



“A Letter from Dr. Forest” program

III. Social

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Harmony with Local Communities through Social Activities

Social

Eco-First initiatives  
(Contributing to society through environmental projects)

Sekisui House Eco First Park

In 1999, Sekisui House became the first company in the housing industry to introduce an Environmental Future Plan. In the two decades since, we have been creating residential environments that are both people-friendly and environmentally sound for multi-generation living. These efforts were recognized by the Ministry of the Environment, which in 2008 certified Sekisui House as the industry's first Eco-First Company.

To symbolize the environmental efforts we have made over the years as a company, in May 2015 we created the Sekisui House Eco First Park. The park is a place where visitors can learn about our environmental activities in the areas of preventing global warming, conserving ecosystems, resource recycling, and environmental education, based on our Eco-First Promise.

Publicizing our advanced environmental technologies and teaching them in educational programs and materials

The Sekisui House Eco First Park features three test houses, a Living Garden based on our native-tree *Gohon no ki* Project, and the Resource Wellspring recycling center, which achieves zero emissions by separating waste into 80 categories, well beyond the 27 categories at construction sites. The park is situated adjacent to our Kanto Factory in Koga, Ibaraki Prefecture.

For people to live comfortably, a house needs to employ an environmental design and the technologies to minimize energy use, keep from harming the ecosystem, and eliminate waste. Visitors have fun learning about these and other ways in which houses can help protect the global environment.

The park shows the public how our advanced environmental technologies accomplish this goal. The park also provides environmental education for elementary school children and can

be used by high school or university students to better understand the relationship between housing and the global environment.

The park was closed for some stretches to prevent the spread of COVID-19, so the number of visitors declined in fiscal 2020, but it will continue to be actively used going forward as a facility to publicize the great things we are doing at Sekisui House.



Eco First Park

Total number of visitors

May 19, 2015– January 31, 2016	FY2016	FY2017	FY2018	FY2019	FY2020	Total
3,428	4,122	3,932	3,356	3,168	1,087	19,093

Facilities at Eco First Park

Resource Wellspring  
Visitors can see waste being sorted into 80 categories after first being separated into 27 categories at construction sites.



The *Shin-Satoyama* landscape zone is modeled on a traditional Japanese biotope to protect biodiversity and harbor wildlife

In 2006, on the north side of Shin Umeda City in Osaka outside the Umeda Sky Building in which Sekisui House has its head office, we built a landscaped area known as *Shin-Satoyama*. The area is about 8,000 m<sup>2</sup> in size and is modeled on a traditional Japanese *Satoyama*—a biotope consisting of a wooded area, bamboo forest, rice terrace, and vegetable farm in one compact area. The design is based on our *Gohon no ki* Project that focuses on planting trees native to the area. In its 15 years of its existence, the landscape has become a flourishing ecosystem at which much wildlife can be seen observed, including parent and duckling spotbill ducks, the threatened Eurasian sparrowhawk and Japanese night heron, and many other wild birds, insects, frogs, and lizards. (See also page 37.)

Since 2007, the year after the landscape was created, we have used the area to support the education of children from the neighboring district. We give elementary school children the chance to experience different aspects of growing rice using traditional farm tools, from planting rice in a wet paddy to weeding to harvesting and threshing the rice. We give nursery school children the chance to plant sweet potatoes and to dig them up when they are grown. By coming into physical contact with a diversity of flora and fauna, the children learn the importance of food and deepen their understanding of an ecosystem.

The wooded area of *Shin-Satoyama* with the sound of the many birds that it attracts, provides a restful, healing atmosphere for office workers, local residents, and visitors alike. We plan to apply the knowledge gained from *Shin-Satoyama* to future environmental activities.



Elementary school students planting rice at *Shin-Satoyama*

III. Social

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Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

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Respecting Human Rights

Occupational Health and Safety

Harmony with Local Communities through Social Activities

Other social activities

Over 20,000 experience House of Dialog, a "Dialogue in the Dark (DID)" program

We periodically organize events at *Sumufumulab* (Grand Front Osaka), our base for disseminating ideas, in conjunction with the House of Dialog program.

Dialogue in the Dark is an awareness-raising exhibition and social entertainment that has now been experienced by over eight million people in over 50 countries around the world. It was first proposed and developed by Dr. Andreas Heinecke in Germany in 1988. Participants enter a space in total darkness as a group and are assisted by blind guides. In this role reversal, participants learn to interact in a different way; they gain insights that would not arise in other settings.

Sekisui House has been running House of Dialog, a one-of-a-kind program that explores the theme of house and family, since 2013. The focus shifts from season to season and looks at family and home living. Unlike anything else in the world, the program has been very popular, attended by more than 20,000 people to date.

Based on our concept of lifelong housing and years of research on smart universal design, we will continue to provide platforms for people to experience new things of great value such as the Dialogue in the Dark exhibition, which fosters greater attunement to the non-visual senses while inspiring new perspectives on personal interaction and a natural appreciation of diversity.



Koji Kinutani Tenku Art Museum  
A new international cultural spot with over 200,000 visitors

Sekisui House opened the Koji Kinutani Tenku Art Museum as a way to promote culture and the arts to build the kind of society we desire based on ESG management. The museum is located in the Umeda Sky Building, home to our head office (Tower West, 27F). The museum is dedicated to the works of renowned traditional Japanese fresco painter, international artist Koji Kinutani. On display are many of Kinutani's colorful, energetic frescos, along with sculptures and interactive content, such as the world's first 3D visual system that allows the viewer to seemingly enter the world of the painting, and a virtual reality system that introduces the museum and the artist's atelier, presented by the artist himself. Since opening in December 2016, the museum has been very popular, attracting over 200,000 visitors from inside and outside of Japan (as of May 31, 2021).

The museum's monthly fresco-painting workshops have won the 13th Kids Design Award (2019) in the category of "designs to develop the creativity and create the future of children," organized by the METI-affiliated non-profit Kids Design Association. The museum is also frequently used to provide extracurricular lessons to students from nearby elementary and junior high schools. Such activities have been widely recognized, and were certified in 2019 and 2020 by the Association for Corporate Support of the Arts as "This is MECENAT"—certified activities for promoting arts and culture in a richly creative way.

In addition, a conference of the International Council of Museums (ICOM) held in Kyoto in 2019 offered an excursion to this high-rise interactive museum, gaining the interest of museum directors and art experts from around the world.

Since 2020, all kinds of activities have had to be curtailed due to the COVID-19 pandemic, but while keeping to strict guidelines to prevent the spread of the disease, we were able to hold the special exhibition "A Link of Lives That Lights Up the Sky," which has been certified by the Agency for Cultural Affairs as a "Japan Cultural Expo" exhibition for its sharing of Japanese beauty with the world.

This one-of-a-kind museum that makes good use of new

technologies will surely become a hot spot for art and culture both in Japan and internationally in the years ahead.



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



Fresco-painting workshop that has won a Kids Design Award

Supporting social participation and independence for people with disabilities through SELP products

As a housing manufacturer that has an impact on so many people's lives, we collaborate with outside organizations to support the independence of people with disabilities and promote their participation in society based on a love of humanity—a central theme in our corporate philosophy. Part of our efforts involve the ongoing use of SELP\* products in novelty goods. Since 2000, we have been working with Together, a certified non-profit, to purchase items made at welfare centers by people with disabilities across Japan and distribute them as novelty goods to guests who come to our Sekisui House "Open House Day" events and other types of events held nationwide. The items are used as a way to communicate with customers and area residents. They also serve to heighten awareness among our employees.

\*Products made by people with disabilities at welfare centers as part of rehabilitation or vocational training to encourage their participation in society. The word "SELP" is derived from "Self-Help" and is an acronym of Support, Employment, Living, and Participation.



Ceramic card holders

III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities**
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- "Happiness" Health Management
- Respecting Human Rights
- Occupational Health and Safety

Protecting Life and Property from Natural Disasters

Social

## Bolstering Our Emergency Support System, Plus Ongoing Support for Disaster Recovery

Sekisui House aims to help customers quickly get back to normal after a natural disaster through a rapid response system that covers everything from information to distribution so that we can respond quickly in an emergency—from confirming people’s safety to setting up support mechanisms.

### Initial response system for large-scale natural disasters that prioritizes homeowner support

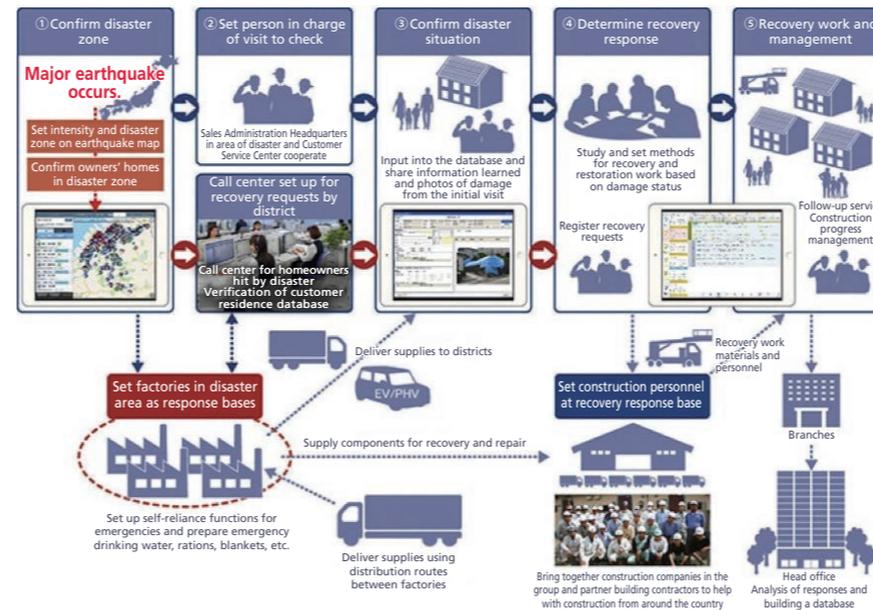
In the event of a natural disaster, our employees will use a “Disaster Visit app” that is integrated with our residential data management system to quickly ascertain the safety of homeowners and the state of damage incurred by the incident. They also use our factories nationwide as local recovery support bases and our distribution network as part of a system to help homeowners recover quickly and return to their normal lives.

When a natural disaster strikes, the first response is critical. The closest Sales Administration Headquarters to the stricken area contacts our Customer Service Center and starts functioning as a disaster response base to quickly check on the safety of homeowners, inspect buildings, and provide emergency supplies. Meanwhile, homeowner information from the stricken area is confirmed in our data management system and shared internally with the relevant departments. We also have a system in place for repairs and restoration work utilizing our nationwide network of both construction materials and personnel. Such response measures are implemented rapidly to help homeowners return to their lives as soon as possible.

**“Disaster Visit app” developed from past experience**

In 2018, Sekisui House developed a proprietary residential data management system based on past experiences of natural disasters. Homes are plotted on a map to allow instant access to all homeowner information kept in one place, from blueprints to a history of our visits, photos of disaster damage, etc. The app has helped to simplify management complexity and eliminated the past issue of doubled-up visits. It has also made emergency responses speedier and more precise.

### Flow from initial disaster response to recovery support (Images show information management on tablet screen using the Disaster Visit app.)



### Restoration support and rapid initial response effort after disaster includes 3,481 new employees

Starting in 2012, the year after the Great East Japan Earthquake, and every year thereafter, new employees have been enlisted to participate in restoration support work in disaster-hit areas. The effort is designed to provide support to meet needs in areas hit by the disaster, and to help deepen young employees’ understanding of the significance of the housing business. Our employees learn the importance of connecting with local residents and understanding their feelings and needs through activities that include removing rubble, cleanups around temporary housing, and interviews with residents. To date, 3,481 new employees have participated in this effort. (Although activities had to be suspended in some areas in 2020 and 2021 due to the COVID-19 pandemic, those activities will be resumed in due course.)

We carry out a rapid initial response to provide support when a disaster occurs. In 2019, when the country was hit by multiple typhoons, the Disaster Visit app was used to link the head office with respective disaster response headquarters to provide support to disaster-hit areas nationwide. As an initial response, the Construction Department of the head office works to get needed supplies ready immediately and conducts visits to check on homeowners without delay.

### Restoration support activities



Windbreak wall installation on temporary housing

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

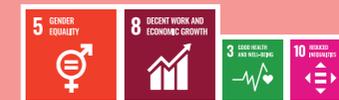
### III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Social

Addressing Material Issue **4**  Bringing Together Diverse Capabilities



III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Basic Concept

The founder of Sekisui House said, “A company comprises human beings. The mindset of each employee and how they relate to each other is the basis of business and management, and the foundation of our contribution to society.” We will strive to create an organization in which employees with different personalities can accept each other’s differences and exhibit their abilities to the fullest, thereby achieving a society in which everyone can approach work in their own way, with peace of mind.

In order to become the happiest company in the world, it is essential that each and every employee leads a healthy, vibrant and fulfilling life both inside and outside the company. We will pursue workstyle reform and promote physical and mental health to attain this goal.

Themes and Key Performance Indicators (KPI)

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
Diversity and inclusion	Number of female directors (non-consolidated basis)	Persons	1 or more	1	3	3 or more
	Number and percentage of female managers (group basis)	Persons	225	236	240	260
		%	—	3.79	—	—
	Employment rate of persons with disabilities (non-consolidated basis)*1	%	2.61	2.76	2.61	2.61*2
Workstyle reforms	Take-up rate for male childcare leave (non-consolidated basis)	%	100	100	100	100
	Monthly average working hours per person (new criteria)*3	Hours	—	176.71	176	175.5
Health management	Rate of employees opting for the secondary medical checkup*4	%	—	87	89	90
Occupational health and safety	Frequency rate of accidents in the construction division that result in lost worktime*5	—	2.63	2.17	2.15	2.13
Human rights and workstyle in the supply chain	CSR procurement, human rights and labor scores	Points	—	90.1	90.4	90.9

\*1: Calculation based on the exclusion rate system (construction industry 20%)

\*2: The statutory requirement for number of employees with disabilities is achieved in the group as a whole.

\*3: The aggregation method has been changed since FY2020 (the new method includes managers and excludes employees on leave)

\*4: Figures in FY2020 Results, FY2021 and FY2022 Targets reflect non-consolidated sales divisions only.

\*5: Scope of aggregation: Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.

Understanding and Implementing ESG

Social

# All Employees to Participate in “ESG Dialogue” in Order to Make ESG a “Personal Matter”

By making stakeholders “happy,” we can become a company that is continually sought after by society. To that end, it is important for all employees to think of ESG concept as an issue that affects them. For a start, in October 2020, we began an ESG Dialogue on the theme of “making employees, customers, and communities happy through our business” with the aim of encouraging voluntary actions and innovations.

## Three elements of ESG management promotion

In order to be continually sought after by society as a leading company in ESG management, it is important to think and act on “how we respond to all stakeholders and how we can make them happy.”

For that purpose, we have identified three key elements: Advanced Initiatives, Participation of All Employees, and External Evaluation. Advanced Initiatives are new challenges that the group keeps taking on, such as Green First ZERO, the Well-being Survey and *Ikumen* Leave. By promoting these key elements, solving social issues, fostering employees who can relate to ESG concept themselves and taking actions with the Participation of All Employees, we will find that the path to becoming a leading company in ESG management is in front of us.

Of the three elements, the most important point in promoting ESG management is Participation of All Employees, and that was the start point for our ESG Dialogue.

## ESG approach is the practice of our corporate philosophy of “love of humanity”

The ESG Dialogue is the first step to make ESG approach as a personal matter. The objective is for each person to become aware of the cycle of happiness through ESG approach. In the Dialogue, participants first put into words their experiences and values, and then broaden their perspective by experiencing diverse ideas that differ from theirs. The goal is for each employee to acquire a sense of belonging to the mission as human and to personalize their own participation in promoting

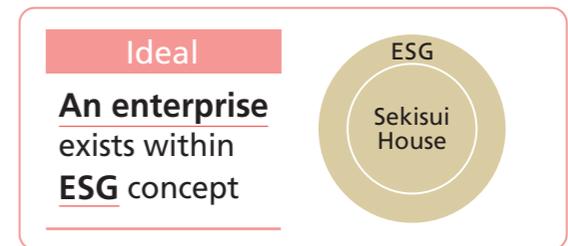
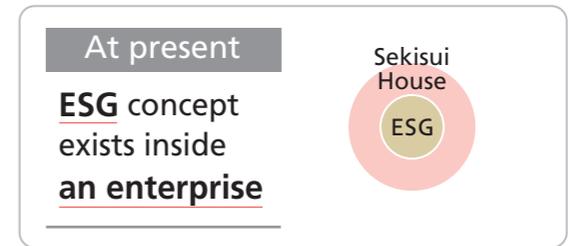
our corporate ESG initiatives.

If our employees work for the happiness of our customers, we will be able to satisfy them and contribute to society at the same time. This will lead to improved business performance for our group, happiness for our employees, and satisfaction for our business partners and shareholders. These factors will in turn enable our group to promote new business development, and the general feeling of “happiness” will circulate into society in an upward spiral.

Our ESG approach is a way of putting into practice our corporate philosophy of “love of humanity”—our wish for the happiness of others and our sense of joy in the joy of others.



Aiming to be a leading company in ESG management



Presentation material by Katsuhiko Kokubu, Professor of the Graduate School of Business Administration, Kobe University, for the ESG Promotion Committee

## Targeting 28,000 employees

The ESG Dialogue is an actual dialogue between four or five employees, and the facilitator (the person who encourages the dialogue and leads it toward “awareness”) is also an employee. The theme of the dialogue is “How can we make our employees, customers and communities happy through our business?”

Between October 2020 and January 2021, 24 times of ESG Dialogue were made for general managers of Sales Administration Headquarters and branch managers of Sekisui House, and from

## III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

### Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Understanding and Implementing ESG

February 2021 onward, these general managers and branch managers who have already experienced the dialogue will in turn lead dialogue within the Sales Administration Headquarters for mid-level employees (e.g., those in five managerial positions).

In this way, the dialogue will be developed by level, and all 28,000 employees of the group, including those overseas subsidiaries, will participate in the dialogue on the theme of stakeholder happiness. After the cycle is complete, the dialogue will continue with different themes.

Due to the impact of the COVID-19 pandemic, the ESG Dialogue to date has been conducted mainly online. Participants said, “It is necessary to pay attention to the happiness of people with different values from my own,” and “I am happy when I can share with customers that choosing Sekisui House will contribute to society.” It was apparent that each of the participants deepened their understanding of ESG concept as a personal matter.

**From awareness gained through dialogue to spontaneous action**

Continuing dialogue leads to “action.” A company has an obligation to fulfill its “social responsibility” through its business. We will continue to respond to the needs of our stakeholders by looking ahead, innovating, and working to solve social issues.

In order to do so, it is essential to foster a spirit in which each and every one of us works independently and creatively. We have incorporated the group’s own ESG indicators into our commendation system to place more emphasis on ESG initiatives in addition to contracts and profits from daily business activities.

The ESG concept is the root of our desire to contribute to the happiness of our customers and colleagues, making our workplace like a “home,” and that is the very practice of our corporate philosophy. We will continue to promote ESG Dialogue and take further steps to become a leading company in ESG management.

**Highlights**

**The 60th Anniversary Project: SKIdea Innovation Competition**

Sekisui House marked its 60th anniversary in 2020 and held an innovation competition for all employees of the group. The purpose of this project is to use our in-house application SKIdea as a platform to bring to light the latent ideas of all group employees, and through the reactions and screening provided by all employees, discover innovative ideas that will contribute to the happiness of customers and employees and to the company’s business. The name SKIdea is a coined word derived from “SEKISUI HOUSE GROUP Knowledge & Idea.” In addition, “S” connotes “Share, Superior and Smart.” All the knowledge, experiences, technologies, and excellent ideas of Sekisui House Group employees have been crystallized into this platform. By sharing them and working together, employees are expected to realize their projects and sublimate them into formal knowledge. To make entry to the competition easier for employees, we created an environment in which individual employees can post their ideas on an in-house idea platform that can be used and viewed by all group employees, thereby supporting team building so members can sympathize with each other and work together. This is part of our effort to develop and foster an in-house culture whereby employees who are not connected in their routine work communicate with each other and take on new challenges. During the one-month entry period, 836 applications were received. Among which, after presentations were delivered to corporate officers, the winners of the Grand Award and the Award for Excellence were decided upon.

After the competition, the teams that came up with the best ideas and the departments in charge held discussions and shared issues that need to be addressed in order to realize these ideas. By continuing to develop an environment that enables the use of an idea platform, we will continue to promote “Innovation & Communication” in fiscal 2021 and beyond.



Developing Human Resources

# Making Sekisui House the Happiest Company in the World by Encouraging Employees to Take on Challenges Autonomously

We have positioned 2021 as the year one for reforming our personnel system and have introduced a highly transparent evaluation system and career interviews based on full communication between supervisors and members to support the “career autonomy” of employees. We aim to create a corporate culture that encourages employees to develop their own career visions and take on challenges autonomously, along with the high motivation required to achieve them, rather than having their careers led by the company.

## A new personnel system to support autonomous career development

Based on our Global Vision of “making home the happiest place in the world,” Sekisui House has created a vision for the future of “maximizing the ‘happiness’ of our customers, employees and communities” as our ideal vision for 2050. In order to make Sekisui House the happiest company in the world, in addition to the diversity and inclusion and workstyle reforms that we have been working on, in 2021 we launched a new personnel system reform.

The main purpose of the system reform is to support “autonomous career development.” Rather than just aiming for a managerial position when the time comes, employees can choose their own career course by considering their

strengths and specialties. There are two types of career courses: managerial positions that contribute to the organization through management, and specialist positions that contribute to the organization through high-level expertise.

What is important here is to ensure that supervisors and subordinates have sufficient communication. Regular career interviews will be held to share employees’ values and ideas about their careers, as well as to support their growth by providing appropriate feedback on their individual strengths and development points.

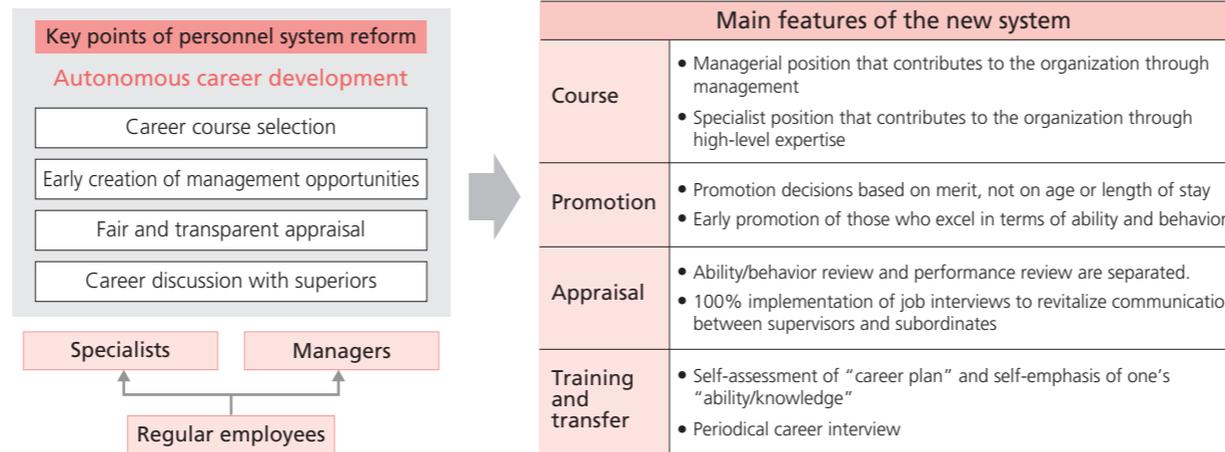
Starting with the introduction of the new grading system in February 2021, we are currently in the process of sequentially putting in place a concrete system. Positioning this year as the year one of personnel system reform, we will strive to expand the new system.

## Keiei-juku and SHINE! Challenge Program to foster the next generation of business leaders

The *Keiei-juku* management training program started in 2018 with the objective of training and selecting future leaders in each organization (for the positions of branch manager, head office senior manager, factory manager, etc.) and had 42 participants in its second session which started in June 2020.

The SHINE! Challenge Program (abbreviation for ‘Sekisui House Innovators and Entrepreneurs Challenge Program’) has also entered its second term with 15 participants. This program, begun in October 2019, is designed for training young leader candidates (aged 30-35 years). The goal of the program is to discover, train and foster talented young individuals early on to systematically produce strong candidates for leading the business into the future.

### Outline of personnel system reform



- Addressing Material Issue ② Pursuing the Potential of the Home Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources**
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety



The 2nd term of SHINE! Challenge Program

Addressing Material Issue ②  
Pursuing the Potential of the Home  
Deeply Cultivating and Expanding Basic  
Technologies

Improving Construction Quality and  
Boosting Construction Capabilities

Maintaining and Increasing Housing  
Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities  
through Business

Harmony with Local Communities  
through Social Activities

Protecting Life and Property from Natural  
Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

## Developing Human Resources

### Initiatives to strengthen management capabilities

In order to create a corporate culture with a positive atmosphere and strengthen management capability, human resource development, organizational revitalization, etc. of individual branches and teams, various training courses are provided for newly appointed branch managers and leaders, as well as for the purpose of strengthening branch management and others.

Since the second half of fiscal 2020, which started in August, these training programs have been conducted online and 137 participants have completed the newly-appointed leader training course. In addition to the above, we also carry out managerial promotion assessments (training for manager candidates).

### Support for career building (uniformly implemented across different levels)

#### Self-esteem improvement seminar (for employees in their third year at the company)

Self-esteem means belief and confidence in your own ability and value. This ongoing seminar is designed to ① develop our own potential, ② become aware of the way we are, change and expansion of self-concept, ③ evoke and improve strong self-esteem to take on challenges in life with vigor and passion, and ④ consider what we aspire to become (goals) and obtain guidelines for specific actions.

With 227 participants in fiscal 2020, the cumulative number of participants since 2006 came to 5,151.

#### Autonomous career development course (for employees in their fifth to seventh year at the company)

With an increase of the importance of self-driven career development, this workshop aims to support employees on their journey toward becoming “independent human resources” and “professionals” who have a sense of an independent career formation based on their understanding of themselves and the environment. In fiscal 2020, all 154 target employees received the course, and the cumulative number of participants since fiscal 2003 was 6,643.

#### Mid-career training (for employees reaching at their 45th birthday)

This training is intended for mid-career employees to set goals and plans for the second half of their career and improve future career satisfaction. It is characterized by many employees taking action immediately after the training, such as trying to improve their skills, broaden their network, train junior colleagues, make financial planning for education and post-retirement, and discuss on nursing care with their families. In fiscal 2020, the training was postponed due to the COVID-19 pandemic and scheduled to resume in August 2021.

### In-house certification programs

#### On-site supervisor: Chief Constructor

Established in fiscal 2012, this program assigns the role and qualifications of Chief Constructor to outstanding on-site supervisors, thereby encouraging them to pursue even higher goals. We have trained a lot of excellent on-site supervisors who engaged in routine work aiming to acquire this certification, and this has improved our brand power and productivity. In fiscal 2021, a total of 158 supervisors were certified as Chief Constructors.

#### Design: Chief Architect

The Chief Architect program was instituted in fiscal 2008 for developing designers who support the creation of quality houses. By granting the role and qualifications of Chief Architect, the program aims to further improve skills of designers. The certification period is two years, and in fiscal 2021, a total of 282 Chief Architects are carrying out their vital role across the country.

#### Structural planning: Structural Planning Specialist

This is a certification program instituted in fiscal 2015 to foster designers who play a leading role in structural planning at the worksite. The purpose of the program is to improve the safety and rationality of structural planning by granting the designer the role and qualifications of a certified Structural Planning Specialist. The certification period is three years, and the total number of certified specialists in fiscal 2021 was 172.

#### Design (Platinum business): Platinum Specialist

This program started in fiscal 2015 with the aim of promoting what we call our platinum business (housing for senior citizens, welfare buildings in general for children, people with disabilities and others, medical facilities, etc.). The role and qualifications of the Platinum Specialist are granted to employees engaged in design who have an excellent track record in design, combined with advanced expertise and the skills necessary for designing platinum properties. In fiscal 2021, the total of certified specialists was 42.

#### After-sales service:

#### Customer Support Meister (CS Meister)

This program was established in 2017 with the aim of increasing the number of homeowners who support Sekisui House. In fiscal 2021, a total of 83 “CS Meisters”—who excel in customer support and take the initiative in carrying out their duties with a high level of skill and abundant knowledge—were active across Japan.

### In-house recruitment system

Sekisui House has established the “Career Challenge System” as an opportunity for employees to step up in accordance with the purpose of the “Human Resource Sustainability” basic personnel policy.

#### Career Challenge System

Based on job type, job content, and (expected) duties to be assumed in the future, our employees are categorized into four groups: “Sales engineering job group (main career track),” “Production skills job group,” “General clerical job group,” and lastly as “Employees working in specified areas (regional employees).” Our personnel systems are operated according to the characteristics of each job group in terms of training and basic treatment.

As part of our efforts to promote the creation of systems that enable diverse human resources to play an active role, based on our basic personnel policy of “Human Resource Sustainability,” we introduced the “Career Challenge System” in fiscal 2006 to provide opportunities for employees with a challenging spirit to

III. Social

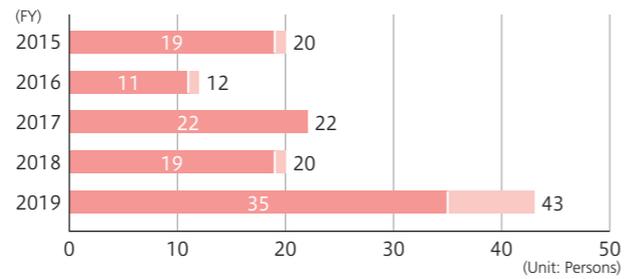
- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Developing Human Resources

make further progress. The program supports the conversion of employees in production and general clerical work as well as regional employees into sales engineering positions. Applicants take a two-day training course. During the training, they are provided with an opportunity to reflect on their past work experience and contemplate their future career. Upon completion of the training, applicants are evaluated the breadth and clarity of their career vision after conversion in addition to their interviews and other factors. Then selected employees are converted.

A total of 31 employees applied for the program in fiscal 2021.

**Number of applicants for the “Career Challenge System” (Numbers in white represent the number of employees who actually changed job grouping) FY2015-FY2019**



Note: The system was not implemented in FY2020.

**Training for employees on environmental initiatives (General education/training)**

When introducing our eco-friendly homes to customers, it is important to provide an explanation based on sufficient knowledge. For this reason, we implement a wide range of education and training programs for our employees.

**Green First Training**  
Our Green First\* eco-friendly homes constitute the backbone of our efforts to combat global warming and are placed at the core of our product strategy. Accordingly, it is essential to have a deep understanding of its technical elements, contents of the system, economic benefits for customers, and details of subsidy programs. For this reason, we have been conducting a group training program called the Green First Training since fiscal 2009.

Twelve years have passed since the launch of Green First homes. As the learning environment has been improved by introducing iPads as a training tool, the quality of the training has also improved. Taking into account the efforts in understanding Green First ZERO (ZEH) dwellings, the cumulative total number of training sessions held by 2019 came to 607. More than 28,700 persons in total, including not only sales staff but also customer service staff involved in after-sales maintenance and new employees including technical staff, have received the training.

In fiscal 2020, the training went online, and the number of training sessions held was 38, or a half compared to the previous year. On the other hand, the number of participants was 1.7 times that of the previous year, exceeding 5,200 in total.

\* The name of our eco-friendly home brand launched in 2009. Each highly insulated and airtight house is equipped with a solar power generation system and fuel cells.

**Specialized training (specialized education/training)**  
In the production divisions, we implement specialized education for qualified personnel based on ISO14001, for which we have been certified. Specialized education on “proper disposal of construction waste” and all related environmental laws is provided in the sales divisions.

**Development of online programs to maintain and improve the effectiveness of training during the COVID-19 pandemic**

In order to prevent the spread of COVID-19, training sessions were not held in the first half of fiscal 2020. To resume the training program, online programs were developed, and from the second half of the fiscal year, all group training was replaced with the online programs. As a result of reviewing and improving the programs to ensure that the effectiveness of career training and other programs, which are generally said to be less effective in an online format, did not decline, the effectiveness of the programs was maintained and improved as participants became more self-reflective. After the COVID-19 pandemic draws to a close, we will continue to develop more cost-effective human resource development methods using the online model.

Diversity and Inclusion

Social

# Creation of a System Capable of Promoting the Participation of Women and Diversifying Human Resources

In order to build an environment that embraces diversity and allows everyone to reach their full potential, Sekisui House has declared its commitment to “Human Resource Sustainability.” The three pillars of our diversity promotion policy are promoting the participation of women; utilizing diverse personnel; and promoting diverse workstyles and work-life balance, and we are working to create an environment and structure where both employees and the company can achieve sustainable growth.

## Declaration of “Human Resource Sustainability” One of the first companies to focus on promoting diversity

In 2006, we declared our commitment to human resource sustainability, which consists of three pillars to promote diversity: promoting the participation of women; utilizing diverse personnel; and promoting diverse workstyles and work-life balance. The Diversity Development Team established in the same year was reorganized into the Diversity and Inclusion Promotion Office in February 2014, and again into the Diversity and Inclusion Promotion Department in April 2018. We are working to support the active participation of female employees as well as diversity in our human resources.

In December 2017, we became the first company in the construction industry to receive the Minister of State for Special Missions Award of “Advanced Companies where Women Shine” from the Gender Equality Bureau of the Cabinet Office. This award was granted as recognition of our efforts in: enhancing women’s empowerment in the entire construction industry through human resource strategies to encourage female employees to pursue their careers and development and commercialization of temporary toilets for women at construction sites; promoting female employees to managerial/executive positions group-wide; and implementing IT technology-based workstyle reforms to support work-life balance.

In October 2020, we were awarded the Grand Prix at the IKUMEN AWARD 2020 sponsored by the Ministry of Health, Labour and Welfare. Our efforts for the *Ikumen* Leave system were highly evaluated, and we will continue to share the learning and knowledge gained from the operation of the *Ikumen* Leave system

with society at large, hoping to contribute to building momentum so that we can gain support in society for male employees taking childcare leave.

In March 2021, we were selected as a Nadeshiko Brand 2021 by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange for the sixth time, making us the only company in the housing and construction industry to achieve this feat.



## Formulated Action Plan for the Promotion of Active Participation by Women for our new target: “310 women in managerial positions by fiscal 2025”

In February 2021, we set new targets for the Sekisui House’s Action Plan for the Promotion of Active Participation by Women based on the Act on Promotion of Women’s Participation and Advancement in the Workplace. With two major targets of “More than 310 female managers” and “100%\* of eligible male employees take childcare leave” (both by fiscal 2025 or by March 31, 2026 on a group basis), we continue making efforts to achieve the targets. (Click here for the full text of the plan.)

\* 100% means that all eligible employees with a child or children under the age of three take childcare leave.

## Encouraging career development for women; promoting women to managerial positions

As part of our aim to appoint more than 310 female managers by fiscal 2025, the Sekisui House Group is providing training for manager candidates and creating role models for career development according to job types.

Starting from 2014, Sekisui House Women’s College has been implemented annually to train management candidates. Twenty women are selected from the Sekisui House Group nationwide as promising management candidates and go through training under a systematic and steady curriculum lasting about two years. Our focus here is building a pipeline for the proper appointment of talented female employees to managerial positions.



Sekisui House Women’s College, training for management candidates

## Promoting participation by women in sales positions

We are actively hiring female sales staff to provide customers with detailed proposals from a female perspective. As of the end of January 2021, 365 female sales representatives (Sekisui House only) are working in various parts of Japan.

In the housing industry, due to the specific characteristics of its business structure, there have been only a small number of women in both sales and technical positions, but we have faced this issue head-on and implemented reforms to resolve

### III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④ Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion**
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion**
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Diversity and Inclusion

it. Our management policy is steadily taking root as we have been focusing on the development and retention of female sales representatives.

In addition to providing opportunities to build networks beyond the boundaries of the offices, the Diversity and Inclusion Promotion Department holds study sessions and interviews with young employees to resolve their concerns and problems.



The 14th Nationwide Women’s Sales Representative Conference held in 2020 with infection prevention measures taken

1998	Hired first female new graduates for sales positions.
2005	Active hiring started targeting 20% of female in sales positions (new graduates).
2006	Diversity Development Team set up within the Corporate Management Planning Department.
2007	(Annual) Nationwide Women’s Sales Representative Conference started. This nationwide conference of female sales representatives provides an excellent opportunity for improving skills, increasing motivation, and networking through presentation of successful cases and group discussions.
2007	Built a promotion system led by the Women’s Sales Support Committee (continued). Approx. 20 female sales representatives are selected as promotion committee members, providing training regularly and continuously in each sales area. A committee meets twice a year, where members from all over the country gather to share successful cases and initiatives.
2008	Started Women’s Sales Representative Conference by housing manufacturers. Started support for balancing work and family life. For female sales representatives who serve as role models, the company allows them to change their work location due to marriage or spouse’s transfer, and to work in a variety of ways according to their individual circumstances until the end of childcare. First female branch manager appointed.
2014	Diversity and Inclusion Promotion Office established.(Diversity Development Team was incorporated into the office organization.)
2018	Diversity and Inclusion Promotion Office was reorganized into Diversity and Inclusion Promotion Department.
2019	The Women’s Sales Support Committee implemented a mentoring system on human relations, communication and any matters that may trouble them.
2020	12 female sales managers and 27 female deputy sales managers who are candidates for the next sales manager position (as of the end of January 2021, including the sales leader of the Condominium Department)

Note: Married female sales representatives: 103 (28.2%)  
Female sales representatives with children under elementary school age: 59 (16.2%)  
(As of the end of January 2021)

Women are playing an increasingly important role in remodeling sales

Sekisui House Remodeling, which is in charge of genuine remodeling of homes built by our company, actively recruits women with families and experience in childcare as “remodeling advisors” (sales staff). In the remodeling business, where we often have meetings with female owners, female sales representatives who can provide a sense of security are easy to fit in and are active throughout the country.

With the option of a four- or five-day workweek and the use of childcare leave and shorter working hours, many of our female employees are able to balance work and family life. As a result of these measures, women are making steady progress, and Sekisui House Remodeling has three female executives, 609 female sales representatives (57% of remodeling sales representatives), two female chief managers (one of whom is an Operations Officer), and 93 female sales managers (as of February 1, 2021).

Promoting the participation of women in technical positions

Female technical staff are an important asset for us. Women are active in our group companies as Chief Architects with advanced design skills, Platinum Specialists with highly specialized design skills for elderly housing and welfare facilities, and Structural Planning Specialists with advanced skills in architectural structural design. Moreover, an increasing number of women have been certified as Chief Constructors, specialists in on-site supervision, expanding the range of their activities. As of the end of January 2021, there are six Chief Constructors, 13 Chief Architects, three Structural Planning Specialists, and five Platinum Specialists working in the field.

The Promotion Committee for the Active Participation of Women in Technical Positions was held from 2014 to 2018 with technical managers in each area as committee members to plan measures to promote the advancement of women. The key points of the measures are: ① human resource development of top runners, ② expansion of job scope, and ③ support of

employees attempting to balance work and family life.

① **Human resource development of top runners**  
Sekisui House has been hiring female technical staff since before the Equal Employment Opportunity Law came into effect. Currently, we have an increasing number of female managers including those appointed as Manager of Design Department and Manager of Administrative Department.

Furthermore, we have established a development plan for young employees in each area in order to promote them to the position of assistant manager, and we are working to expand the layer of candidates for management positions. We are also working to appoint role models who can serve as targets for future career plans.

② **Expansion of job scope (design, on-site supervision, cost estimation/management, etc.)**

Under the Female On-site Supervision Support Program launched in 2015, we are operating a system to foster female on-site supervisors through cooperation between the Sales Administration Headquarters and the head office across the country by holding training and study sessions, introducing tools and lightweight helmets for women, and improving the working environment. As part of this effort, we continue to hold the Companywide Women’s On-Site Supervisor Meeting. Due to the COVID-19 pandemic, we are also holding online web-based exchange meetings. Case studies were reported on and opinions were exchanged on each theme.

Under the Program, the Kanagawa Sales Administration Headquarters has created a three-year roadmap for the systematic promotion of female on-site supervisors and the creation of a nationwide network, with the aim of expanding the successful model of building horizontal ties by assigning one female on-site supervisor to every branch nationwide. In addition, we are improving the work environment and providing new services and value for our customers through new perspectives gained from the ideas of female on-site supervisors in planning temporary work sites and holding opinion exchange meetings.

Along with the active promotion of women, we have renewed our uniforms for construction workers, incorporating the opinions of women, and we have also designed uniforms to maternity specifications.

Diversity and Inclusion

Social

III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

In addition, we have developed the “*Orihime Toilet\**” and improved the temporary toilets at construction sites, and are focusing on creating a comfortable working environment for all on-site supervisors and workers by utilizing the opinions of women.

\*The city of Sendai and Sekisui House jointly developed a temporary toilet that is friendly to women and children based on the lessons learned from the Great East Japan Earthquake (winner of the Japan Toilet Award in 2015 and the Kids Design Award in 2014 and 2016). This was used as an opportunity to promote the comfort of temporary toilets, including those for men.



Uniforms can be used in a variety of scenarios | Maternity uniforms | Orihime Toilets

③ Support of employees attempting to balance work and family life

As the percentage of new graduate female employees in technical positions has raised to 40%, there are an increasing number of employees who are playing active roles at work while engaging in childcare or nursing care. Since 2012, our company has been holding Study and Exchange Meetings for Female Technical Personnel across the country with the aim of enabling female technical staff to play an active role in the company over the long term. We share familiar role models and work to expand our network to help build career visions and increase motivation.

In February 2017, we institutionalized and approved a system that allows employees whose working hours are restricted due to childcare or nursing care to work from home once or twice a week, or to supplement their working hours by working after returning home each day, so that they can make flexible use of time and place.

Presented with the PRIDE Index 2020 Gold Award for the third consecutive year

Sekisui House strives to create a corporate culture that encourages all employees to accept one another no matter their orientation so

that everyone may reach their full potential, which paves the way to building a society in which everyone can feel secure and free to work in their own fashion.

On November 1, 2019, a new system was established for registering one’s partner in a common law or same-sex marriage under company rules as part of our employee welfare system, along with a consultation desk exclusively for LGBTQ-related matters.

The PRIDE Index is the Japan’s first index for evaluating corporate efforts concerning LGBTQ formulated in 2016 by *work with Pride*, a private organization, with the objective to create a workplace where sexual minorities such as LGBTQ can work with pride. In November 2020, we received the highest-level Gold Award in the PRIDE Index 2020 (Silver Award for 2016 and 2017, and Gold Award for 2018 and 2019). We are the only housing manufacturer who has been honored with the Gold Award three years in a row.



PRIDE Index 2020

Promoting employment of senior citizens and people with disabilities: Joined “The Valuable 500,” an international initiative

As a company, we strive to live up to the ideal of providing all customers with lifelong housing, which is comfortable—now and always. We consider the hiring of people with disabilities to be a social mission.

At Sekisui House, the employment rate for people with disabilities stands at 2.76% of the company’s entire workforce as of the end of January 2021, exceeding the legally mandated 2.3%, which was raised in March 2021. We will continue to actively promote the employment of people with disabilities, as we aim to employ and retain at least one person with a disability at every worksite. In 2014, we included employees with disabilities in the eligible applicants of the Career Challenge System—a framework that makes transition to career-track positions easier. Our first diversity meet-and-greet events were held across the country in 2015 so employees with disabilities can build relationships to

consult with each other. In 2020, due to COVID-19, the events were held online in four areas, but it was also an opportunity to highlight problems, propose improvements and share creativity in the shadow of the pandemic.

In February 2020, we set up the Promotion of Employment of Persons with Disabilities Office, a new section in the Personnel Department. In July, with the barrier-free standards set for offices, we are working to improve our working environment. In October, we became a member of The Valuable 500, an international initiative promoting the active participation of people with disabilities. As of February 2021, more than 420 world’s leading companies are members. The Sekisui House Group, which aims to become a leading company in ESG management, has endorsed the objectives of The Valuable 500 and established the following commitments.



1. Customer happiness  
— Create homes and communities to provide lifelong housing.
2. Employee happiness  
— Provide opportunities and develop an environment for employees with diverse backgrounds to reach their full potential.
3. Social happiness  
— Support social inclusion and normalization for people with disabilities.

Supporting senior citizens to take on greater roles at work

Sekisui House used to have an age 60 mandatory retirement rule and a re-employment system. In April 2015, the retirement age was raised to 65 so all individual employees of the group can be more motivated and capable to work energetically for a longer period. In addition, in April 2020 we introduced a post-retirement re-employment system for employees aged 65 up to the month of their 70th birthday to support their active participation.

Workstyles, Motivation and Smart Work

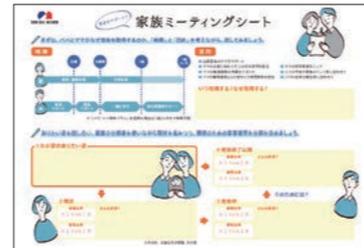
Social

## Toward a Smarter Way of Working That Generates “Innovation & Communication”

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

### Support for balancing work and childcare: Encouraging all eligible male employees to take full childcare leave of at least one month

In September 2018, Sekisui House launched a special childcare-leave program to encourage male employees with a child or children under the age of three to take at least one month off work to focus on childcare (dubbed “Ikumen Leave”). The leave is paid for the first month, which can be divided into as many as four stretches of time to adapt as needed to one’s individual circumstances. We have created our own “Family Meeting Sheet” that facilitates communication on such issues as determining when to take the leave and for what purpose, as well as how to share childcare and housework during the period of leave. The sheet is available on our website so anyone can use it.



This Family Meeting Sheet can be downloaded from our website.

Since February 2019, when full-scale operation was implemented, all 841 male employees whose children reached their third birthday (the deadline for taking childcare leave) by the end of January 2021 have taken at least one month of childcare leave, maintaining a 100% take-up rate.

From April 2021, the system has been enhanced as “Ikumen eight weeks off after childbirth.” We are promoting awareness of the importance of husbands staying close to their wives during the eight weeks after childbirth, which is a period of great

physical and mental strain for mothers and a time when the risk of developing postpartum depression is high.

We believe that men’s participation in childcare and housework will contribute to the achievement of the SDGs, including female participation in society, as well as a measure to tackle the declining birthrate.

### Forums on successfully balancing work and child-rearing

Forums have been held every year since 2015, mainly for employees who are raising children or on childcare leave and their superiors. Since fiscal 2018, male employees who are raising children have also participated, providing an opportunity to think about balancing work and childcare regardless of gender.

In fiscal 2020, due to the COVID-19 pandemic, an event was held for 3,130 supervisors and employees raising children from all over Japan in a format that allowed participants to watch a video lecture and participate in a web-based group discussion at any time without having to gather together in person. In the group discussion, the participants were randomly grouped into groups of supervisors, fathers and mothers from across the country, and had lively discussions with members who had never met before but were in the same situation.



Pair work with superior (held online in FY2020)

### Support system for balancing work and childcare

We are expanding our measures to support employees in balancing work and childcare so that motivated employees can work with peace of mind without losing their careers. In addition to the efforts and ingenuity of the employees themselves, we are also striving to build a support system for the entire workplace by deepening the understanding of the people around them, including their supervisors and colleagues.

#### Kindergarten Hunting Concierge

For employees who are planning to enter their child into a childcare facility within one year after birth, we provide individual support from pregnancy to the decision on a facility by providing information on activities, know-how, and childcare-related information according to the individual’s circumstances (child’s birth month, place of residence, etc.).

#### Financial Aid for Childcare

Under this system, the company pays a portion of the facility usage fees for temporary childcare so that employees who are raising children can work with peace of mind, as well as supporting the use of Sunday childcare and full-time work. If the prescribed conditions are met, the company subsidy will be added to the facility usage fee (up to 70%) as Financial Aid for Childcare.

#### Family Friendly Day and Partnership Slide

We have also introduced and are operating a Sunday substitute holiday system called “Family Friendly Day,” which allows employees to take turns taking Sundays off even at offices where Tuesdays and Wednesdays are designated holidays, and a “Partnership Slide” system that allows dual-earner couples to stagger their work hours so that they do not have to work on the same day.

### III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
- Respecting Human Rights
- Occupational Health and Safety

Workstyles, Motivation and Smart Work

**Shortening and changing working hours for childcare**  
 Employees who care for children up to the third grade of elementary school can apply for a reduction in their prescribed working hours. (This can be set for each day of the week, up to two hours per day, in 15-minute increments.) In addition, it is possible to tweak the start and end of these prescribed working hours forward or backward, and this flexibility has been extended to all employees in response to the COVID-19 pandemic of 2020.

**Gender-specific reinstatement rate and retention rate after childcare leave**

In fiscal 2020, the rate of returning to work after childcare leave was 100% for men and 97.3% for women. Meanwhile, the retention rate (the percentage of employees who returned to work in 2019 stay with Sekisui House 12 months later) was 100% for men and 98.7% for women.

**Action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children**

We have been working to revise our internal systems and promote the acquisition of childcare leave in line with our action plan formulated based on the Act on Advancement of Measures to Support Raising Next-Generation Children promulgated in 2003. As a result, we have been certified by the Ministry of Health, Labour and Welfare as a “child-rearing support company” four times.

Toward new goals set for the 7th Action Plan period, from February 1, 2021 to January 31, 2023, we are continuously working to support balancing childcare and work. (Click here for Goals and Initiatives of the 7th Action Plan.)



Kurumin Mark

**Promotion of work-life balance, and continuation and deepening of smart work**

Groupwide efforts are ongoing to promote work-life balance. Specifically, measures include improving work efficiency by reviewing waste and eliminating the duplication of work to improve productivity, reducing overtime work, and increasing the acquisition of annual paid leave.

**Improving the work environment**

We are working to set action goals for “workplace health and safety” and “operational efficiency, improvement, and reform” at our offices nationwide. In fiscal 2020, we continued to conduct safety and health inspections at our offices using checklists, study sessions on occupational accident prevention, and mental health seminars with outside lecturers. We also utilize the stress check system, which became mandatory in December 2015 due to the revision of the Industrial Safety and Health Act and are working to improve the workplace environment based on the results of the analysis.

In order to correct long working hours and improve productivity through operational improvements, a briefing session on human resource management promotion based on proper labor management was held for managers and supervisors of all business sites. After all business sites were informed of the program, it has been applied across all areas since fiscal 2011. In order to reduce overtime hours, each division has established a working group to improve operational efficiency and shorten working hours. In terms of work status management, we have introduced a system that allows managers and leaders to easily grasp the working hours of their colleagues and subordinates.

In 2020, as a response to the COVID-19 pandemic, we have set up a telecommuting environment so that employees can work remotely using iPads and other devices. In addition, as mentioned earlier, we have expanded the “sliding work schedule” system to allow employees to avoid congested roads and crowded trains when traveling to/from work.

**Promotion of mental health management**

We provide mental health training for newly appointed leaders and self-management training for employees in their second year of employment to promote understanding and raise awareness of mental health among all employees. In 2020, the “Mental Health Promotion Plan,” which had been formulated by each office, was submitted to the head office, and a work flow was established to ensure that the PDCA cycle is implemented.

**Improving business efficiency and productivity through the use of IT**

We are promoting reforms in the way we work by fully utilizing smart devices. We have developed more than 200 dedicated applications to suit our business needs. As a result, the range of tasks that can be handled by mobile work has been expanded, and operational efficiency and productivity have been improved.

As a result of our efforts to improve operations through the use of IT, we were selected as a “Competitive IT Strategy Company” by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange in 2015, 2016, and 2019, and as a “Noteworthy Company in IT Management” in 2017 and 2018.

Even under the COVID-19 pandemic, we have been able to respond flexibly to the restraints on going out to work by shifting to telecommuting and building a system that allows us to have meetings with customers even when we are not face-to-face with them, because we have always maintained a mobile work environment and deployed a web conference system throughout the company.

In the future, it is important to continue and deepen the experience we gained regarding smart work from the COVID-19 pandemic. By further promoting autonomous work styles that are not limited by location or time, not only we can improve productivity and operational efficiency, but also achieve more active “innovation and communication” than ever before.

By establishing a workstyle that allows employees to feel satisfaction and happiness in their work, we aim to become the happiest company in the world.

## Workstyles, Motivation and Smart Work

### Social

#### III. Social

Addressing Material Issue ②  
Pursuing the Potential of the Home

Deeply Cultivating and Expanding Basic Technologies

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③  
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④  
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

**Workstyles, Motivation and Smart Work**

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

#### Encouragement to take annual paid leave

We encourage our employees to take annual paid leave to enhance vitality at work and obtain better results by spending fulfilling time away from work. The hour-based annual leave system established in 2013 has been used for a wide range of purposes. Since 2015, we have given eight different names to annual paid vacations, such as “Children’s Holiday” and “Anniversary Holiday,” to further promote the use of these vacations as “Smart Holidays.”

In response to the mandatory use of five days of annual leave starting in April 2019, we checked the progress of use at regular intervals, and in 2020, we set the goal of “Annual Leave Plus One” and aimed that employees use one more day than the number of days used in the previous year.

We were not involved in any of the public announcements made by the Ministry of Health, Labour and Welfare regarding violations of labor standards-related laws and regulations.

#### Various support programs for nursing care and employees on leave

##### Nursing care support program

In accordance with the revised Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (enforced in January 2017), employees can take paid leave for five days a year (10 days for two or more care recipients) on an hourly basis (legally, in half-day increments) to take care of their children and other family members.

With the aging of the baby boomer generation, the number of caregiving employees is likely to increase. From the perspective of supporting the balance between work and caregiving, our Caregiver Leave Regulations have been revised and applied since April 2014. Information on the internal systems and public assistance related to nursing care support are compiled as the Nursing Care Support Handbook and posted on our internal website. In 2020, 16 employees used this program, bringing the total up to 55.

Moreover, under the Retiree Reinstatement Registration

Program, employees who had to retire because of childbirth, childcare, nursing care, and other reasons, are preferentially re-employed when the reasons they left are resolved. From the start of the program in 2006, a total of 47 persons have returned to work by fiscal 2020. Since 2006, the Return-to-Work Support Program has also been implemented to help smooth reinstatement of employees who have been absent from work (on leave) for a long time due to non-occupational injury or illness.

##### Accrued Annual Leave System

Annual paid leave expires two years after it is granted. By using the Accrued Annual Leave System (introduced in 2006), when certain grounds arise, employees can take annual leave for up to 100 days including annual paid leave. Employees participating in volunteer activities that meet certain requirements or using the Support System for Living with Cancer or Infertility Treatments While Working\* shall also be eligible.

\* Can be taken in half-day or full-day increments.

##### Leave program for volunteering

We have been operating the leave program for volunteering since 2004, and seven employees have used the program by fiscal 2020. Employees who have been with the company for three years or more and will participate in the Japan Overseas Cooperation Volunteers (JOCV), a volunteer program run by the Japan International Cooperation Agency (JICA), are eligible to take a leave of absence for up to two years and six months (including the preparation period for deployment).

**“Happiness” Health Management**

**Social**

# Aiming to Be a Company Where All Employees Can Work Happily and Vigorously with Good Physical and Mental Health

To become the happiest company in the world, our employees must all be able to lead healthy, vibrant, and fulfilling lives both on the job and at home. Employees with vitality are essential to the sustainable growth of a company and the creation of innovation. Therefore, we have positioned efforts to maintain and improve the health of our employees as an important management issue, and have established a policy of “happiness” health management to address this issue.

## Sekisui House Group’s “happiness” health management

### Health management policy

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

### Certified as Health and Productivity Management Outstanding Organization

As a result of our efforts to achieve “happiness” health management based on the aforementioned policy, we were selected to the Health and Productivity Management Outstanding Organization (White 500) by METI for the second consecutive year as a corporation that makes strategic efforts to consider the health of its employees and others from a management perspective.



## Issues and policy for forming healthy and happy lifestyles

### Issues and policies for action

As approximately 80% of our employees are at risk for lifestyle-related diseases and metabolic syndrome (including the potential patients), prevention of lifestyle-related diseases is one of our current health issues. In particular, the obesity rate among males over 40 is high, although it is still the industry average, and we have set indicators for exercise, diet, sleep, smoking, etc., to improve lifestyle habits. Furthermore, in order to achieve physical and mental health and happiness, we have established initiatives

## Developing an organizational structure to strategically promote “happiness” health management

### Organizational structure

With employee health enhancement positioned as one of the important issues for promoting ESG management, the Sekisui House Group is rolling out strategic initiatives based on the annual goals and plans approved by the ESG Promotion Committee (including two outside experts) formed under the Board of Directors. Specifically, the Social Improvement Subcommittee, which is under the umbrella of the ESG Promotion Committee, takes the lead in identifying issues and formulating measures in cooperation with the health insurance union and external advisors, and works to disseminate and promote these measures among all employees. The subcommittee then evaluates and improves each measure based on the indicators it has set, and works strategically to maintain and improve the health of employees.



### Initiative indicators and results

	Results (FY)		
	2017	2018	2019
<b>Early detection of illness</b>			
Periodic checkup consultation rate	100%	100%	100%
Secondary checkup consultation rate* <sup>a</sup>	89.9%	91.2%	85.5%
<b>Lifestyle habits</b>			
Appropriate weight* <sup>1</sup>	67.7%	67.4%	67.1%
Walking habit* <sup>2</sup>	29.4%	34.4%	38.4%
Exercise habit* <sup>3</sup>	19.1%	18.7%	20.0%
Breakfast habit* <sup>4</sup>	71.6%	68.1%	66.7%
Good sleep* <sup>5</sup>	—	66.7%	68.2%
Prevalence of smoking	30.7%	28.8%	27.0%
<b>Mental health</b>			
Stress check screening rate	94.5%	92.4%	92.7%

(FY2020 results are being aggregated.)

to improve mental health as an indicator, as well as measuring the level of happiness of employees and the organization, which will be used to promote happy lifestyles.

\*1: Persons with BMI (Body Mass Index) of 18.5 or more and less than 25.0 kg/m<sup>2</sup>  
 \*2: Persons who are walking or performing equivalent physical activity in everyday life for more than one hour a day  
 \*3: Persons who have been exercising lightly each time for over 30 minutes at least two days a week for one year or more  
 \*4: Those who have breakfast at least four times a week  
 \*5: Those who get sufficient rest through sleep  
 \*a: Aggregated values for the entire Sekisui House Group in fiscal 2017 and for Sekisui House only (non-consolidated) for fiscal 2018 and beyond

## III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
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- Understanding and Implementing ESG
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- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management**
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- Occupational Health and Safety

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Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
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Bringing Together Diverse Capabilities
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## "Happiness" Health Management

### Concrete initiatives for forming healthy and happy lifestyles

Specifically, we are promoting the following initiatives. While visualizing the level of happiness of employees, we will promote changes in awareness by improving health literacy and encourage changes in behavior so that employees can be proactive in their approach.

#### Improvement of health literacy

- Health Challenge—a service to utilize medical checkup results: An AI-based service to visualize future health risk predictions and health tips based on medical checkup results was launched in August 2020. Cumulative browsing rate 33%.
- Health seminar (dietary habits, sleep, etc.): Held for all employees in June 2020 with 401 participants.
- Genetic testing service: Offered from February to March 2021 with 209 applicants including family members.

#### Practice a healthy and happy lifestyle in a fun and proactive way

- Walking Challenge—an event to promote walking: Held every six months from February 2019. Total participants as of January 2021: 19,138
- Quit Smoking Challenge 2020: 415 participants. Success rate: 72%
- Well-being Survey: Conducted in November 2020, targeting approx. 27,000 group employees.

#### Details of health promotion initiatives

##### [Measures to help employees quit smoking]

To support employees trying to quit smoking, we implemented the "Sekisui Quit Smoking Challenge 2020," a program in which employees can receive medical treatment and prescriptions for quitting smoking via video-conference calls. 415 employees participated in the program, and 297 successfully quit smoking. However, the smoking rate is still high at 27% (fiscal 2019), and we recognize there is an urgent need for improvement.

##### [Walking Challenge—an event to promote walking]

We have developed Sekisui House FIT, an original app which allows employees to record their own steps, raise awareness, and compete with other employees and departments in a fun way, and have been holding the Walking Challenge—an event to promote walking—every six months since February 2019 (19,138 participants as of January 2021). As a result, male employees aged 40 and over who walked an average of 8,000 steps or more showed a significant decrease

in BMI compared to those who walked less than 8,000 steps. This initiative has also improved communication among employees.



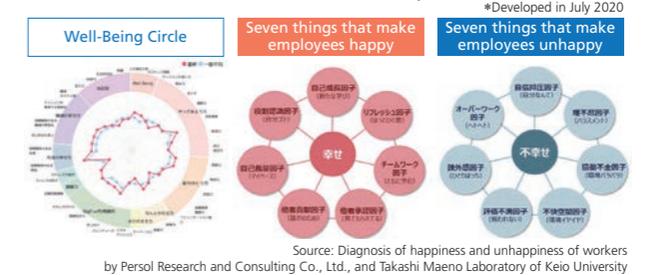
	February 2019– January 2020	February 2020– January 2021
Number of participants	17,532	19,138
Average steps	5,821	5,388

##### [Initiatives to boost happiness—the first company in Japan to conduct a Well-being Survey that analyzes the correlation between employee happiness and that of the workplace]

Employee "happiness" is a subjective measure of overall life, including job satisfaction and personal growth, and includes both work and personal life. According to a study by an American psychologist, employees with high levels of happiness are three times more creative and 31% more productive than those without. When employees work happily, they perform better, communication is more active, and innovation is more likely to occur.

In order to realize our Global Vision of making home the happiest place in the world, it is important to pursue the happiness of our employees first. To this end, we conducted a Well-being Survey in November 2020, targeting approximately 27,000 employees across the group. By "visualizing" the happiness of ourselves and our workplace, we can take concrete measures to pursue the happiness of each and every employee.

1. [Individual] Happiness diagnosis  
Diagnosing the multifaceted happiness of employees
2. [Organization] Diagnosis of happiness and unhappiness in the workplace  
Diagnosing happiness and unhappiness in the workplace



### Promoting mental health management

We provide mental health management training for managers and self-care training for employees who have been with the company for two to three years to promote understanding and raise awareness of mental health among all employees. In 2020, we submitted a "Mental Health Promotion Plan," which had been formulated by each office, to the head office and established a work flow that ensures a more reliable PDCA cycle. We are working to prevent prolonged absence from work through early detection, take measures against long working hours in light of the revision of the standards for certification of work-related accidents, and reduce mental illness by promoting self-care.

### Support system for balancing cancer and infertility treatment with work

In addition to disease prevention, early detection and treatment, we are also working to improve our support system for balancing treatment and work for employees with illnesses. In 2019, we introduced a system to support employees undergoing cancer or infertility treatment by allowing them to work shorter hours, staggered work hours, and work from home. The system allows employees to take accrued annual leave in half-day units, normally only allowed for a minimum of three consecutive days off. It is also possible to choose to take three days off per week (with work days and hours dependent on the diagnosis of the attending physician).

Respecting Human Rights

Social

# Respecting Human Rights of Stakeholders as One of the Core Pillars of ESG Management

The Sekisui House Group considers respect for human rights to be one of the key issues in promoting ESG management. All employees will fulfill their responsibility to respect human rights by embodying the corporate philosophy of “love of humanity” as a fundamental principle. In April 2020, we announced the Sekisui House Group Human Rights Policy in order to maximize the happiness of our customers, employees and society through our business activities. Based on the understanding of the International Bill of Human Rights, the Ten Principles of the UN Global Compact, and the SDGs, we are implementing human rights due diligence to respect human rights of all stakeholders.

## III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
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- Diversity and Inclusion
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### Publication of the Sekisui House Group Human Rights Policy

The Sekisui House Group Human Rights Policy clearly states our resolution to comply with international rules and establish a corporate culture that strictly prevents infringement of human rights, discrimination and harassment.

This policy applies to:

- All officers and employees of the Sekisui House Group (including dispatched employees), business partners such as partner building constructors and suppliers

Supervising responsibility:

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

Sections:

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

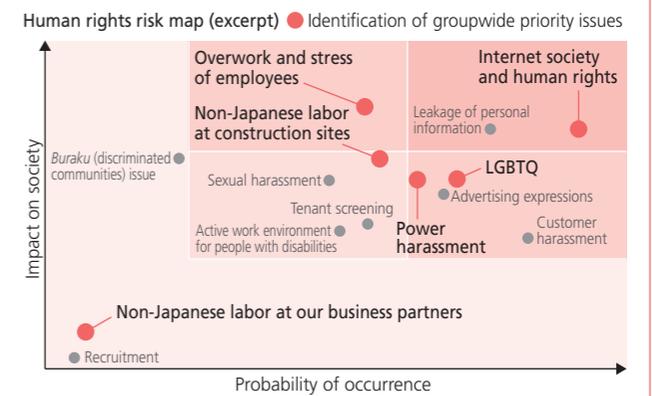
Full text of our Human Rights Policy

By implementing our Human Rights Policy, we aim to develop leaders who can communicate a clear idea of human rights as a top priority, keeping in mind: ① business management that respects human rights (integration management), ② diversity management, and ③ an open work environment (innovation & communication). At the same time, by keeping in pace with global business development, we also focus our efforts on respect for human rights in the supply chain, etc.

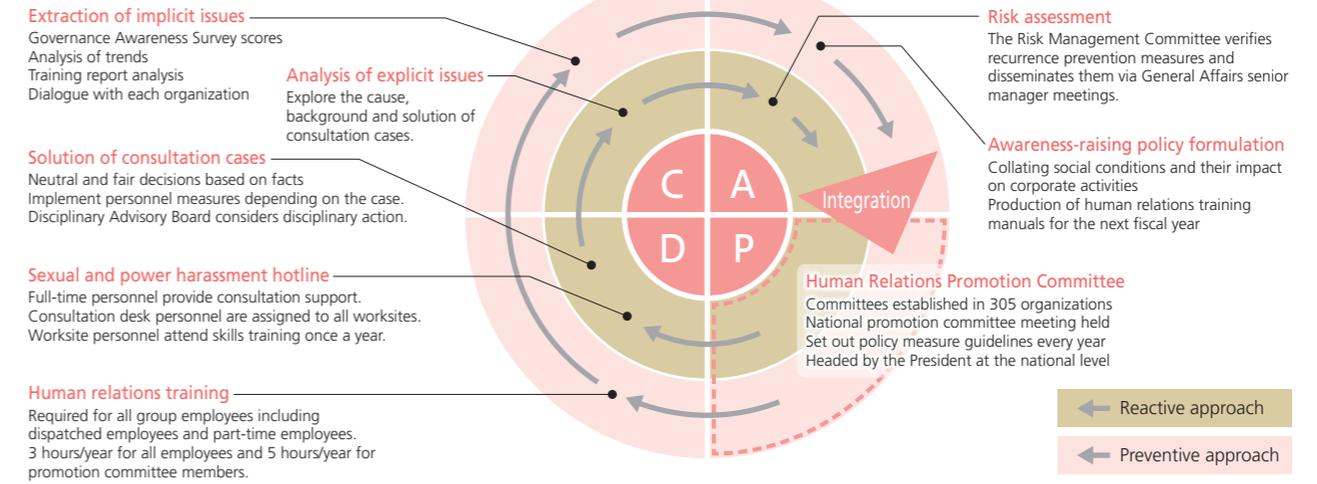
### Promoting human rights due diligence (PDCA)

Based on our Human Rights Policy, we have incorporated the process of human rights due diligence into our business activities, and are using a PDCA cycle to promote our initiatives from top management to all group employees and stakeholders.

In fiscal 2020, we conducted a survey and exchanged opinions within each business division in the group, as well as creating a “human rights risk map” to identify the groupwide priority issues and those specific to each business division. Based on these findings, we decided the training themes and priorities for fiscal 2021.



### PDCA of human rights due diligence (for employees)



## Respecting Human Rights

### Social

#### III. Social

- Addressing Material Issue ②  
Pursuing the Potential of the Home
- Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③  
Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
- Protecting Life and Property from Natural Disasters
- Addressing Material Issue ④  
Bringing Together Diverse Capabilities
- Understanding and Implementing ESG
- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
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#### Respect for human rights in the supply chain and for non-Japanese labor

In its Human Rights Policy, the group calls for understanding and support of its human rights policy among “partner building constructors (such as construction companies belonging to the Sekisui House Association) and suppliers.” We have introduced a “CSR evaluation” item in the Supplier Evaluation conducted in the course of our procurement operations, and we ask our suppliers to evaluate their own performance with regard to human rights and labor, and the results are scored and evaluated. We also disclose and share our human rights policy on an online information sharing platform with our suppliers. (See page 62.)

With regard to non-Japanese labor at construction sites, we accept these workers in accordance with the foreign technical training system, and have established a technical training facility in Hanoi, Vietnam, to create an environment where Vietnamese technical trainees can come to Japan with peace of mind. We also support the acquisition of skills for young domestic technicians at our education and training center and conduct other activities to provide skills training and employment support that respect human rights. (See page 67.)

#### Human relations promotion framework

The Sekisui House Group has established a Human Relations Promotion Committee in all organizations to strengthen its corporate culture that strictly prevents infringement of human rights, discrimination and harassment.

Once a year, representatives of each business division committee gather to hold a National Human Relations Promotion Committee Meeting chaired by the President. At the meeting, guidelines for human rights measures, group-wide priority issues, training policies and training plans are shared.

The theme of the Meeting in fiscal 2020 was initiatives related to LGBTQ and other sexual minorities, and the participants listened to a lecture by Ms. Maki Muraki, representative of the certified NPO Nijiuro Diversity, as well as the experiences of those involved, and opinions were exchanged.

#### Ongoing efforts to raise awareness on human rights, including human relations training

To create a welcoming, comfortable workplace environment for all employees\* in the group and to raise awareness of human rights issues, annual human relations training programs are held every year, with work leaders serving as facilitators.

\* Training manuals are distributed to temporary, part-time, and fixed-term employees as well, and all employees are encouraged to attend training.

**FY2020 Promotion Committee member training for managers (2 hours a year)**

- Aiming for an LGBTQ-friendly workplace

**FY2020 All employee training including managers (3 hours a year)**

- Business and human rights
- To create a workplace free from power harassment

Amid the COVID-19 pandemic, all employees received training using a remote conferencing system, watched a lecture video and had a group dialogue. In addition, by continuously organizing in-house training, etc. at each level, we are striving to prevent human rights violations, including all types of harassment.



**Efforts to respect human rights**  
(We are continuing with stepping up the process while continuing with phases 1 and 2, and implementing phase 3.)

<p><b>Phase 1 (1980–1999)</b> Learn human rights by confronting discrimination and prejudice, with a focus on the <i>Buraku</i> (discriminated communities) issue.</p> <ul style="list-style-type: none"> <li>• Seminar given by outside lecturers</li> <li>• On-site training</li> <li>• Mt. Koya training course</li> </ul>	<p><b>Phase 2 (2000–2019)</b> Prevent all harassment that degrades the work environment.</p> <ul style="list-style-type: none"> <li>• Compliance with laws prohibiting sexual and power harassment law, case studies</li> <li>• Sharing of recurrence prevention consultation cases</li> </ul>	<p><b>Phase 3 (2020–)</b> Fulfilling our corporate responsibility to respect human rights from a global perspective</p> <ul style="list-style-type: none"> <li>• SDGs</li> <li>• ESG</li> <li>• Group human rights policy</li> <li>• Implementation of human rights due diligence</li> </ul>
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#### Enhanced consultation system

The Human Relations Office of the Legal Department, a dedicated department, has established a Sexual Harassment and Power Harassment Hotline at the Sekisui House head office to provide consultation on all human rights issues, including various types of harassment and consultation to create a comfortable working environment for employees with disabilities. We are making efforts to promote awareness and resolve issues in an appropriate manner.

In addition, we assign one male and one female in charge of the consultation counter (about 760 people total) across all business sites including group companies, and we hold training sessions every year to improve the skills of the person in charge and to strengthen cooperation with the Human Relations Office of the Legal Department.

All employees are made aware of these consultation services through the company website, human relations training manuals, and posters displayed at offices, and we ensure that employees who cooperate in resolving cases are not disadvantaged, not to mention the protection of persons seeking consultation. In fiscal 2020, the Sexual Harassment and Power Harassment Hotline received 167 consultations (92 of which were related to harassment), and it is increasingly recognized as a safe place to consult.

The consultation hotlines for those who work at external and overseas companies are available on our website, and also made available in English.

## Occupational Health and Safety

### Social

# Creating a Safe, Secure and Healthy Working Environment

At the Sekisui House Group, nothing is more important than the health and safety of employees, contractors and everyone else who plays a role in the group's business activities. If a worker-related accident ever occurs in the administrative, production, or construction divisions, we provide the relevant details to the Health and Safety Committee and incorporate the corresponding information into its PDCA cycle for improving workplace health and safety. We primarily report on occupational health and safety in the construction division, which is a particular area of focus. (Except for the status of occupational accidents, figures are on Sekisui House non-consolidated basis.)

### Trends of occupational accidents

Accidents and illnesses resulting in lost worktime in fiscal 2020 are as shown below. The Health and Safety Committee, which is required by the Industrial Safety and Health Act and other laws to be established, thoroughly analyzes the causes of occupational and commuting accidents that occur and shares information on them, thereby raising awareness of safety and health, preventing unsafe behavior, and discouraging long working hours that lead to accidents and illnesses. The number of contractor fatalities due to occupational accidents in the construction division over the past three years was zero in fiscal 2018, zero in fiscal 2019, and zero in fiscal 2020.

### Occupational health and safety management system in the construction division

In addition to the Occupational Health and Safety Management System recommended by the Ministry of Health, Labour and Welfare, we have incorporated the Sekisui House Zero Hazard System, which we developed ourselves by taking into account the characteristics of construction sites, to develop health and safety management activities that reduce risk factors.

We are currently working on systematizing safety management in order to improve the efficiency of analyzing trends in accidents and incidents throughout the company. We have

digitized the reporting of disasters to enable prompt reporting of accidents, information sharing, and more efficient information management. This enables us to digitize information and analyze disaster trends more accurately and meticulously.

In addition, in order to make the safety management system more efficient and reliable, we have developed a "Safety Promotion App" to run on smart devices. This app makes it possible to quickly confirm and report on findings and corrections to partner building contractors and construction workers, as well as keeping a record of findings and records during safety patrols of construction sites.

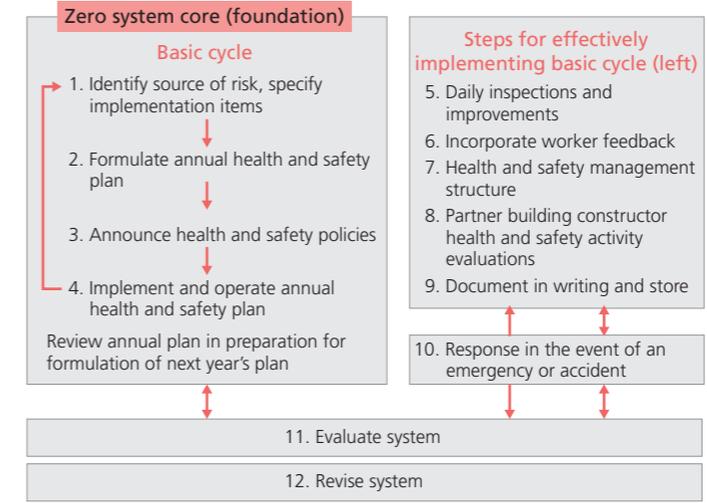
### Accidents resulting in lost worktime and occupational-illness frequency rates

(Total of one or more days of lost worktime)

Division	Frequency rate of accidents resulting in lost worktime		Frequency rate of occupational illnesses	
	FY2019	FY2020	FY2019	FY2020
Administration (employees)	0.42	0.45	0.07	0.32
Production	Employees	0.45	0.00	0.00
	Contractors	0.27	1.59	0.00
Construction (Contractors only)	2.92	2.17	0.43	0.35

(Calculation standards)  
 Lost worktime injury frequency rate: Number of fatalities and injuries due to lost worktime injuries per million total working hours  
 Occupational illness frequency rate: Number of occupational illnesses per million total working hours  
 Scope of data collection:  
 FY2019: Employees and contractors of Sekisui House  
 FY2020: Administration and production divisions: Employees or contractors of Sekisui House (non-consolidated)  
 Construction division: Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.  
 Total working hours:  
 The total working hours of Sekisui House employees and contractors in the administration and production divisions are calculated based on actual working hours.  
 Total working hours of contractors of Sekisui House and Sekisui House noie of the construction division were calculated as 8 hours per man per day.  
 The total working hours of Konoike's contractors in the construction division were calculated as 9 hours per man per day.

### Outline of Sekisui House Zero Hazard System



In the event of an occupational injury or accident involving an employee, the Personnel Department is promptly notified by the office where the injury or accident occurred, and the incident is shared with the entire company through the Health and Safety Committee. If an occupational injury or accident occurs at a construction site, the site shall inform the Construction Quality & Workers Safety Promotion Department, which shares the information with the entire company.

### III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
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## Occupational Health and Safety

### Social

### III. Social

- Addressing Material Issue ② Pursuing the Potential of the Home Deeply Cultivating and Expanding Basic Technologies
- Improving Construction Quality and Boosting Construction Capabilities
- Maintaining and Increasing Housing Asset Value
- Addressing Material Issue ③ Coexisting with Local Communities
- Harmony with Local Communities through Business
- Harmony with Local Communities through Social Activities
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- Developing Human Resources
- Diversity and Inclusion
- Workstyles, Motivation and Smart Work
- “Happiness” Health Management
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- Occupational Health and Safety

#### Occupational health and safety activities at construction sites

In fiscal 2020, we focused on “thorough measures to prevent falls” and “ensuring the safety of construction machinery.”

- We focused on the points below as part of our “thorough measures to prevent falls,” which can lead to serious accidents (accidents that could be fatal).
  1. Promote the use of full-harness crash prevention devices to prevent falls.
  2. Start factory shipping of handrails to install around the outer periphery of buildings.
- In order to prevent public accidents, we monitored the occurrence of accidents nationwide in detail, shared information, and thoroughly implemented measures to prevent recurrence.

In fiscal 2020, in addition to construction safety measures, emphasis was placed on measures to prevent the COVID-19 infections at construction sites. To mitigate the risk of heat stroke caused by wearing masks in the summer, we distributed more than 10,000 neck guards and other measures to prevent infection at construction sites and thoroughly manage the health of construction site workers. We managed the construction site so that owners as well as the people living in the surrounding area could have peace of mind.

Poster calling for the prevention of the COVID-19 infections



#### Occupational accidents at construction sites in FY2020

The number of occupational accidents at construction sites decreased by 26% compared to the previous year. There have been no fatalities since 2018. The number of falls that lead to serious accidents decreased by 28% compared to the previous year. One of the reasons why we were able to reduce the number

of falls and eliminate fatalities was that we set priority targets and shared highly feasible recurrence prevention measures by thoroughly examining major accident cases, which improved the accuracy of our countermeasures.

While the number of occupational accidents decreased, there were still reports of heavy machinery tipping over and components falling, although there were no human-related accidents. We will continue to raise awareness of the need for thorough risk management at the planning stage and the need to ensure the implementation of measures to prevent recurrence.

#### Priority themes and outline of a plan for FY2021

Our priority themes for fiscal 2021 are “elimination of fall accidents,” “prevention of toppling accidents,” and “prevention of accidents involving general public.” Although the number of accidents decreased in the previous year, we have yet to eradicate accidents such as falls and incidents of heavy machinery toppling over, which can lead to the loss of human life. Therefore, we will go back to the basics of safety activities and thoroughly implement the basics as well as take effective measures to further reduce accidents.

##### Outline of annual health and safety plan for FY2021

- Properly arrange equipment and work spaces at the construction site to create an environment where constructors can work safely with a sense of security.
- Prevent the occurrence of similar accidents involving the general public by instilling proper construction planning and strict management of construction machinery.
- Further intensify our focus on countermeasures against serious accidents (that could potentially be fatal to humans).

Poster of slogan for FY2021



#### Implementation of health and safety training

We provide safety and health education and training to construction workers as a measure to prevent occupational accidents. In fiscal 2020, in the midst of the spread of COVID-19, the training was held via the Internet, and a total of 12,921 people attended. We will continue to work together with our partner companies to proactively and creatively implement safety and health education and training programs, and make continuous efforts to improve the working environment and prevent occupational accidents.

##### Health and safety training provided in FY2020 (comparison with FY2019: No. of participants)

Title of health and safety training	Provided in FY2020	Provided in FY2019
General health and safety manager training	102	172
Safety manager training upon appointment	31	39
On-site supervisor training	152	335
Employer training	2014	4340
Training for foremen and health and safety managers	247	796
Training to improve the skills of foremen (health and safety managers)	685	1290
Special training for work with full harness safety belts	972	2903
Special training for scaffolding assembly, etc.	118	71
Job-specific training	901	3082
Health and safety promotion competition	3819	29157
Other training	3880	8287
Total number of participants	12921	50472