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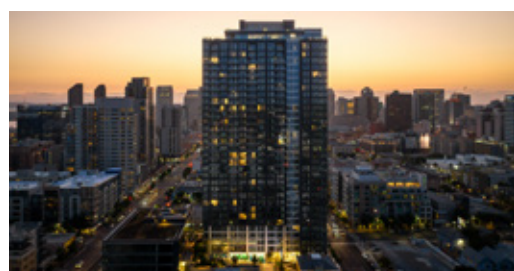
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Value Creation Story

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Business Portfolio

The Sekisui House Group divides its operations into four areas: the built-to-order business, supplied housing business, development business, and overseas business. The built-to-order business creates high-quality housing stock on land owned by the customer. The supplied housing business works to increase the asset value of housing stock through remodeling and supports the management of rental housing through subleasing. The development business starts from land acquisition and other investments to create high-quality communities. The overseas business provides housing markets in other countries with the quality and advanced technologies we have cultivated in Japan.



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Overseas business

Sales: ¥388.9 billion

Sales of detached houses; preparation, development and sales of residential land; and development of condominiums for sale, rental condominiums, and other properties in overseas markets

Business regions

United States, Australia, United Kingdom, China and Singapore



Houses for sale

Sales: ¥191.4 billion

Sales of houses and residential land; design and contracting of construction of houses on residential land for sale

Condominiums

Sales: ¥90.6 billion

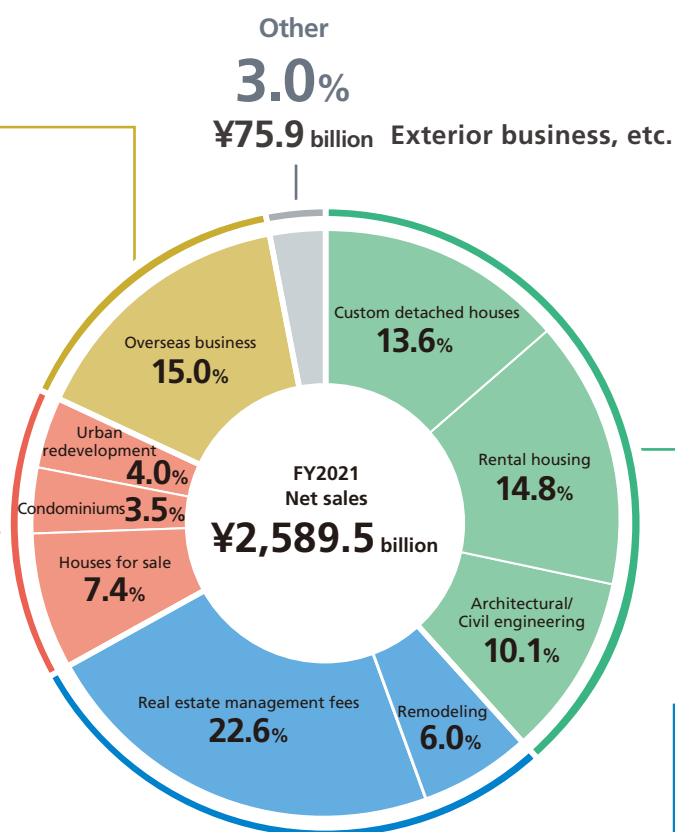
Sales of condominiums

Urban redevelopment

Sales: ¥102.7 billion

Development of office buildings and commercial facilities; management and operation of real estate owned by the Sekisui House Group

Development business
14.9%
¥384.8 billion



Built-to-order business

38.6%
¥998.6 billion



Custom detached houses

Sales: ¥352.7 billion

Contracting of design of custom detached houses and construction of commercial buildings and other properties

Rental housing

Sales: ¥384.0 billion

Contracting of design and construction of rental housing, commercial buildings and other properties

Architectural/ Civil engineering

Sales: ¥261.9 billion

Construction of reinforced concrete rental housing and commercial buildings, and contracting of design and construction of civil engineering works

Supplied housing business

28.6%
¥741.1 billion



Remodeling

Sales: ¥156.1 billion

Remodeling and renovation of houses, etc.

Real estate management fees

Sales: ¥584.9 billion

Subleasing, management, operation and brokerage of real estate, etc.

Sekisui House at a Glance

The world's largest cumulative
number of dwellings built

2.54 million units

(As of January 31, 2022)

Targeting supply of

10,000 detached
houses per year **by 2025** in
our overseas business

Pioneering **new possibilities**
in housing

Family Suite

The housing industry's
leading ZEH track
record **by far**

**ESG
management**
that begins with **innovation
and communication**

**Unrivaed
Sekisui House
Technology**

Helping provide **happiness in the
era of the 100-year lifespan**

**Platform House
Concept**

A 20-year track record for the
Gohon no Ki Project

Quantitative evaluation
of benefits for
biodiversity conservation

Ramped up
governance
reforms

Corporate Philosophy

Love of Humanity — Our philosophy

With an awareness that each and every human being is precious and irreplaceable, we will wish for the happiness of others, make their joy our own, and act with integrity and in the spirit of service.

Our stance
Truth & Trust

Our philosophy
**Love of
Humanity**

Our goal

**Deliver the highest
quality and technology**

The meaning of our business

**Create enriching homes
and environments**

Our Vision



The Sekisui House Global Vision

Make home the happiest place in the world



The Sekisui House Group Vision

Global Vision and Sustainability Vision 2050

The Sekisui House Group conducts various businesses to create unique value based on its corporate philosophy.

Now, under the global vision we announced in 2020 to make home the happiest place in the world, we aim to create value for residents in the era of the 100-year lifespan as we steadily transform into a global company that offers integrated technologies, lifestyle design and services based on the residential domain.

Moreover, in anticipation of accelerating changes in social conditions, we have established Sustainability Vision 2050, which sets forth medium-to-long-term goals, issues and targets for the Sekisui House Group to sustainably create value together with its stakeholders. By reflecting this vision in our business strategies, we are working to improve both our corporate value and value for society.

Through our business activities, each Sekisui House Group employee puts into practice our philosophy of love of humanity.



The Building of Sekisui House—Our Corporate Story

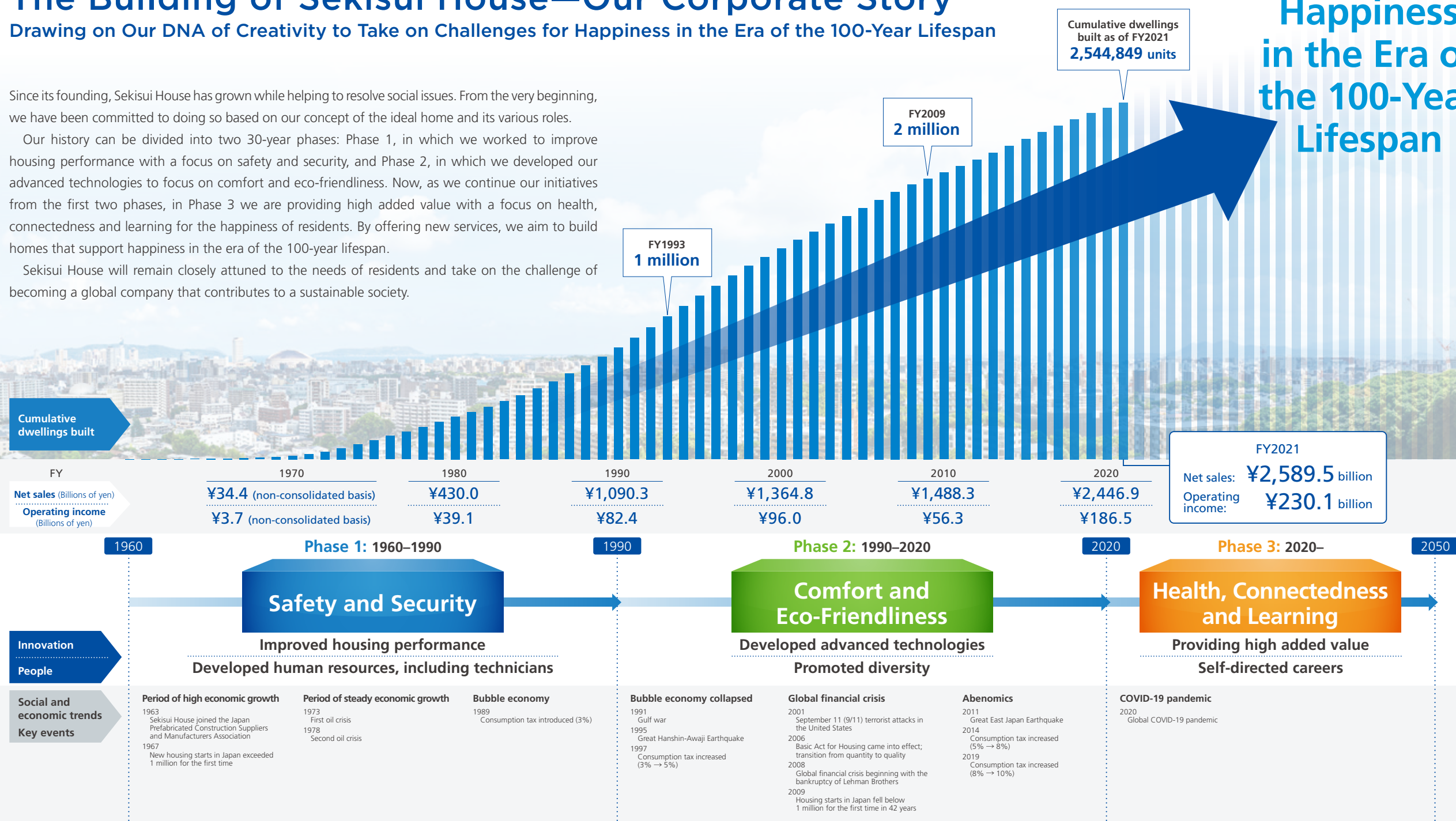
Drawing on Our DNA of Creativity to Take on Challenges for Happiness in the Era of the 100-Year Lifespan

Since its founding, Sekisui House has grown while helping to resolve social issues. From the very beginning, we have been committed to doing so based on our concept of the ideal home and its various roles.

Our history can be divided into two 30-year phases: Phase 1, in which we worked to improve housing performance with a focus on safety and security, and Phase 2, in which we developed our advanced technologies to focus on comfort and eco-friendliness. Now, as we continue our initiatives from the first two phases, in Phase 3 we are providing high added value with a focus on health, connectedness and learning for the happiness of residents. By offering new services, we aim to build homes that support happiness in the era of the 100-year lifespan.

Sekisui House will remain closely attuned to the needs of residents and take on the challenge of becoming a global company that contributes to a sustainable society.

Happiness in the Era of the 100-Year Lifespan



The Building of Sekisui House—Our Corporate Story

Phase 1: 1960-1990

Safety and Security

A 30-Year Focus on High Quality, High Performance, Safety and Security in Housing Construction

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

Sekisui House's Innovations

We took a variety of approaches to resolving housing problems and to providing homes as shelter to ensure people's safety and security. Our ongoing initiatives in each of these areas helped improve housing performance.

Launch of Sekisui House Model B

Launched Sekisui House Model B, the origin of our current mainstay products, in 1961. We were the first in the Japanese housing industry to introduce metric specifications (1 meter = 1,000 mm). This led to the creation of more space than the use of traditional *shaku* specifications (1 *shaku* = approximately 910 mm). We also improved insulation performance and adopted aluminum sashes for windows. In addition, we enhanced design freedom by developing our Universal Frame System, an original steel frame construction method.

Production Bases Opened

The Shiga Factory began operating in 1961. It met rapidly growing demand for high-quality housing based on our approach of ensuring quality and stable supply through production of components at our own factories. This led to improved housing performance.

Direct Sales and Design-Build System Established

In 1964, Sekisui House transitioned from using sales agents to direct sales. We also established our design-build system, in which we take full responsibility until completion, and also provide after-sales service. In 1973, we established Sekiwa Construction to guarantee high quality by conducting foundation work in-house. Enhancing our approach with direct sales and the design-build system provided greater peace of mind for customers.

Demonstration of the Earthquake Resistance of Our Houses

In 1979, we conducted the first set of full-scale vibration experiments on a prefabricated house at the National Research Center for Disaster

Prevention (currently the National Research Institute for Earth Science and Disaster Prevention). Repeated verification using the most sophisticated shaking table then available proved that our building was able to withstand powerful earthquakes. We continue to conduct experiments to evaluate and improve the earthquake resistance of our housing.

Long-Term Warranty System Initiated

In 1980, the Housing Performance Warranty Program was initiated, covering defects in newly built houses. At Sekisui House, we believed that it was our responsibility as a corporation to address complaints. Therefore, in 1982 we collaborated with the Japan Prefabricated Construction Suppliers and Manufacturers Association to come up with revisions to the Voluntary Standards for Prefabricated Housing. Extending the warranty on the framing and waterproofing from two to ten years marked the beginning of a new era for the industry.

Customer Service Centers throughout Japan

We established Customer Service Centers in 1987 to provide after-sales service and conduct business activities based on direct dialogue with owners. In 2004, we also opened centers that operate outside of normal working hours to offer emergency repairs and consultations at any time. We value our relationship with owners even after they take possession of their home and we are committed to ensuring comfortable living—now and always.

Improved housing performance

- Created the lifelong housing concept
- Initiated direct sales and the design-build system
- Established the Comprehensive Housing R&D Institute

The People Who Support Sekisui House

Employees are the source of our innovative technologies and services. As a leading ESG management company, we therefore have a responsibility to develop them. We are implementing initiatives to develop the human resources who will support Sekisui House and to ensure that our technologies are passed on.

Developed human resources, including technicians

- Development of skills for each job type and rank
- Created education and training centers and original ability tests
- Established in-house certification systems and education and training requirements

The Building of Sekisui House—Our Corporate Story

Phase 2: 1990-2020

Comfort and Eco-Friendliness

A 30-Year Focus on Comfort and the Environment

As environmental issues and climate change became more apparent worldwide, we focused on meeting the needs of residents seeking comfortable lives. We led other companies in further enhancing superior technologies in areas such as earthquake resistance, durability and insulation to establish a substantial track record in comfort for residents and eco-friendliness through energy-saving housing and other measures. We also focused on providing comfort and eco-friendliness for entire communities through town development and redevelopment projects.



Sekisui House's Innovations

In addition to addressing the need for housing that provides safe, secure shelter, we studied a wide range of technologies to develop the most sophisticated approaches to meeting residents' needs for comfort.

Full Commitment to Universal Design

Drawing on our concept of lifelong housing, which we formulated in the 1980s, we apply Sekisui House Universal Design to all of our detached houses to make daily life easier for residents. Furthermore, we promoted smart universal design for comfort. We also started training designers who could make detailed proposals to address the needs of people with disabilities, and have since focused on providing comfort for a greater range of people through design.

Improved Insulation Performance

In 2003, we became the first major domestic housing manufacturer to adopt next-generation energy-saving specifications that satisfy three criteria set by the government—for insulation, airtightness and ventilation systems. These specifications became standard for all of our newly built detached houses. Doing so improved floor insulation performance by about 20% compared to conventional insulation, and helped reduce environmental impact.

Implemented the Green First Strategy

In 2009, Sekisui House led the housing industry with the launch of the Green First house that provides comfortable, economical and eco-friendly living. Green First houses reduce energy consumption through the use of high-performance insulation and energy-saving technology. They also offset energy consumed through the use of a

photovoltaic power generation system and the Ene-Farm household fuel cell, leading to a 60%–80% reduction in household CO₂ emissions during occupancy. We evolved the technology further and are now promoting it in the form of our net zero energy house (ZEH).

Slow Living

We marked our 50th anniversary in 2010 by starting sales of housing offering “slow living” that connects indoor and outdoor space. We analyzed comfort using a scientific approach based on thorough research data. The result was large sliding glass doors with fully recessed bottom sashes on rails that when open create a large continuous space from inside the house to outside under the eaves.

Human Life R&D Institute Opened

The Human Life R&D Institute studies “houses where happiness grows the longer you live there.” It conducts surveys and research on living and ideal lifestyles with the aim of fostering well-being through intangible value. Research into creating the next generation of housing has led to improvements in advanced technologies that integrate technologies and lifestyle design. The result was the launch of Family Suite. In addition, we provide comfortable living by addressing diversifying lifestyles with customizable design.

Developed advanced technologies

- Original SHEQAS seismic control system
- Airkis high-quality indoor air system
- Green First ZERO (ZEH)
- Flexible B System

The People Who Support Sekisui House

We are focusing on various initiatives to promote employee diversity because we believe that diversity will foster a vibrant culture in which the entire Group can innovate and communicate, further enhancing corporate value.

Promoted diversity

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

The Building of Sekisui House—Our Corporate Story

Phase 3: 2020–

Health, Connectedness and Learning

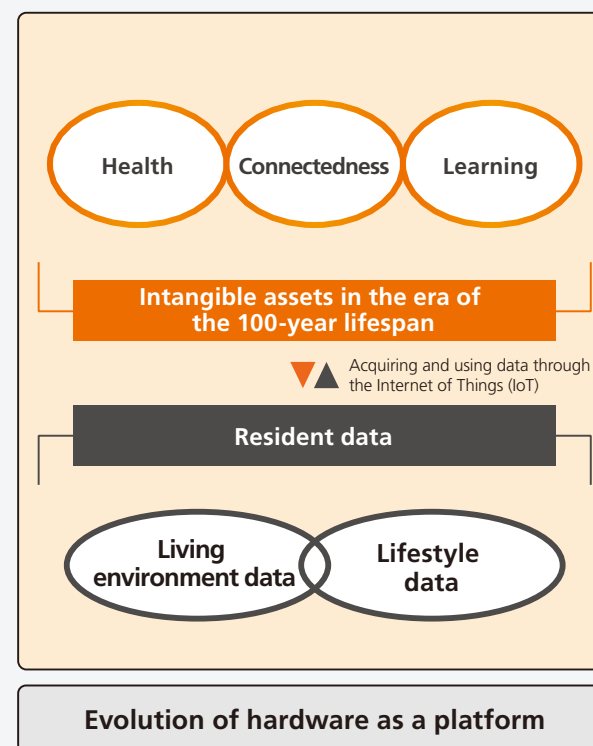
Providing Value from Housing with a Focus on Health, Connectedness and Learning

Since it began in 2020, the COVID-19 pandemic has increased time spent at home and changed lifestyles. This has led to growing interest in and demand for purchasing a home and diversifying needs for the way housing is used. The housing business must provide new value in the era of the 100-year lifespan, and we will do so by ramping up the integration of our technologies, lifestyle design and services.



Sekisui House's Innovations

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



The Use of IoT Technology

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

The Platform House Concept

To propose new housing concepts that will help residents achieve happiness in the era of the 100-year lifespan, Sekisui House is expanding its business from the residential domain to include lifestyle services. In Platform Houses, we will be able to incorporate services related to health, connectedness and learning, and tailor those services to each resident.

HED-Net: An In-Home Early Detection Network for Acute Illnesses

We designed HED-Net, the first service in the world that uses contact-less biosensors installed in the home to detect heartbeat and respiration, and to send an alert to emergency call centers for safety confirmation in the event that an abnormality is detected.

PLATFORM HOUSE touch

PLATFORM HOUSE touch is the first phase of our Platform House Concept. The floor plan of this smart home service is linked to a smartphone app, enabling remote control of home devices from inside or outside using the big data of the house.

Providing high added value

- Family Suite
- SMART-ECS
- Integration of technologies, lifestyle design and services

The People Who Support Sekisui House

We are committed to supporting the self-directed careers employees, and conduct initiatives to foster an innovative corporate culture.

Self-Directed Careers

- Creation of the next generation of leaders
- Employee engagement

Sekisui House's Material Issues

Drawing on its corporate philosophy of love of humanity, for more than 60 years the Sekisui House Group has been delivering new value through its businesses ranging from safe, secure housing to comfort and environmental consideration while helping to resolve contemporary social issues.

In the process, we have been addressing material issues, which is the social mission we embrace in moving our businesses forward.



Process for Identifying Material Issues

We address environmental and social issues and contribute meaningfully to resolving them through our businesses. In 2022, we reviewed material issues in updating our corporate story, which involved matters important to shareholders, investors, customers, business partners, employees and other stakeholders and the impact we have on the economy, environment and society. Since day one, our businesses have created corporate value while addressing material issues. This is the source of our originality and our strength.



The Value and Materiality Created by the Building of Sekisui House

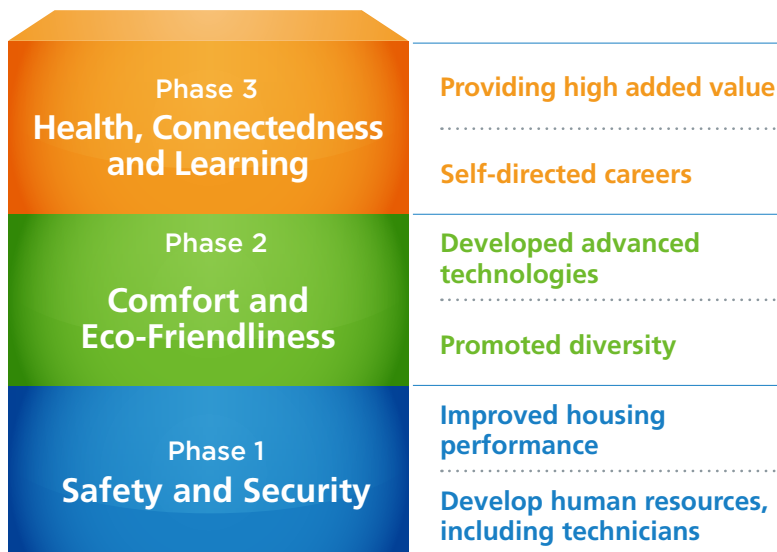
Since its founding, Sekisui House has delivered value as part of its unwavering commitment to customer happiness, social happiness, and employee happiness through its businesses based on its corporate philosophy of love of humanity. Society values Sekisui House because of all we have done over the past 60 years, which is indeed a defining materiality.

Sekisui House has identified creation of high-quality housing stock, contributing to a sustainable society, and diversity and inclusion as its latest material issues. They are the basis for our ongoing commitment to providing sophisticated value with the goals of contributing to happiness in the era of the 100-year lifespan and making home the happiest place in the world.

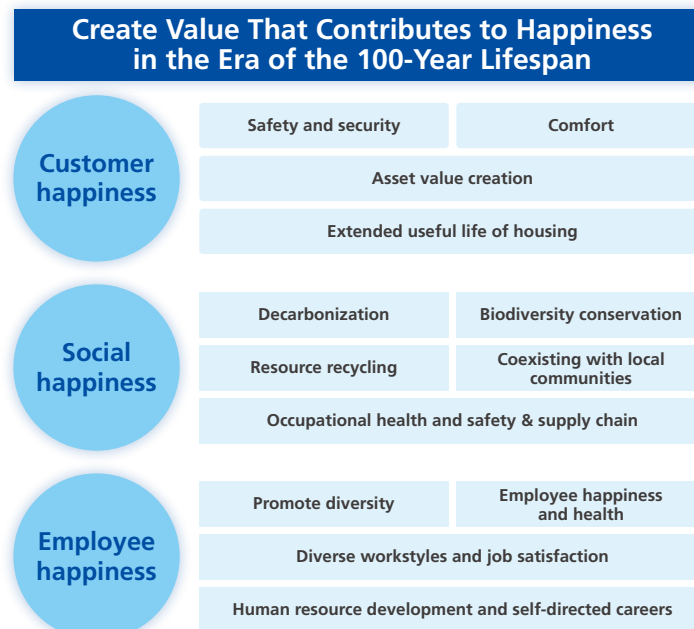
Global Vision

Make home the happiest place in the world

The Building of Sekisui House— Our Corporate Story



Value Delivered



Material Issues



Creation of High-Quality Housing Stock

Contributing to a Sustainable Society

Diversity and Inclusion

Corporate Philosophy of Love of Humanity, and Corporate Governance



Creation of High-Quality Housing Stock

Sekisui House's Technology and Mindset Back Our Material Issues

Focus on housing performance that encompasses safety, security and comfort as well as beauty to provide housing of value where customers can live for generations.

Technology to Improve Housing Performance Creates Safety, Security, and Comfort

Sekisui House focuses intensely on the ground and foundation, which are key to the useful life and accuracy of a house. The prevalence of soft ground in Japan necessitates investigation of the ground that supports a structure's foundation, but expensive and large-scale boring surveys prior to the construction of detached houses were not common in the past. Sekisui House addressed this situation by initiating preliminary ground surveys at construction sites in 1976 using Swedish weight sounding tests, which are now the norm. We were the first private housing manufacturer in Japan to attempt this approach.

We have been researching foundation methodologies since 1972 and developed our "1260 foundation" in 1974. This approach involves a single pour of ready-mixed concrete into a metal foundation frame form, and results in excellent uniformity, strength, and construction efficiency. We then turned to research and development for consistent quality, reduced labor, and improved durability. In 1992, we completed development and launched our proprietary "1660 foundation" that features a direct joint between framing and slab. As a result, none of our buildings were partially or completely destroyed by large seismic events such as the Great Hanshin-Awaji Earthquake of 1995, and the 1660 foundation remains our go-to approach.

In addition, Sekisui House has demonstrated effective safety and security using aseismic technology. Seismic resistance, seismic control, and seismic isolation technology are the three types of aseismic approaches, and we have been conducting proof-of-concept tests on the seismic resistance of our buildings since 1979. None of our buildings



were completely or partially destroyed by the Great Hanshin-Awaji Earthquake, demonstrating their outstanding seismic resistance. In 2003, we announced a seismic isolated house, and in 2007, we announced our original SHEQAS seismic control system that is certified by the Ministry of Land, Infrastructure, Transport and Tourism. The innovative technologies we develop and put to use extend the life of housing, complementing ongoing initiatives to provide safe and secure homes to as many customers as possible.

Committed to comfortable housing, we improved insulation performance by making Centrage Σ multi-layered high-performance heat insulating glass standard in 1996, and then made a next-generation energy-saving system standard in the GRENIER-DYNE series in 1999. We subsequently made these standard in all detached houses, which has helped to reduce environmental impact. We also consider the comfort of residents, and have made the Airkis high-quality indoor air system standard in all detached houses. Our latest initiative to provide housing that is comfortable for residents is our net zero energy house (ZEH).

Our Lifelong Housing Concept: Providing High-Quality Housing for Lifetimes

In 1989, Sekisui House launched its concept of lifelong housing that provides "comfortable living —now and always." Lifelong housing is durable and allows families to adapt easily to lifestyle changes. It also ensures safety and independence while helping residents respond to mental and physical changes due to aging or illness. This concept has been driven by our research into housing for the elderly and handicapped since 1975. Lifelong housing is a design concept that is a clear expression of our corporate philosophy of love of humanity. We built on our research and experience to establish

SH-UD (Sekisui House Universal Design) in 2002. Today, we are applying universal design that makes living easy in all of our detached houses.

Sekisui House is extending the useful life of homes through after-sales maintenance and the remodeling businesses in providing homes for the era of the 100-year lifespan. We systematized owner information and began visits to owners in 1985, then opened our first customer service center in Tokyo in 1987. We now have 30 customer service centers throughout Japan, reflecting how highly we value our customers. We also entered the remodeling business in 1999 by opening our first remodeling centers in Kanagawa and Osaka. We provide customized services even after we deliver homes to customers so that they can enjoy “comfortable living —now and always” over 20, 30 or even 50 years as their family structure and lifestyle changes. In 2005, we spun off the remodeling business into Sekisui House Remodeling to make lifestyle proposals and consistently provide satisfaction. Collaboration with our customer service centers enhances our ability to make proposals.

Sekisui House wants to maximize asset value for owners and provide them with housing for lifetimes. We therefore provide regular inspections and maintenance ranging from repair to reinforcement through our customer service centers, and provide equipment and living space upgrades and design change proposals through our remodeling business.

Well Known for Brand and Beauty

The market for mass-producible prefabricated housing has grown rapidly since 1971, supported by national policies to promote industrialization and strong housing demand. The number of homes exceeded the number of households in all Japanese prefectures in 1973, which initiated an era of quality over quantity in the housing market in which demand for multi-functional and luxury features increased while customer needs diversified. Sekisui House had been customizing designs for each customer since its establishment, and in 1971 pivoted to higher-quality prefabricated housing that addressed customer needs for higher quality in ways such as upgrading and modernizing its existing design portfolio.

In 1978, we began selling our Grenier series of homes developed with a full-scale marketing program. We complemented our emphasis on tangible features such as performance and construction method with compelling design and lifestyle proposals to brand the series as homes with a beautiful external appearance and way of life.

In 1984, we launched IS FLAT homes that were first to use the DYNE CONCRETE exterior wall material that we developed independently. Customer support was strong because of the expressive exterior design, texture and sophisticated elegance of DYNE CONCRETE, which features excellent fire resistance, thermal and sound insulation,

durability, and strength. IS FLAT expressed Sekisui House’s vision of housing as a social asset that holds its value, offers affluence and comfort, is suitable for long and narrow or irregular urban lots, and can be passed down generation after generation over 100 years, from parents to children to grandchildren. In 1987, we launched our best-in-class IS STAGE product that featured improved thermal and sound insulation and expansive interior spaces. Our IS series has continued to develop as a successful brand and our flagship product.

The Bellburn earthenware exterior wall panels we released in 2001 suggest fine stoneware pottery, and are appealing to customers who are discerning about design. We originally deployed these panels for the exterior walls of our SHAWOOD wooden-frame houses, then used them for the M’GRAVIS and M’GRAVIS Bellsa top-end SHAWOOD line products to enhance the upscale image of the SHAWOOD brand.

Sekisui House Town Development Concepts

Since initiating full-scale town development, Sekisui House has been committed to creating sustainable towns where asset value increases over the years and residents can live comfortably well into the future. Our goal is beautification over time. Houses form the basis of daily life in a town, which is a stage that supports the lives of the inhabitants. Interaction among the residents of a town is the medium that nurtures the local community and culture, and eventually the formation of social assets in a vitalized region. Sekisui House therefore complements fundamental town development components such as building layout plans and road design with an emphasis on greenery, parks and common spaces as mechanisms that encourage interaction between residents and revitalize communities. Sekisui House constantly innovates to improve housing performance while developing towns around a common ethos that emphasizes lifestyle and the connection between community culture and the environment. We have consistently improved the sustainability of towns with initiatives that have included people-centered town development in harmony with the environment launched in 1989; town security strategies for living with peace of mind initiated in 2002; initiatives for eco-friendly towns that employ fuel cells launched in 2007; and initiatives to support community formation by planning and providing community spaces and events from 2009.

We also employ the expertise we have gained in community development for Sha Maison rental housing, GRANDE MAISON condominiums, mixed-use development, and office building development. In addition, we deploy this expertise internationally, where our common ethos is central to the town of Camden Hills we designed in Australia. Sekisui House is well known for town development that creates living spaces and environments with consideration for the community and the environment.



Creation of High-Quality Housing Stock

Themes and KPI for Material Issue Initiatives

Material Issue Categories

Safety and security
Comfort
Asset value creation
Extended useful life of housing

KPI Categories

- Customer satisfaction rate
- Proposals of technologies, lifestyle design and services
- Residence evaluation
- Percentage of houses certified as Long-Term Quality Housing
- Rental housing occupancy rate
- Platform House Concept
- Sha Maison Gardens
- SumStock ratio

Material Issue	Category	No.	Indicator	Officer remuneration indicators		Fifth Mid-Term Management Plan	President commendation ESG indicators	Unit	FY2020		FY2021		FY2022	Remarks
				PSU1*	PSU2*				Target	Result	Target	Result	Target	
Creation of High-Quality Housing Stock	Safety and Security Comfort	1.	Detached house customer satisfaction rate					%	95% or higher	96.1%	95% or higher	96.0%	95% or higher	
		2.	Rental housing occupancy rate					%	95% or higher	97.7%	97% or higher	97.9%	97% or higher	
	Asset Value Creation	3.	New proposals of technologies, lifestyle design and services					—	—	Launch of <i>Ouchi-de-Sumai Zukuri</i> and SMART-ECS	—	Launch of Family Suite <i>Ouchi</i> Premium II	—	
		4.	Platform House Concept to help customers achieve happiness in the era of the 100-year lifespan					—	—	Start of HED-Net pilot project	—	Sales of PLATFORM HOUSE touch initiated	—	
		5.	Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)				○	%	—	—	50% or higher	68%	70% or higher overall Third-range products: 85% or higher	4 stars or higher
		6.	Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, security and comfort (Sha Maison Gardens)				○	%	—	—	50% or higher	55%	55% or higher	4 stars or higher
	Extended Useful Life of Housing	7.	Percentage of detached houses certified as Long-Term Quality Housing					%	—	93%	—	93%	90% or higher	
		8.	Ratio of SumStock housing in the Group's existing home transactions					%	—	59%	—	70%	75% or higher	

PSU: Performance Share Unit (performance-related stock remuneration)



Contributing to a Sustainable Society

Sekisui House's Technology and Mindset Back Our Material Issues

Contributing to a sustainable society through our businesses from the perspective of people, towns and the Earth is our social mission as a housing manufacturer.

Reducing Environmental Impact Is a Social Mission

Sekisui House announced its Environmental Future Plan in 1999 and initiated full-scale environmental measures throughout the Group to fulfill its social mission as a housing manufacturer. The energy used from housing construction through residence and disposal accounted for about 20% of total energy consumption in Japan at that time. We therefore placed the effective use of resources and energy at the center of the environmentally responsible housing strategies we formulated. We began by creating an environmental charter with three basic environmental guidelines at its core: preserving the global environment, improving the living environment, and contributing to society. We subsequently established environmental action guidelines to build on our basic guidelines with the following four strategies for specific actionable goals: (1) reduce CO₂ emissions by improving insulation, (2) effectively use resources and reduce waste, (3) improve the value of housing stock by extending the life of buildings, and (4) promote community-friendly town development.

Well before the term “decarbonization” came into use, our action guidelines and strategies for specific actionable goals reflected the climate change issues resulting from global warming that have come to the fore worldwide. They are representative of our corporate commitment and mission as a housing manufacturer to think about and act on solutions to environmental issues. Over time, our basic environmental guidelines and environmental action guidelines have made Sekisui House a leading company in ESG management in the industry that consistently implements environmental initiatives such as ZEH.



Business Activities That Have Helped Preserve Biodiversity and Recycle Resources

Since 2001, Sekisui House has been implementing the *Gohon no Ki* Project to promote landscaping with greenery that takes local ecosystems into account to preserve biodiversity through its businesses. “*Gohon no ki*” means “five trees” in Japanese, and the project concept encourages planting indigenous trees, three out of every five for birds and two for butterflies from among 288 species of trees suitable for gardens. One of the goals is to maintain and revive the ecosystem network by connecting residential gardens, admittedly small areas, in residential areas and cities in order to link them with local natural areas such as *satoyama*, the disappearing native landscape of Japan, thus supporting the habitats and activities of living things. More than 18 million trees have been planted during the 21 years of this initiative. In 2021, we employed macro analysis to quantitatively evaluate the effectiveness of this initiative in preserving biodiversity, and shared the results with society at large.

» Pages 112-114: Biodiversity Conservation

Our use of FairWood for sustainable timber procurement is another key initiative to preserve biodiversity. FairWood ensures stable access to sustainable, renewable resources, and we are proactively working with our suppliers to maximize the ecosystem network through our businesses. In addition, in 2007, we formulated and implemented our own Wood Procurement Guidelines, which stipulate 10 procurement guidelines.

» Page 122: FairWood procurement and Wood Procurement Guidelines

In addition, Sekisui House believes it must recycle resources to support the lives of all people, and we have been one of the first in the construction industry in Japan to promote this initiative. In addition to recycling waste and suppressing its generation, we are also focusing on after-sales service and the remodeling businesses so that we can continue to use materials from housing that has become social stock, with the goal of making optimal use of resources throughout the product lifecycle.



Contributing to a Sustainable Society

Themes and KPI for Material Issue Initiatives

Material Issue Categories

Decarbonization
Biodiversity conservation
Resource recycling
Coexisting with local communities
Occupational health and safety & supply chain

KPI Categories

- Ratio and number of ZEH units
- RE100 achievement
- Wood procurement rate
- Waste rate
- Corporate program to match employee donations
- CSR procurement
- Rate of CO₂ emissions reduction
- Supplier science-based target-setting rate
- Gohon no Ki Project
- Waste recycling rate
- Frequency of accidents and illness in the construction division that result in lost worktime

Material Issue	Category	No.	Indicator	Officer remuneration indicators		Fifth Mid-Term Management Plan	President commendation ESG indicators	Unit	FY2020		FY2021		FY2022	Remarks
				PSU1	PSU2				Target	Result	Target	Result	Target	
Contributing to a Sustainable Society	Decarbonization	9.	Ratio of detached ZEH homes	○	○	○	○	%	88%	91%	89%	92%	90%	
		10.	Number of ZEH units for rent	○	○	○	○	%	—	—	—	—	50%	Limited to resident electricity sales
		11.	Number of ZEH condominiums for sale Ratio of ZEH condominiums for sale			○	○	Housing units	1,200	2,976	1,800	8,501	—	Changed to ratio from FY2022
								%	—	—	35%	39.4%	85%	Cumulative units built Additional sales ratio disclosure
		12.	Number of Idocoro Dan-netsu houses (location-based insulation upgrades)			○	○	Housing units	1,000	1,005	1,200	1,338	1,250	
		13.	Rate of CO ₂ emissions reduction from new housing					%	42%	54.7%	—	55.5%	—	
		14.	Rate of CO ₂ emissions reduction from business operations					%	29%	39.2%	—	46.6%	—	
		15.	RE100 achievement rate					%	6%	16.4%	25%	33.5%	35%	
	Biodiversity Conservation	16.	Supplier science-based target-setting rate					%	—	18.6%	—	22.2%	—	
		17.	Sustainable wood procurement rate					%	95.5%	97.0%	97.2%	97.2%	97.4%	
		18.	Biodiversity-friendly tree planting (Gohon no Ki Project)					Thousand trees	17,000	17,090	18,000	18,100	19,000	Cumulative trees planted
	Resource Recycling	19.	Waste rate (new construction)					%	5.5%	5.8%	5.5%	5.4%	5.2%	
		20.	Waste recycling rate (new construction)					%	100%	100%	100%	100%	100%	
		21.	Waste recycling rate (maintenance and remodeling)					%	90% or higher	92.8%	90% or higher	95.6%	90% or higher	
	Coexisting with Local Communities	22.	Percentage of employees joining employee-company joint donation programs (Sekisui House Matching Program employee participation rate)					%	30%	27%	30%	31%	35%	
		23.	Trip Base Michi-no-Eki Stations Project, a project for regional revitalization					—	—	4 prefectures: 8 buildings 596 rooms	5 prefectures: 14 buildings 1,053 rooms	5 prefectures: 14 buildings 1,053 rooms	9 prefectures: 20 buildings 1,582 rooms	
	Occupational Health and Safety & Supply Chain	24.	Frequency rate of accidents in the construction division that result in lost worktime					—	2.63	2.27	2.15	2.49	2.13	
		25.	Occupational illness frequency rate in the construction division					—	0.39	0.37	0.33	0.20	0.31	
		26.	CSR procurement coverage					%	85.0%	88.0%	89.0%	93.8%	90.0%	
		27.	CSR procurement score					Points	87.0	91.2	91.5	91.9	92.0	
		28.	CSR procurement, human rights and labor scores					Points	—	90.1	90.4	90.9	91.0	



Diversity and Inclusion

Sekisui House's Technology and Mindset Back Our Material Issues

Employee happiness is essential to make home the happiest place in the world. We are conducting human resource development to create happy workplaces that are akin to home for employees.



Continually Deepening Human Resource Development as Times Change

Sekisui House has been focusing on developing its people since its founding in 1960. We initially focused on on-the-job training through actual work, but in the 1980s, competition in the housing industry intensified backed by diversifying lifestyles brought on by high economic growth. We immediately strengthened and accelerated our sales capabilities by providing training for sales personnel.

Amid these changes, in 1987 we established education and training guidelines that set forth our basic policy for developing employee skills. This policy defines training as the development of the people we need to provide products and services that result in high customer satisfaction, people who excel at work and business, and people who are creative and innovative. Based on this policy, we have dramatically improved our employee training systems and further enhanced content. We also have a well-developed in-house certification system to help technicians improve their skills, with certification of competent in-house qualified personnel in the design and construction departments, encompassing Chief Architects, Platinum Specialists, Structural Planning and Design Specialists, and Chief Constructors.

» Page 143: In-house certification programs

Our certification system enhances both employee expertise and autonomy by improving skills and motivation. An additional personnel development theme is nurturing people with self-directed careers who can achieve customer satisfaction because they act on their own accord with a personal vision to independently develop their own capabilities.

Training That Imparts the Technology and Spirit of Sekisui House to Technicians

The Sekisui House Group shares the spirit of “a community with a common destiny.” It emerged when the Company name changed from Sekisui House Industry to Sekisui House in 1963, and is the basis of our corporate philosophy of love of humanity that we formulated in 1989 as our core value and basis of our contribution to society of which we are all part.

The spirit of a community with a common destiny is not limited to our inner circle. Cooperation among many people empowers the housing industry, so strong ties with partner building contractors and companies are key. Sekisui House opened a vocational training school for technicians in Kanagawa in 1982 to improve construction quality by enhancing Group capabilities, imparting technologies and developing people. We added schools in Ibaraki, Shiga, and Yamaguchi through 1987 for four locations nationwide. These schools differ significantly from general training centers. They cover practical techniques for housing construction along with subjects ranging from socially responsible behavior and adult education to the soul of the Sekisui House Group. We believe that the Group's spirit is key to making customers happy, so we must impart both our technology and our spirit.

Our unique examination and certification system helps to enhance our construction capabilities. We initiated Chief Technician certification in 1983, then established Sekisui House Remodeling Meister to improve construction quality at remodeling sites. Moreover, our spirit of a community with a common destiny expands our focus to developing people at partner building contractors.

Respect for Diversity and Self-Directed Careers to Make Employees Happy

Employee happiness is essential to make home the happiest place in the world. The workplace is akin to home for employees, so we want to make it happy for employees by respecting employee diversity, enhancing relevant systems, reforming workstyles and empowering self-directed careers.

Since 2004, Sekisui House has introduced various systems with an emphasis on diverse work styles. Typical examples are the expansion of the childcare support program in 2006 and the nursing care support program in 2014. We also launched a childcare leave program for eligible male employees in 2018, and introduced a new eight-week post-partum leave program for eligible male employees in 2021 to improve the quality of childcare leave for men.

The launch of the Career Challenge System to support career advancement and autonomy is representative of our efforts. We initiated Sekisui House Women's College in 2014 to systematically and effectively develop talented female employees for promotion to managerial positions. We also introduced career interviews in 2021 based on extensive communication between managers and team members. By promoting self-directed careers development among

employees, we help them to establish a personal career vision rather than one provided by Sekisui House, and to take on the challenge of actualizing their vision.

Respect for diversity expands opportunities for employees to participate in their own way regardless of nationality, race, ethnicity, gender, sexual orientation, gender identity, age, disability, or educational background. We have promoted employment and expanded opportunities for participation by establishing a system for registering partners in a common law or same-sex marriage in 2019, and the Promotion of Employment of Persons with Disabilities Office in 2020. Furthermore, we employ many people of different nationalities and cultural backgrounds mainly in our international operations, and have a support system that helps non-Japanese technical trainees work with peace of mind at the technical training facility we opened in Vietnam in 2019.



East Japan Training Center graduates play an active part at construction sites.



The childcare leave program for male employees provides more time to spend with children.



More male employees of Sekisui House Australia are also taking childcare leave.



Technical trainees from Vietnam learn Sekisui House building technology.



Diversity and Inclusion

Themes and KPI for Material Issue Initiatives

Material Issue Categories

Promote diversity
Employee health and happiness
Diverse workstyles and job satisfaction
Human resource development and self-directed careers

KPI Categories

- Number of female directors of the Board and managers
- Ratio of female new graduates hired
- Rate of employees opting for the secondary medical checkup
- ESG Dialogue
- Eligible male employee childcare leave
- Qualifications acquired
- Ratio of full-time female employees
- Employment rate of persons with disabilities
- Walking Challenge
- Happiness diagnosis
- Working hours and paid leave take-up per person

Material Issue	Category	No.	Indicator	Officer remuneration indicators		Fifth Mid-Term Management Plan	President commendation ESG indicators	Unit	FY2020		FY2021		FY2022	Remarks
				PSU1	PSU2				Target	Result	Target	Result	Target	
Diversity and Inclusion	Promote Diversity	29.	Number of female directors of the Board (non-consolidated basis)					Persons	1 or more	1	3	3	3 or more	
		30.	Number of female managers (Group basis)	○	○	○		Persons	225	236 3.79%	240	273 4.31%	260	
		31.	Ratio of full-time female employees (Group basis)					%	27.0%	27.3% 6,225	27.5%	28.1% 6,454	28.0%	
		32.	Ratio of female new graduates hired (Group basis)					%	—	41.6% 305	41.1%	41.2% 278	42.0%	
		33.	Employment rate of persons with disabilities (non-consolidated basis)					%	2.61%	2.76%	2.61%	2.90%	2.61%	
	Employee Health and Happiness	34.	Rate of employees opting for the secondary medical checkup				○	%	—	87.0%	89.0%	97.8%	98.0%	
		35.	Walking Challenge participants and average step count				○	Persons Steps	— —	19,138 5,388	— —	19,691 5,641	— —	
		36.	ESG dialogue implementation (workplace basis) ¹					%	—	Sekisui House managers	Sekisui House employees Group managers	Sekisui House employees Group managers	100%	
		37.	Happiness diagnosis Well-Being Circle total score ²					Points	—	65.51	—	65.75	—	
	Diverse Workstyles Job Satisfaction Human Resource Development Self-directed careers	38.	Take-up rate for eligible male employee childcare leave (non-consolidated basis)	○	○	○		%	100%	100%	100%	100%	100%	
		39.	Monthly average working hours per person		○		○	Hours	—	176.71	176	177.64	175.5	
		40.	Annual paid leave take-up rate and number of days taken	○				%	57%	46.5% 8.4	58%	52.7% 9.5	60%	
		41.	Cumulative number of workers who have acquired major qualifications required for a position					Persons	22,300	22,534	22,700	22,940	22,900	Total

1. Participants in FY2020 and FY2021. Changed to implementation ratio from FY2022.

2. Average Well-Being Circle score for 34 items in 11 categories in the happiness diagnosis

Message from the President



We are making steady progress in offering integrated proposals of technologies, lifestyle design and services to realize our global vision to make home the happiest place in the world.

Yoshihiro Nakai

Representative Director of the Board
President, Executive Officer, CEO

Message from the President

The Second Year of the Fifth Mid-Term Management Plan in Review

Overcoming Difficulties by Aligning Efforts and Integrating Technologies and Lifestyle Design for Happiness

Amid the ongoing global COVID-19 pandemic, I would like to express my deepest sympathies to those suffering from the disease and everyone whose lives have been affected.

Sekisui House is conducting its business under the global vision it set forth in 2020 to make home the happiest place in the world. Our aim is to become a global company that offers happiness by integrating technologies, lifestyle design and services based on the residential domain. Despite the challenging economic conditions brought about by the pandemic, we were able to accelerate growth in FY2021 by aligning Group-wide efforts to realize our global vision. As a result, net sales increased ¥142.6 billion year on year, or 5.8%, to ¥2,589.5 billion, and operating income increased ¥43.6 billion, or 23.4%, to ¥230.1 billion yen, both record highs.

In FY2022, the final year of the Fifth Mid-Term Management Plan, orders for the custom detached houses business continue to grow steadily, centered on Family Suite, which integrates our technologies and lifestyle design. We are conducting initiatives to promote new value in housing, including our Tomorrow's Life Museum hands-on, experience-based facilities where families can have fun imagining their future lifestyles and *Minna no Kurashi* 7 Stories lifestyle-themed model houses that complement Sekisui House technologies with a full range of lifestyle design proposals that contribute to customer happiness. In the rental housing and real estate management fees businesses, we build and manage valued assets for owners and implement initiatives to satisfy their tenants. Efforts include conducting comprehensive area-specific marketing strategies, promoting the popularization of ZEH as we do for detached houses, and providing high-quality services. In February 2022, we reorganized the Sekisui House Real Estate Group under the newly established intermediate holding company Sekisui House Real Estate Holdings, Ltd. to further improve the group's management and services while strengthening its governance.

We also achieved excellent results in the remodeling business, mainly from proposal-based and environment-based remodeling, and both the condominiums business and the urban redevelopment business posted solid results in line with the Company's plan. In the overseas business, the transfer of the marketing expertise and technology we have cultivated in Japan to U.S. subsidiary Woodside Homes is proceeding smoothly. By dispatching technicians from Japan and shifting to a lifestyle proposal-based business rollout, we have achieved a high level of customer satisfaction, and

Woodside Homes has become widely recognized as a customer-oriented premium brand. In December 2021, we made Holt, our second homebuilder in the United States, a wholly owned subsidiary and we will continue to accelerate the transfer and popularization of Sekisui House technologies.

Thoughts on Our Global Vision, Medium-to-Long-Term Policies, and Perception of Issues

Utilizing the Advantages of Sekisui House Technologies and Lifestyle Design to Realize Our Global Vision

Day after day, Sekisui House analyzes three components of happiness—health, connectedness and learning—to explore how it can provide high-added-value housing that will make home the happiest place in the world. We are currently conducting research and development under our Platform House Concept to help residents achieve happiness in the era of the 100-year lifespan. As the first phase of this process, we have begun providing our industry-leading PLATFORM HOUSE touch floor plan-linked smart home service. Installation of edge computers systems strengthens in-home security, and by using our dedicated smartphone app residents can operate devices while looking at the floor plan of their home. For example, they can check the status of the house, remotely control devices such as air conditioners, and receive notifications when other residents enter or leave the premises. Customers gave PLATFORM HOUSE touch a warm response from the very start, and we are planning to install a series of additional services in the future. For the second phase, we will provide services for health, connectedness and learning, and for the third phase we aim to start the HED-Net service, an in-home early detection network for a rapid response to acute illnesses. Details of the Platform House Concept and HED-Net were announced at CES¹ in Las Vegas and both have attracted substantial attention in Japan and overseas. We continue in our aim to help residents achieve happiness through homes that generate the intangible assets of health, skills and knowledge.

Moreover, we aim to make Sekisui House technologies the global de facto standard based on a variety of comprehensive proposals that include the technologies, lifestyles and high-value-added features that we have cultivated in Japan. For instance, although technologies for safety and security underpin all we do, the level of urgency in addressing natural disasters such as storms, floods and earthquakes differs by country or region. In the United States, earthquakes are considered a danger on the West Coast but in central and southern areas hurricanes are a problem, and temperatures vary substantially by region. To meet the diverse needs for solutions to these issues and to provide added value, we plan

Message from the President

to transfer Sekisui House technologies, including SHAWOOD, which incorporates our high-level technical capabilities.

I also believe that our Family Suite concept of lifestyle design proposals will gain acceptance overseas. Most houses outside Japan are two-by-four construction, so large open spaces are not feasible. Using Sekisui House's SHAWOOD construction method, Family Suite enables a large open living area where family members can gather while spending time separately as they please, thus making home a happier place. By 2025 we are targeting sales for the overseas business of 10,000 detached houses per year, the same as for Japan. This will require collaboration with overseas companies that share our approach of integrating technologies and lifestyle design, and we are considering M&A as one means of expanding our business.

1. Consumer Electronics Show: One of the world's largest exhibitions of the latest technologies

Identifying New Material Issues

Three New Material Issues for the Sustainable Future We Pledge to Our Stakeholders

We recently reviewed our material issues to clarify the tasks that Sekisui House must carry out. I believe that material issues are not short-term; rather, they should combine the salient points of the Company's history and contemporary trends in order to provide direction for the future. Sekisui House was established to help resolve the housing shortage problem in 1960s Japan. Since then it has consistently worked to make housing safe, secure, comfortable and eco-friendly. To provide happiness in the era of the 100-year lifespan through housing, we have positioned three material issues as management priorities going forward: creation of high-quality housing stock; contributing to a sustainable society; and diversity and inclusion.

Regarding our first material issue, creation of high-quality housing stock, I consider housing to be a form of social capital equal in importance to infrastructure such as roads, railways, gas, electricity and waterworks. I therefore see Sekisui House's primary mission as providing high-quality housing that can be passed on to future residents for many years to come. This is premised on the expected role of housing to function as a safe and secure shelter that protects the lives and property of the people who live in it. Since its establishment, Sekisui House has been developing strong, highly earthquake-resistant housing to ensure customer safety and security. Customer trust in those technical capabilities reached new heights after the 1995 Great Hanshin-Awaji Earthquake, during which not even one of our houses collapsed, even

partially. Then, based on our track record in lightweight steel-frame housing, for our SHAWOOD wooden-frame houses we adopted foundation direct joints, which connect posts directly to the foundation, and announced our metal joint (MJ) system for connecting posts and beams. In 2004, we introduced base-isolated houses for greater earthquake resistance. In 2007, we developed and began sales of SHEQAS, a seismic vibration absorption system that reduces building deformation by about 50%, and it is now standard in nearly all of our lightweight steel-frame houses. These measures have given us a complete construction lineup of seismic resistance, seismic control and seismic isolation products to counter the impacts of earthquakes. In preparing for unforeseen disasters, our mission is to create high-quality housing stock that will contribute to a resource-recycling society. We will do this by maintaining and improving the asset value of housing and help bring the earthquake resistance of some 5 million detached houses up to a sufficient standard.

Insulation performance is also indispensable in the creation of high-quality housing stock. Sekisui House was among the first companies in Japan to sell comfortable, thermally insulated houses. The aluminum sashes we have provided dramatically improve airtightness compared with conventional wooden window frames. We also developed and introduced exterior wall panels that incorporate polystyrene foam that significantly improves thermal insulation performance. In our efforts to improve the comfort of homes, a commitment to delivering the highest quality and technology has kept us ahead of national standards. When attention to energy conservation rose to a new high during the 1973 oil crisis, we were at the forefront of developing advanced, energy-efficient houses. Following that, in 1996 we developed detached houses featuring large atriums and open staircases integrated into living room floor plans to provide comfort and enjoyment for residents, in addition to energy conservation. We adopted high-performance thermal insulated double glazing as standard for doors and windows, which are a weak point for insulation. Seldom used at the time, they already met Japan's new building energy standards that came into effect three years later in 1999. In 1997, the same year that COP3 was held, we began selling a house model equipped with photovoltaic power as a standard feature, adopting eco-friendly and economical rooftop solar panels with an improved design. This has led to our current promotion of ZEH. Only 13% of housing stock in Japan meets current standards for energy efficiency. As an industry leader, Sekisui House is pursuing the creation of high-quality housing stock in terms of insulation performance as well.

Decarbonization is key to our second material issue, contributing to a sustainable society.

Climate change is a global issue that substantially impacts the Earth's natural environment. We do not inherit the environment from our ancestors; we borrow it from our children. Based on the concept of building homes for the children of the future, in 1999 we announced our Environmental Future Plan, making the environment a Group-wide initiative, and in 2005 issued our Declaration of Sustainability, making a sustainable society part of our corporate vision. When The Kyoto Protocol² came into effect, we formulated our Action Plan 20 to help achieve Japan's targets and

Message from the President

worked to popularize houses that contribute to the targeted 20% reduction in CO₂ emissions during occupancy. Our measures included the adoption of high thermal insulation and high-efficiency water heaters as standard features. Next, we announced our 2050 Vision targeting net zero CO₂ emissions from housing and shifted our management focus to decarbonization ahead of other companies. First, we launched the Carbon Neutral House, which targeted net zero CO₂ emissions during occupancy and was the forerunner of our current net zero energy house (ZEH). Then in 2009, we launched Green First houses that use photovoltaic power and Ene-Farm fuel cells, and began a full-scale environmental strategy called the Green First Strategy. In 2013, we launched the Green First ZERO net zero energy house, and as of FY2021 efforts to popularize it have increased the customer adoption rate to 92% of all orders for our detached houses. In addition to detached houses, we are now focusing on ZEH for rental housing, condominiums and non-residential buildings such as rental offices. We promote cutting-edge initiatives ahead of other companies, and we intend to continue leading the housing industry going forward. In all of our initiatives, we work to improve the balance among comfort, economy and environmental performance, seek benefits for residents, and nurture shared understanding and expectations with our customers. Through these initiatives, we aim to achieve carbon neutrality by 2050.

2. The protocol to prevent global warming adopted at the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) held in Kyoto in 1997

Our third material issue is diversity and inclusion. Our policy for promoting diversity encompasses three areas: promoting the active participation of female employees; encouraging the active participation of diverse human resources; and promoting diverse workstyles. Under this policy we work every day to create an environment and framework for the sustainable growth of our employees and the Group. We started full-scale efforts to promote the active participation of female employees in 2006, with the establishment of a Diversity Development Team. Our aims were to support career planning by female employees, plan training, actively hire female sales staff and promote women to managerial positions. As a support system for promoting women to managerial positions, we opened Sekisui House Women's College, which features a two-year training curriculum covering various fields. As of January 2022, the ratio of full-time female employees to total employees was 28%. This is a very high level for the construction industry, and we expect to reach about 30% in the future.

To promote diverse workstyles, in 2018 we introduced a program encouraging eligible male employees to take at least one month of childcare leave. The take-up rate has consistently been 100% since the launch of the program. The program facilitates new awareness among participants toward both work and private life, which in turn has a positive effect on our business.

As for human resource development, we positioned 2021 as the kickoff year for a variety of personnel system reforms, introducing a highly transparent evaluation system, a career interview system and a system to support employees' self-directed careers. Rather than systems in which the Company directs employees, we aim to create a corporate culture in which employees define their own career vision and have the motivation to make it a reality by taking on challenges independently.

Moreover, to make Sekisui House a more vibrant organization, I believe innovation and communication are indispensable. Innovation and communication are the keywords of SHIP,³ an awards program that we started in 2021. I can sense the steady penetration of various forward-looking ideas that have been proposed. I am certain that efforts to innovate and communicate will foster a vibrant corporate culture and lead to further enhancement of our corporate value. To make home the happiest place in the world, it is crucial for our own employees to be happy. By promoting diversity and inclusion, we will create a working environment where everyone can continue to work in their own way, happily and with peace of mind, as we work to build an organization that can strengthen and leverage diversity and autonomy.

3. Sekisui House Innovation & Performance (SHIP) Collective Communication and Innovation Awards Program

Outlook and Improvement of the Sekisui House Group's Corporate Value Going Forward

In closing, I would like to reiterate my belief that housing is social capital that should endure and be passed on to future residents for many years to come. At the same time, we aim for beauty in our houses with the idea that they should become even more attractive over time. I think that as a housing manufacturer, Sekisui House should play a role in wishing for, providing and realizing happiness for our customers, while giving shape to and clearly demonstrating to stakeholders its objective of becoming a leading company in ESG management. I am confident that the spirit of Sekisui House's philosophy of love of humanity, in which we wish for the happiness of others and make their joy our own, will continue to be passed on into the future in any era.

You can expect great things from Sekisui House as we continue making strides toward the decades ahead.

Feature: Growth Strategy Case Studies

The Sekisui House Group has started a variety of initiatives for new growth. This section features three case studies from among these initiatives.

Case Study 1

A New Business That Generates New Growth PLATFORM HOUSE touch

The services offered in the first phase of the Platform House Concept will lead to the happiness of residents in the era of the 100-year lifespan and to the acquisition of new profit opportunities for Sekisui House.

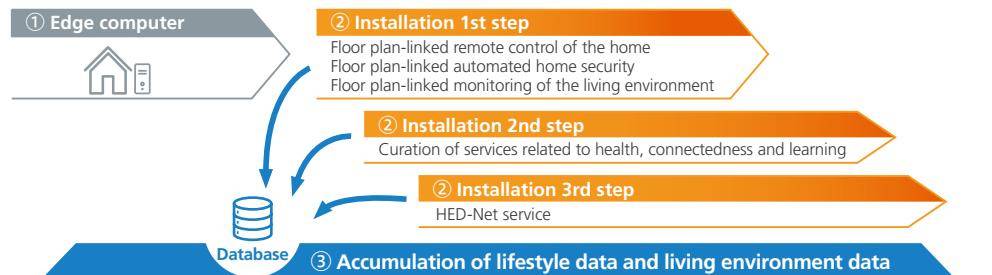
The Platform House Concept Pioneers New Business

One of the growth strategies in the Fifth Mid-Term Management Plan is the Platform House Concept. Announced in 2020, this initiative expands the Company's business domain from the house as a tangible product into lifestyle services for residents. We integrate technologies, lifestyle design and services to offer houses that continue to generate the intangible assets of health, connectedness and learning, which in turn serve as the basis of new lifestyles. Through this process, we are working to help residents achieve happiness in the era of the 100-year lifespan.

We are working to provide three specific features in housing that will help residents accumulate these intangible assets: edge computers that will strengthen in-home security; the ability to install numerous services; and the accumulation of lifestyle and living environment data. Our new PLATFORM HOUSE touch service, launched in August 2021 as the first step of the Platform House Concept, facilitates a new way of living for residents that keeps them connected to their home and family wherever they go by using a smartphone to check the status of their house and operate devices in it. We will expand curation of services for health, connectedness and learning, and develop a business for implementing our HED-Net service.

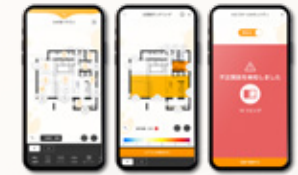
Platform House Rollout

- Feature ① Edge computing strengthens in-home security
- Feature ② Homes can be installed with numerous services
- Feature ③ Collects lifestyle and living environment data



First Step of the Platform House Concept PLATFORM HOUSE touch

PLATFORM HOUSE touch, which helps achieve happiness through connectedness between a house and the people who live there, is the industry's first smartphone app offering intuitive operation using a diagram of the floor plan. Services include remote control of the home, self-monitored home security, monitoring of the living environment and notifications when other residents enter or leave the home.



Many consumer electronics manufacturers already offer "smart homes" centered on home appliances that are connected to and operated via the Internet, but in the case of Sekisui House's PLATFORM HOUSE touch, the residents themselves play the central role. The service concept of PLATFORM HOUSE touch goes beyond the Internet of Things to include the ability to visualize the current status of the house, and a record of the devices and the people who operated them. This enables residents to confirm who did what, and when. Firmly rooted in our approach of prioritizing safety and security, these services are also closely attuned to residents' lives, based on the housing technologies that we have cultivated over many years.

PLATFORM HOUSE touch is a subscription service with a monthly fee. We plan to provide ongoing value through a menu of intangible assets, from which customers will be able to select the services they require. Going forward, we also plan to offer a series of appealing services that will lead to greater happiness for residents and their families as well as to new profit opportunities for us.

Value Provided No. 1

Making Us Happy as a Family (Opinion from a User)

The remote controls save time in various ways. For example, when I'm in the kitchen I can use my smartphone to turn off lights on the second floor, and while I'm at work I can check that my children have arrived home. These advanced functions make us happy as a family, even though we are a busy two-income household.



Value Provided No. 2

A Sales Advantage (Opinion from Sekisui House Sales Department Staff)

Customers feel special having an app uniquely linked to their own house's floor plan, and our animated presentation showing 16 ways in which PLATFORM HOUSE touch enhances daily living and family connectedness was very popular among customers, which has led to orders.



Feature: Growth Strategy Case Studies

Case Study 2

Transferring Sekisui House Technology Worldwide Homebuilding Business in the United States

To make our global vision a reality, we will transfer Sekisui House technologies to areas where we establish businesses outside Japan, with the aim of providing the value of happiness through the integration of technologies, lifestyle design and services. The homebuilding business in the United States is at the core of this initiative.

Extending the Coverage Area of the U.S. Homebuilding Business for Further Growth

The Sekisui House Group is focusing on creating value through happiness by transferring Sekisui House technologies to integrate the housing technologies the Group has cultivated in Japan with lifestyle design proposals and services. To make Sekisui House technologies the global de facto standard, we have set a target for our homebuilding business of supplying 10,000 detached houses per year outside Japan by 2025.

The homebuilding business in the United States is at the core of this initiative, and we will combine Sekisui House expertise with that of local Group homebuilders to develop a one-of-a-kind housing business. We aim for growth in this business, which started with our acquisition of Woodside Homes in 2017, through a three-step process: establishing the foundation for the business; expanding horizontally (acquiring companies in the same line of business) into promising areas throughout the United States; and rolling out the SHAWOOD business, which best embodies the ideals of Sekisui House, across the country. Currently, we are in the stage of expanding into promising areas, and will use Holt, which we have made a wholly owned subsidiary, to gain a foothold for expansion in the Pacific Northwest.

Three Steps to Expand the U.S. Homebuilding Business



Aiming to Become the Global De Facto Standard with SHAWOOD

The transfer of Sekisui House technologies to Woodside Homes is proceeding smoothly. Woodside Homes, which conducts the homebuilding business in Utah, California, Arizona and Nevada, has achieved a high level of customer satisfaction from its shift to a value-oriented, lifestyle proposal-based business. It has also earned wide recognition as a premium customer-oriented brand.

In addition, by making Holt a wholly owned subsidiary in December 2021 we expanded the area we serve to Oregon and Washington and further accelerated the transfer of Sekisui House technologies. The Western United States, where Holt operates, has a large high-end housing market, making it a highly promising area for expanding our homebuilding business. We aim to provide higher-quality housing in collaboration with Woodside Homes and Holt. In addition, given that the Southern United States accounts for about 50% of total U.S. housing starts, and the number of high-priced houses being built there is second only to the Western United States, we are also considering expanding into this area by acquiring a homebuilder to make it a member of the Group and rolling out the SHAWOOD business.

We will also pursue the potential of the SHAWOOD business with Woodside Homes and other Group builders who share our global vision. By addressing changing needs in this changing market, we will convince U.S. customers to accept the free and novel approach to homebuilding and lifestyles, unencumbered by the traditional concepts and conventional wisdom of wooden-frame housing, that SHAWOOD offers. By providing the value of SHAWOOD homes to customers in the United States and around the world, we will ramp up the homebuilding business to make Sekisui House technologies the global de facto standard.



SHAWOOD

Chōwa HOUSE concept home
(First exhibition of a SHAWOOD house
in the United States at the International
Builders' Show in January 2020)

SHAWOOD's Technological Capabilities for Success in the U.S. Market



Feature: Growth Strategy Case Studies

Case Study 3

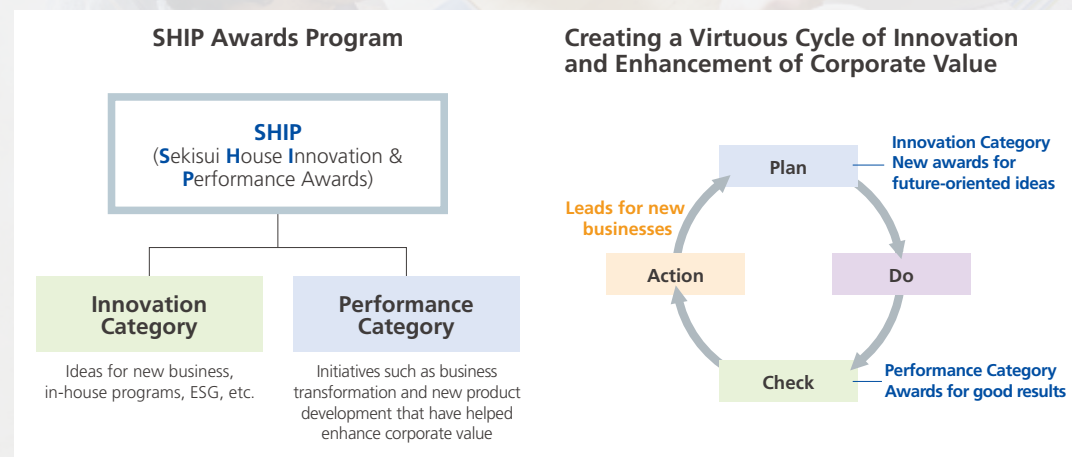
Fostering an Innovative Corporate Culture Sekisui House Innovation & Performance (SHIP) Awards Program

Fostering an innovative corporate culture is crucial for the sustainable growth of the Sekisui House Group. The SHIP awards program plays an important role in developing self-directed people and organizations.

An Innovative Corporate Culture Fostered by Innovation and Communication

SHIP is a Group-wide initiative to foster innovation through communication. All employees are eligible to participate. It combines the former Innovation Competition that we held to commemorate Sekisui House's 60th anniversary with our traditional awards such as for technical development and business achievements. The Innovation Competition was an initiative to cultivate the innovative corporate culture necessary for the Sekisui House Group to overcome challenges and succeed over the next 30 years. It reflects our strong commitment to innovation and communication, with a focus on employee communication as the source of innovation.

SHIP consists of two categories. In the Innovation category, employees share ideas with ESG perspectives for new businesses and in-house programs. In the Performance category, employees showcase the outcomes of business transformation and newly developed products, as well as initiatives that have improved operational efficiency and productivity, social contribution activities, and other areas based on freely implemented ideas at workplaces. By linking the two categories and motivating employees to generate and act on their own ideas, we create a virtuous cycle of innovation and enhancement of corporate value.



Advancing the Group through Ideas That Emerge from Communication



Unpredicted, yet impactful outcomes emerge from interactions between individuals. When people communicate, they are exposed to new perspectives. As a result, they achieve better outcomes than those achieved by lone individuals. SHIP fosters cross-organizational communication and collaboration—between employees who normally have no contact with each other, between employees and senior management, and among employees from different Group companies—generating new ideas that lead to positive impacts. Through cross-organizational communication and an improved workplace culture, SHIP is aimed at cultivating a Group environment where new ideas constantly emerge, and at encouraging greater employee self-development. We believe that SHIP also plays a role in promoting greater openness to new ideas and discoveries in day-to-day work at branches, Group company offices, factories and the head office. Compared with the 232 entries we received for our Innovation Competition in 2021, the newly launched SHIP garnered a total of 843 compelling submissions for the Innovation and Performance categories.

In March 2022, we held the final round and award ceremony for the first SHIP at the W Osaka hotel. The finalists, comprising 20 teams, pitched their innovative ideas and initiatives to senior management. The event was livestreamed to Group offices and employees worldwide.

At SHIP, ideas emerge from diverse perspectives. These ideas, which include novel and competitive business opportunities and effective practices in Human Resource management, also address pressing organizational and social needs, thus enhancing our corporate value. In addition, the event offers employees a unique opportunity to pitch their ideas directly to senior management and receive feedback and guidance.

Sekisui House Group employees are inspired by the passion of their colleagues demonstrated in the final round. By motivating other employees to take part in the future, SHIP drives us to grow into a Group where each employee takes on new challenges and initiatives.



Front row: Final round judges (Company directors of the Board as of March 15, 2022)
Back rows: Finalists (award winners)



Presentation by a finalist