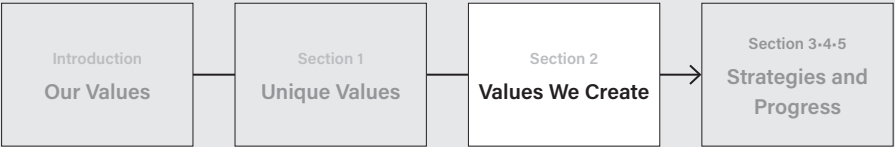


Section 2

Future of Value Creation

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STORYLINE



Points

- Explaining the Sekisui House Group's vision to create happiness for customers, society and employees through our business activities
- Outlining our missions and initiatives, highlighted by case studies and employee insights

Promise for the Future



Since its founding in 1960, the Sekisui House Group has contributed to solving social issues that arise in each era through its business activities. Our Global Vision, "Make Home the Happiest Place in the World," is a promise for the future, and we will continue to create further social value and enhance our corporate value to realize this vision.

The Sekisui House Global Vision
Make Home the Happiest Place in the World



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

As housing is a crucial component of social infrastructure, we are committed to passing on high-quality housing that can be lived in and cherished by future generations.



Decarbonization Biodiversity conservation Resource recycling Coexistence with local communities Occupational health and safety / Supply Chain

We establish the foundations for a future that enables enduring happiness and sustainable living by reducing environmental impact, utilizing renewable energy, and coexisting with local communities.



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

We create an environment in which everyone can find opportunities for self-fulfillment and growth with peace of mind, while making the most of their individuality and abilities.



Our Material Issues

Promise for the Future

Our Sustainability Policy

The Sekisui House Group has developed various business activities centered on housing. Since 2020, under the Global Vision, “Make Home the Happiest Place in the World”, we have been actively engaging in addressing issues surrounding our customers and society through our business activities, aiming to foster a sustainable society and elevate our corporate value.

Decades of Dedicated ESG Management

At the Sekisui House Group, creating new value that contributes to society lies at the heart of “Love of Humanity”, the foundational philosophy underpinning our Corporate Philosophy.

We define “Love for Humanity” as the faithful execution of all actions grounded in an awareness that each and every human being is precious and irreplaceable, wishing for the happiness of others, making their joy our own, and acting with integrity and in the spirit of service. This philosophy also carries three meanings.

The first is that “a company is composed of its people.” Hence, when each employee embodies “Love of Humanity,” it fosters a dynamic, inclusive management culture that propels the Group’s enduring growth. The second is to “develop and deliver products that fulfill customers’ desires with happiness as our priority,” thereby realizing customer satisfaction and contributing to the Group’s strengthened credibility and reliability. The third is to “always aim to be truly beneficial to customers and contribute to society” in the development of products, creation of high-quality environments, and rigorous selection of new business endeavors.

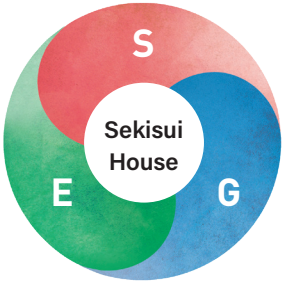
“Love of Humanity,” our fundamental Philosophy, which embodies these aspirations, is the very nature of our business activities. Our

business activities have been at the forefront of redefining perceptions of housing and transforming lifestyles, thereby significantly contributing to the resolution of social issues. Our founding spirit of contributing to societal advancement has remained unchanged over the years and is now manifesting in our dedication to ESG management.

The Sekisui House Group’s Approach to ESG Management

The Sekisui House Group’s ESG management is to practice “Love of Humanity,” the fundamental philosophy of our Corporate Philosophy. It reflects our dedication to fostering and proactively working towards the happiness of our customers and society. It is about valuing our workplace as a “home away from home” and cooperating with one another for the happiness of our colleagues and families. We believe that these fundamental human sentiments are at the heart of ESG, and that by faithfully implementing them, we can continue to innovate for the future and create new value.

Based on these principles, we have adopted the concept that “the Company exists within ESG.” We do not evaluate our business activities solely on profitability, but on whether they bring happiness to our customers, society and employees. Additionally, we integrate ESG perspectives into our business strategies and decision-making, recognizing that strengthening our ESG initiatives and performance enhances our corporate value.



Vision for Our ESG Management—Creating New ESG Value

Since our founding in 1960, the Sekisui House Group has been committed to creating value for society and achieving sustainable growth by solving issues faced by customers and society through our business activities. Despite our continued efforts, pressing social challenges persist on a global scale, including environmental deterioration, an increase in natural disasters, a decline in birthrates, an aging demographic, urban population concentration, and unyielding poverty cycles.

In order to realize our Global Vision, we must continue to make unprecedented innovations whilst considering how we can address these critical social issues and how we can enhance societal conditions. In other words, the ESG management we pursue entails an unceasing quest to exert a positive impact on society and the environment, thereby forging new ESG values.

Our ESG Management Approach—Engaging All Employees

Employees are at the forefront of creating new value. We engage in ESG management that prioritizes the participation of all employees, based on the belief that if each individual proactively considers what value they can create for customers, society, and their colleagues, and takes initiative, it leads to the happiness of all.

By internalizing ESG as a matter of personal responsibility beyond mere business tasks and taking the initiative to put it into practice, we propel business activities that set global standards and continuously foster the creation of new ESG values.

→ P.92 ESG Management

Material Issues



Our commitments embedded in our material issues

Creation of High-Quality Housing Stock
Creating homes to be passed down to future generations and communities that will be loved for years to come

Safe, comfortable and beautiful homes.
These are the homes that will be passed down through generations, and lived in by different residents over time.
With each passing year, their beauty deepens, enriching the lives of those who live within.
When these homes come together, they gradually form communities that people love.
To create homes and communities that will be cherished for years to come. That is what we are dedicated to.

Contributing to a Sustainable Society
Creating a future that benefits both global society and the environment, starting with comfortable living

While residents enjoy comfortable lives, we shape a future that benefits both global society and the environment.
Among one of the first to acknowledge this important matter, we have been earnestly addressing the relevant issues through our unique ideas and technologies.
We will continue our efforts to create homes that coexist with nature. Lifestyles powered by renewable energy reduce environmental impact in production and disposal, revitalize communities, and develop frameworks for decarbonization.

Diversity and Inclusion
From the happiness of employees to the happiness of society

Make Home the Happiest Place in the World.
This Global Vision we uphold can only be achieved if each and every person involved with housebuilding feels happy.
The happiness of our employees is the key to fostering the happiness of our customers and the wider society.
Accordingly, we engage in various initiatives to support diverse ways of working and living.

The Sekisui House Group has identified “creation of high-quality housing stock,” “contributing to a sustainable society,” and “diversity and inclusion” as key initiatives to be prioritized and addressed as material issues.

These material issues embody the purpose of the Sekisui House Group’s existence, and have been formulated to unify the direction of all employees towards value creation.

For the Sekisui House Group, material issues are regarded as a long-standing mission rather than transient objectives. They serve as a compass for the future, drawing on the enduring strengths and core principles established since our founding, as well as guiding the business endeavors that have embodied our mission throughout the past 60 years.

Material Issues

Process of Identifying Material Issues

To realize our Global Vision, we must create the added value of happiness through our business activities and address pressing issues imposed on our customers and society. The Sekisui House Group revised our material issues in 2022 by identifying those that are important to our stakeholders and the impact our business activities have on the economy, the environment and society.

In revising our material issues, we deliberated on the long-term challenges and social missions that the Sekisui House Group ought to undertake, whilst reflecting on our historical initiatives. We deepened our understanding through discussions at Management Meetings and through the exchange of opinions with various stakeholders, including external experts. Consequently, we identified three material issues that are paramount to the Group's long-term fulfillment of our mission and sustainable growth. Moreover, we defined priority themes for these material issues, delineated targeted initiatives, and specified progress indicators. The advancement and monitoring of these initiatives are primarily managed under the Group's ESG Management Promotion Structure.

→ P.57 Indicators and Progress

Identifying and
organizing key themes

Reflecting on our history since our founding, we identified eight paramount and enduring themes. We identified their interplay with our business activities and reasserted that our historical initiatives to date align with "Love of Humanity," the foundational philosophy of our Corporate Philosophy.

Note: These eight key themes are: seismic resistance performance; landscape and aesthetics; ecosystem preservation and biodiversity; insulation performance and CO₂ reduction; resource recycling; coexistence with local communities; health, connectedness and learning; and employment retention and human resource development.

Writing our corporate story

Based on eight themes, we categorized the innovations we have developed and the employees that have supported them, constructing a corporate story that covers each 30-year stretch as a single phase. We identified social issues related to our business activities, determining the elements vital to our business activities and the creation of value.

→ P. 21 Our Corporate Story

Identifying material issues

We identified three priority areas that need to be addressed based on our corporate story. Subsequently, with approval from the Board of Directors and through discussions among top management as well as deliberations by the ESG Promotion Committee, which includes external experts, these three areas have been designated as paramount material issues of the Sekisui House Group.

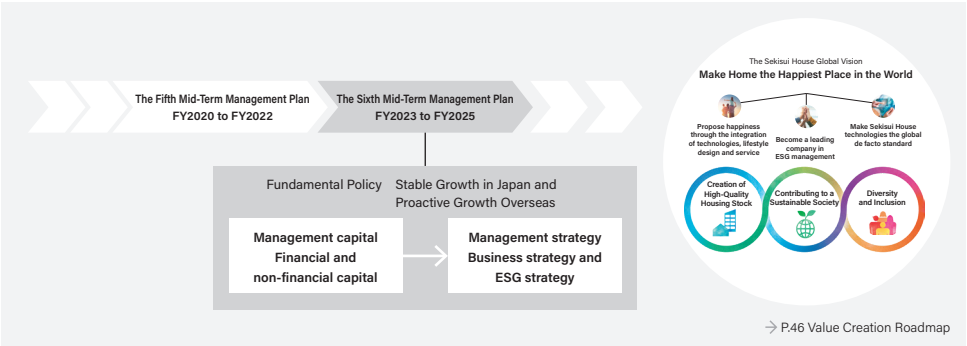
→ P.92 The ESG Promotion Committee

Connection Between Material Issues and the Mid-Term Management Plan

The Sekisui House Group has continued to expand our business domain since the formulation of our First Mid-Term Management Plan* in FY2010, attuned to changes in the business environment, risks and opportunities. In 2020, we promoted our business activities under three sub-visions and three material issues, with the Global Vision serving as our 30-year vision of what we aim to be in 2050. The Mid-Term Management Plan operates as a crucial milestone in realizing this vision, and the first three-year plan to include specific initiatives in priority areas was the Fifth Mid-Term Management Plan, which produced reliable results.

The Sixth Mid-Term Management Plan, which began in FY2023, adheres to the fundamental policy of achieving "stable growth in Japan and proactive growth overseas," and has been formulated with further growth strategies and priority measures, reflective of evolving external conditions. Leveraging the array of strengths and resources we have amassed, we are committed to taking significant steps forward in creating social value and ensuring the sustainable growth of the Group.

Note: The Mid-Term Management Plan outlines a strategy to lay the groundwork for growth and the development of new areas of business over the next three years. It involves revising the business portfolio and optimizing management resources with the aim of deepening our expertise in housing and providing innovative solutions, while maintaining flexibility to respond to changes in society.

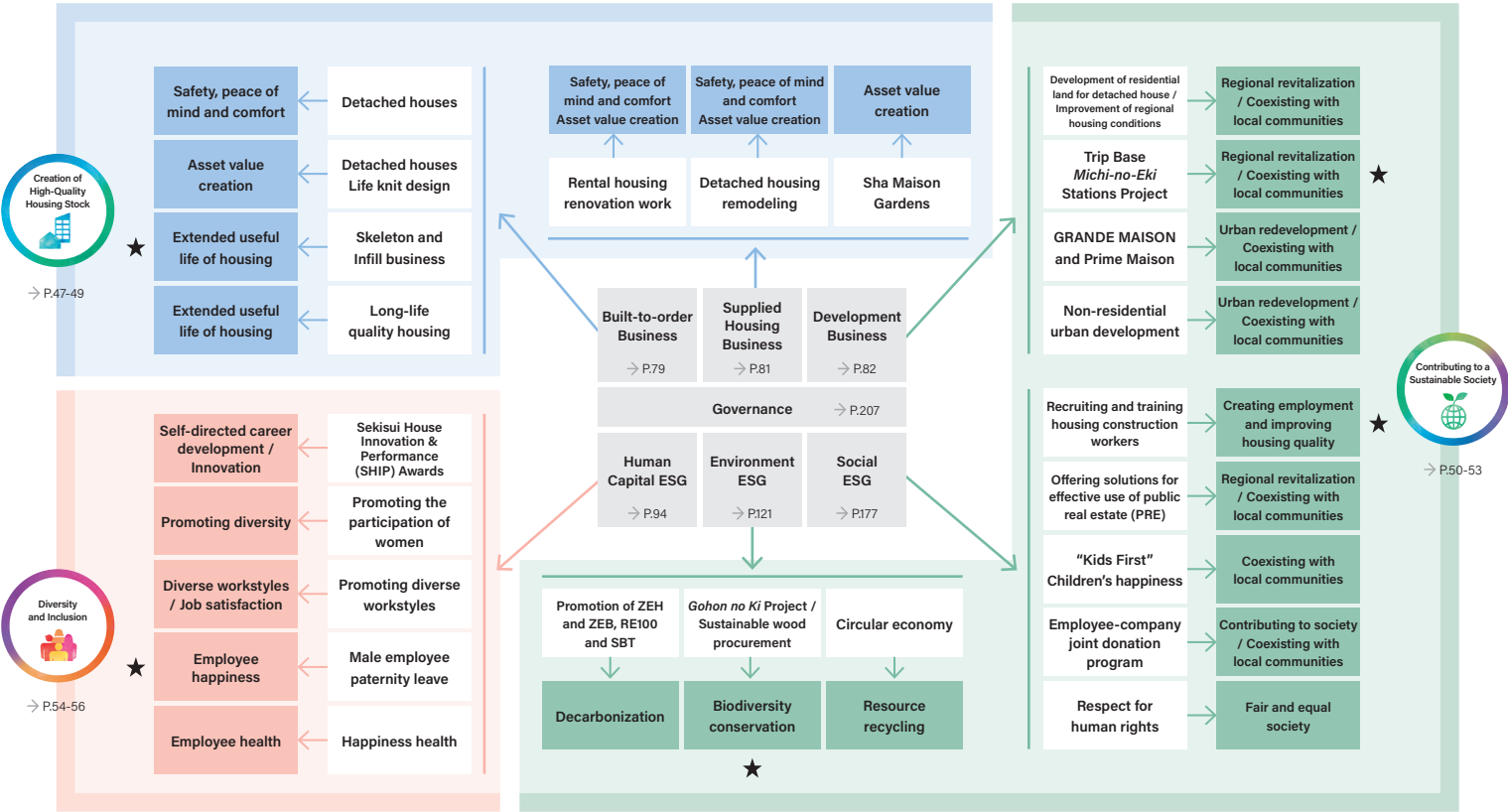


Risks and Opportunities

The Sekisui House Group has sought to analyze medium- to long-term issues that affect value creation, identify risk factors associated with changes in the external environment, and position risks as opportunities for future business development. These inputs are, in turn, utilized to formulate business strategies.

Changes in the external environment			The Sekisui House Group's response to risks and opportunities	
			Key themes	Material issues
 Society and Life	• The coming era of the 100-year lifespan • The COVID-19 pandemic and the "New Normal" • Increasing health consciousness • Declining population and number of households	• Increased frequency rate of accidents within residences • Increasing complexity and difficulties with asset inheritance • Inadequate responses to changes in lifestyles and values • Inadequate support for advanced health-related technologies • Decrease in the number of new housing starts and worsening problem of unoccupied houses • Inadequate response to changes in circumstance, such as an increase in foreign visitors to Japan	• Diversification of lifestyles and values • Need for circulation of existing housing and real estate management trusts • Increased demand for health-conscious housing, etc. • Increased demand for quality housing • Need for new housing	 Safety, peace of mind and comfort Asset value creation Extended useful life of housing By delivering the highest quality and technology, Sekisui House provides housing of value in which customers can live for generations by pursuing beautiful exterior design and outstanding housing performance.
	 Housing and Urban Areas • Obligation to comply with energy saving standards • Acceleration of compact cities • Construction worker shortage • Shift to long-life quality housing and greater earthquake resistance for wooden-frame housing	• Decreased demand due to higher construction costs • Decline of rural areas • Decrease in supply capacity due to shortage of construction capacity, and discontinuity in transfer of construction skills	• Increased demand for housing with high energy-saving performance, etc. • Need for regional revitalization • Job satisfaction for construction workers • Increased demand for highly durable housing, etc.	
 Environment and Resources	• Promotion of carbon neutrality • Biodiversity conservation • Promotion of a circular economy • More frequent natural disasters	• Increasing severity and frequency of natural disasters caused by climate change • Increased costs due to introduction of carbon pricing • Deforestation and damage to biodiversity • Increase in social issues due to mass waste disposal • Increased severity of natural disasters	• Increased demand for housing with high energy-saving performance, etc. • Increased use of renewable energy • Business opportunities based on natural capital and biodiversity conservation • Business opportunities based on a recycling-oriented society • Increased demand for highly durable housing, etc.	 Decarbonization Biodiversity conservation Resource recycling Coexistence with local communities Occupational health and safety/ supply chain As a leader in housebuilding, Sekisui House strives to foster harmony between people, communities and the planet while working to contribute to a sustainable society through our businesses, including those in the supply chain.
	 Economy and Distribution • Geopolitical risk concerns • Rapid rises in raw material prices • Rising energy costs • Rising interest rates and fluctuations in foreign exchange rates	• Unstable supply of raw materials • Decreased demand due to higher construction costs • Inadequate response to declining demand and fluctuating rents	• Opportunities for sustainable growth by reviewing business and structure • Business opportunities through government housing-related policies and taxation • Business opportunities to respond to regional and customer needs	
 Business and Labor	• Respecting diverse human resources • Supporting employee autonomy and career advancement • Balancing work and family life with child rearing and nursing care • Acceleration of globalization	• Decreased productivity due to worsening psychological safety • Loss of opportunities to acquire human capital and outflow of human capital • Slowing growth potential • Increased political and economic uncertainty • Decline in social reputation due to human rights issues	• Value creation through diverse human resources • Value creation through self-motivated employees • Increased demand for childcare and nursing care facilities • Increase in demand for high-quality housing overseas	 Promoting diversity Employee health and happiness Diverse workstyles / job satisfaction / Human resource development / self-directed career development Sekisui House supports organizational and individual autonomy, encouraging continuous and independent efforts to take on new challenges, with the aim of creating happy workplaces that are akin to home for employees.
	 Technology and Science • Diversifying IT technologies • Development of energy storage technologies and shift to electric vehicles (EVs) • Legacy system renewal • Application of advanced technologies	• Decline in social reputation due to occurrence of information security incidents	• Business opportunities using digital technology	

Value Creation Roadmap



To provide a clearer understanding of the Sekisui House Group's pursuits in creating new value through our business activities, we have outlined the interconnection between our Sixth Mid-Term Management Plan (FY2023-2025) business activities and material issues within this Value Creation Roadmap.

Specifically, we aim to enhance the housing market by extending homes' lives, increasing asset value, and advancing decarbonization through improved housing performance, proposing new living styles, and reducing environmental impacts. It also includes initiatives concerning children, fostering diversity, and contributing to a sustainable society where future generation can thrive with happiness.

Through this framework, we intend to clarify how our business activities can address societal issues and create value. We will also use this information to identify priority areas and assess our performance.

In this section, five stories are presented along with insights from the employees who are engaged in these business activities (marked with a ★ symbol).

Creation of High-Quality Housing Stock



Our mission

In our commitment to delivering homes that blend functionality with beauty, we offer valuable homes designed to endure for generations.

Key policy

We regard housing as a vital form of social capital, similar to roads, railways, gas, electricity and water. As social capital, it is our mission to preserve and provide quality housing that can be lived in for the long term and passed on to future generations.

Key themes

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

Background for determining material issues

In Japan, a country prone to earthquakes and other natural disasters, many homes fail to meet seismic and thermal insulation standards, and the aging of existing housing stock is prevalent. Moreover, the housing shortage problem is worsening globally, and supplying housing that maintains long-term value while providing safety, security and comfort, has become a critical concern. Through the creation of high-quality housing stock, we aim to contribute to the sustainable development of regional communities and the global environment, while improving people's lives and asset value.

Social value created for the future

→ P. 58 Indicators and Progress

Safety and security of people

Seismic-resistant and durable housing keeps people safe while providing improved disaster prevention performance and health-conscious housing to create a living environment in which people can continue to live happily and with peace of mind.

Improved comfort

By introducing state-of-the-art technology and improving energy efficiency, we provide comfortable and convenient living spaces, contributing to the creation of ideal living environments and more livable communities.

Asset value creation

Implementing superior designs that enhance the overall townscape and the use of high-quality construction materials contributes to long-term stability of asset values as well as to higher asset values for local communities.

Extended useful life of housing

By improving the durability of new houses and the asset value of good-quality existing houses, we provide environments that are safe and comfortable over the long term and promote the resale circulation of existing houses.

Key initiatives

Homes assisting happiness in the era of the 100-year lifespan

We have developed PLATFORM HOUSE touch, a smartphone app synchronized with floor plans that allows users to monitor the status of their home and the whereabouts of their family members within the house at any time, offering a new way of living that connects people to their homes.



- P. 83 The Technologies, Lifestyle Design and Services that are the Strength of Sekisui House
- ☑ PLATFORM HOUSE touch (Japanese only)

Creating beautiful homes and communities abroad

In our international endeavors, where we engage in condominium and residential land development, we are working to create long-lasting homes and communities by incorporating satoyama, the disappearing native landscape of Japan; the concept of *keinen bika*, or creating a landscape that grows more beautiful over time; and advanced technologies.



- P. 86 Overseas Business
- P. 137 Town Development through *Keinen bika*
- ☑ Gledswood Hills

Supporting long-term stable management of rental housing

In order to ensure long-term stable management for rental housing owners, we provide support for rental operations, such as assisting with tenant recruitment as well as building maintenance and management, by leasing our rental housing in bulk.



- P. 81 Supplied Housing Business
- P. 196 Initiatives Aimed at the Extended Useful Life of Housing
- ☑ Bulk Leasing System (Japanese only)

Creation of High-Quality Housing Stock

Skeleton and Infill Business: a Joint Construction Business with Partner Companies

8.4 million detached houses in Japan do not meet new seismic resistance standards

In Japan, 8.4 million detached houses, representing 29% of the total, were built before the implementation of new seismic resistance standards over 40 years ago. Moreover, as many as 5 million houses, or 17% of the total, have been found to lack adequate seismic resistance¹. In areas severely impacted by the 2016 Kumamoto earthquakes, 25% of wooden-frame houses built under the new seismic resistance standards suffered substantial damage and either collapsed, toppled, or were partially or completely destroyed.² This highlights the pressing need for enhancing seismic resistance capabilities of housing in Japan.

1 Based on the Basic Tabulation on Dwellings and Households in the 2018 Land Survey conducted by the Ministry of Internal Affairs and Communications.
2 Data from the Ministry of Land, Infrastructure, Transport and Tourism as well as from analyses and observations, summarized in technical papers at the annual meeting of the Architectural Institute of Japan, on the comprehensive survey results from the town of Mashiki after the 2016 Kumamoto earthquake.

Sharing our superior seismic resistance technology

Proactively pioneering seismic technologies ahead of national standards, our buildings have maintained a record of zero³ complete or partial demolitions during the major earthquakes in 1995, 2011 and 2024. Our seismic resistance technology adopts the “foundation direct joint construction method,” which connects foundations and columns directly, bypassing the need for a separate baseplate. This technology ensures uniform strength against multidirectional forces and results in a structure that is less susceptible to column dislocation or detachment.

In 2023, we initiated the SI Business to elevate Japan's residential seismic resilience by broadly disseminating our long-established seismic resistance technologies, while ensuring structural safety.

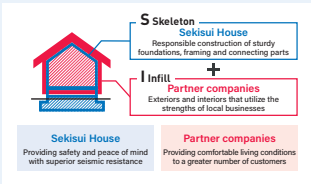
3 Excluding instances of land displacement and tsunamis.

 Skeleton and infill business (Japanese only)

Creating more high-quality wooden-frame housing in Japan

In our SI Business, Sekisui House designs the “skeleton,” or structural framework, of wooden houses, while Sekisui House Construction handles the foundation and structural work. Partner companies complete the “infill” work, which includes interior and exterior finishes, and also sell the homes.

We are enhancing the creation of high-quality housing stock by expanding our offering of wooden-framed housing with high seismic resistance, integrating our Group's technical and construction expertise with the unique strengths of our partner companies nationwide.



Sekisui House Group's progress

1961
Introduced of Sekisui House Model B

1973
Founded Sekiwa Construction, a company specializing in foundation work

1974
Developed and introduced integrated foundation casting method based on uniformity and strong foundations

1976
Began conducting preliminary ground surveys at construction sites

1979
Verified the seismic resistance level of our housing through full-scale vibration experiments

1987
Established the Customer Service Centers

1992
Launched 1660 Foundation, which features a direct joint between pillars and foundation bypassing the need for a separate baseplate

2003
Introduced seismic isolation houses, that withstand earthquake tremors

2004
Developed direct joint construction method that releases seismic forces directly into the foundation of the house

2007
Developed the SHEQAS Seismic Control System

2023
Launched the Skeleton and Infill (SI) Business

Enhancing asset value

Improving seismic resistance in housing

Changes in seismic resistance standards in Japan	1981	1995	2000
	Implementation of the new seismic design standards under the Order for Enforcement of the Building Standard Act (partially revised)	Enactment of the Act on Promotion of Seismic Retrofitting of Buildings	The Building Standard Law (revised)

Story 2

Creation of High-Quality Housing Stock

Recruiting and Training Crafters

Accelerating aging and workforce decline in Japan's construction industry

In Japan's construction industry, concerns about maintaining housing quality and stability of supply are on the rise due to an aging workforce, a declining number of young entrants, and the "2024 Program", a regulation capping overtime work from April 1, 2024. Conversely, there is an acute demand for skilled workers capable of addressing domestic housing needs and creating high-quality housing stock with superior seismic resistance, thermal insulation and other important aspects.

To maintain and improve construction quality, the Sekisui House Group has committed to establishing a robust construction framework while also focusing on workforce development and the passing down of technical expertise.

1 Refers to the challenges, including a labor shortage arising from tighter regulations on overtime work beginning April 1, 2024. (The maximum number of annual overtime hours is capped at 720 in the construction industry, along with other industries.)

Crafters, who create happiness

At the Sekisui House Group, we place a high emphasis on nurturing skilled workers, and have established educational training centers in three locations across Japan. These centers offer practical training in home construction techniques alongside the passion of craftsmanship.

In 2023, to foster a sense of pride among construction professionals, we introduced the term "crafters" for our housing construction staff, and created new uniforms that blend style and practicality. We also revised job classifications into four distinct ranks to align with improved compensation schemes, implementing a remuneration system that consider both rank and business performance. Additionally, we have further strengthened initiatives for developing human resources by implementing a skill matrix that visualizes the individual construction capabilities of each crafter and adopts a more objective personnel evaluation process.

 Sekisui House Construction companies (Japanese only)

Delivering excellence in quality and technology consistently

With the evolving landscape of homebuilding, multi-skilled craftsmen are increasingly in demand. To address this, we've introduced a skill matrix that visually maps skill levels and categories, fostering the growth of highly skilled crafters and clarifying their career trajectories. We are also reinforcing work-style reforms to cultivate a work environment that ensures crafters can work comfortably and securely.

Dedicated to training skilled craftsmen in homebuilding and honing their expertise, we are committed to offering superior quality and technology, thereby advancing the creation of high-quality housing stock.

→ P190 Regional Revitalization Businesses



Social impact of recruiting and training crafters

Recruitment achievements for crafters handling foundations and framing

134 new hires in April 2024

(340% compared to FY2023)

Improved remuneration

Up to 10% increase in starting salary

(A maximum increase of 11% as of April 2023)

Up to ¥9 million for chief crafters' annual salary

Reinforced training school framework

- Expanded multi-skilled worker training programs and renovated training facilities
- Expanded instructor-trainer team by 170% (to 32 members)

Revised HR Policy and practice

- Established four job ranks and implemented skill matrix for evaluation
- Enhanced transparency of construction skills and fostered multi-skilled workforce development

Improved employee benefits

- Instituted full two-day weekends, provided 125 days of annual leave, achieved 100% male paternity leave usage rate

Output

Introducing the crafter title

Evaluating through skill matrix

Improving remuneration

Enhancing workstyle reforms

Implementing new uniforms

Training at educational training centers

Outcome

Visualizing job ranks, skills and evaluations

Enhancing career development and motivation

Stabilizing work and life conditions

Fostering personal and family happiness

Acquiring and transferring technical skills

Cultivating multi-skilled talent

Impact

Improving housing quality and stability of housing supply

Creating high-quality housing stock

Creating employment and revitalizing regional economies

Contributing to a Sustainable Society



Our mission

We are pioneering a future where people can continue to live with greater happiness by actively advancing environmental impact reduction and renewable energy utilization, and fostering cooperation with local communities.

Key policy

We strive to foster harmony between people, communities and the planet, while working toward achieving a sustainable society through our business activities, including those in the supply chain.

Key themes

- Decarbonization
- Biodiversity conservation
- Resource recycling
- Coexisting with local communities
- Occupational health and safety/ supply chain management

Background for determining material issues

Global environmental issues such as climate change, loss of biodiversity and resource depletion are intensifying, placing an immediate priority on transitioning to a decarbonized society. Energy conservation, CO₂ reduction and the shift towards a circular economy have also become key issues in the Japanese housing industry.

The Sekisui House Group is dedicated to achieving a sustainable society in partnership with diverse stakeholders by providing environmentally-friendly houses and buildings, advancing technological developments, offering high-quality services, and striving to coexist with local communities.

Social value created for the future

→ P.59 Indicators and Progress

Achieving decarbonization

Approximately 16% of Japan's total CO₂ emissions originate from the residential sector. Given this, we promote decarbonization by strengthening efforts to improve thermal insulation and energy-saving measures through the advancement of energy efficient housing.

Conserving biodiversity

By promoting sustainable wood procurement and the *Gohon no Ki* Project, a tree-planting initiative, we contribute to biodiversity conservation through initiatives such as working to reduce deforestation and restoring severely degraded green spaces in urban areas.

Building a circular economy

By advancing high-quality recycling and rigorous waste reduction and management practices, we aim to facilitate resource efficiency, minimize environmental impacts, and contribute to building a circular economy.

Developing regional communities

We proactively work to resolve social issues through both business activities and social contribution activities. By collaborating with regional communities, we aim to contribute to their development and the revitalization of their economies.

Key initiatives

Environmentally-friendly and disaster-resistant housing that provides peace of mind

We advocate net Zero Energy Houses (ZEH) that utilize high thermal insulation with energy-saving technologies to provide comfortable living spaces while also reducing energy consumption, striving to create disaster-resilient housing with low environmental impact.



→ P126 Contributing to a Decarbonized Society
Green First ZERO

Building homes that reduce waste and conserve resources

We strive to achieve zero emissions through the reuse of waste as raw material by thoroughly separating and sorting it at our Resource Recycling Center, where we recycle 100% of waste generated from new house construction.



→ P139 Initiatives to Realize a Circular Economy
Resource Recycling Centers

Regional revitalization starts at *Michi-no-Eki* roadside stations

We engage in regional revitalization projects that contribute to stimulating local economies through initiatives such as creating a network of roadside service stations known as "*Michi-no-Eki*," offering journeys that unveil the hidden allure of local areas.



→ P190 Regional Revitalization Businesses
Trip Base *Michi-no-Eki* Stations Project (Japanese only)

Regional Revitalization

Trip Base *Michi-no-Eki* Stations Project

“Journey exploring the hidden charms of the region”

Rural areas in Japan are facing increased depopulation, primarily due to declining birthrates, an aging population, and urban concentration. Yet, whether it be the rich natural environments, friendly communities, leisurely pace or farm-fresh food, the charm of rural areas remains abundant, offering experiences only available through direct visits.

In partnership with Marriott International since 2020, we have launched the Trip Base *Michi-no-Eki* Stations Project to revitalize these regions. This project aims to unveil the lesser-known charms of various regions by constructing hotels proximate to “*Michi-no-Eki*”, or roadside service stations, throughout Japan, fostering local economies through enhancing tourism.

→ P. 190 Regional Revitalization Businesses



Back Story
Employee
Roundtable

The hotels are specialized for overnight stays, designed to foster interactions with locals and visits to *Michi-no-Eki*, roadside service stations. Guests can enjoy common areas with basic kitchens for cooking fresh produce purchased at the *Michi-no-Eki*, alongside shops offering regional products and items from nearby *Michi-no-Ekis*. We also provide experiential tours. Partnering with over 50 partner companies, we are dedicated to exploring new hotel concepts that immerse guests in the area's culture and ambiance, enabling them to truly connect with the local environment.



“Many of the *Michi-no-Eki* staff commute from other prefectures. It would be convenient to build company housing for these staff right next to the *Michi-no-Eki*”. This conversation with locals sparked the beginning of our Trip-Base *Michi-no-Eki* Project. Constructing hotels in rural areas gives visitors a chance to delve into the local culture, and this initiative would surely contribute to regional revitalization! That was the core idea that spurred on our project.



This project is a novel venture, unlike anything we have done before. After constructing the hotels, we were faced with the challenge of attracting visitors to the area and enhancing regional partnerships from scratch. Although it is daunting to navigate uncharted areas, it is also exciting to collaborate on ideas and devise unique strategies tailored to each region.



This project allows us to directly hear words of appreciation, bringing us moments of joy. For example, in Susami Town, Wakayama Prefecture, a small town with approximately 3,700 residents, we received heartfelt feedback stating that the hotel has spurred an increase in visitors, prompting new residents who wish to open shops for tourists, and creating a positive cycle for the town.



Rural areas are filled with stimulating and delightful attractions. Our goal is for weekend travelers to see trips to these rural areas as an appealing option, just as they would with well-known tourist destinations.

Social impact of the Trip Base *Michi-no-Eki* Stations Project

Cumulative *Michi-no-Eki* facilities opened through the Trip Base *Michi-no-Eki* Stations Project

14 prefectures
29 facilities
2,336 rooms



The focal point of the journey is “Fairfield by Marriott” of Marriott International. Transforming *Michi-no-Eki* from mere rest or transit points, we aim to establish them as hubs and primary bases for excursions. By connecting tourism resources and positioning them as travel bases, we plan to highlight the area's attractiveness and revitalize regional economies.



Output

- Constructing hotels
- Collaborating with alliance partners (regions, municipalities, partner companies)
- Promoting the allure of wandering travel
- “TRIP BASE STYLE”

Outcome

- Providing hotel amenities and utilizing hotel facilities
- Expanding partner restaurants
- Planning experiential tours with partners
- Collaborating with local events
- Expanding regional tourism, sightseeing, mobility and transport options

Impact

- Revitalizing regional economies
- Promoting new industries and services
- Creating employment opportunities

Biodiversity Conservation

Gohon no Ki Project

Gohon no Ki Project: Proposing to plant native tree species in customer's gardens

In post-1970s Japan, urban expansion began reducing wildlife habitats. Launched in 2001, the *Gohon no Ki* Project was driven by our desire to let customers experience the once-familiar sounds of nature even within the city. This project aims to create gardens as sanctuaries for wildlife, with "three trees for birds, two trees for butterflies, and all local native tree species." Over the past 23 years this initiative has led to the planting of nearly 19.84 million trees.

Research has shown that the *Gohon no Ki* Project has the potential to double the number of bird species drawn to residential areas (from 9 to 18) and quintuple butterfly species (from 1.3 to 6.9).

→ P132 *Gohon no Ki* Project

Assessing the impact of our 20-year initiative and sharing the insights globally

Joint research¹ launched in 2019 with the University of the Ryukyus suggested that the hypothetical implementation of the *Gohon no Ki* Project for 30% of all newly constructed properties in Japan would result in considerable recovery in biodiversity, with the quantitative "integrated diversity index" expected to rise to 84.6% by 2070 compared to 2020.

The creation of this unprecedented quantitative index was made possible by our Group's 20 years of accumulated data on tree counts, species and locations. Our data was combined with data held by the University of the Ryukyus to develop a quantitative assessment framework, which was then publicized as a Nature Positive Methodology. In 2023, this methodology was implemented at 87 sites across Japan, fostering greening initiatives and contributing to the preservation of biodiversity.

¹ Joint research with the Kubota Laboratory at the Faculty of Science, University of the Ryukyus
 Sekisui House's Nature Positive Methodology (Japanese only)

The world's first research analyzing the link between biodiverse gardens and well-being

In 2022, the Sekisui House Group commenced a pioneering joint research² with the University of Tokyo to examine the relationship between biodiversity and health. This world-first study seeks to assess the broader health and happiness benefits of engaging with nature within biodiverse gardens.

The Sekisui House Group is also fostering urban greening and simultaneously revitalizing the market for native tree species and the landscaping industry by incorporating the *Gohon no Ki* Project concept into our housing complexes, urban redevelopment initiatives, and office building constructions.

² Joint research with Department of Ecosystem Studies, Graduate School of Agricultural and Life Sciences, the University of Tokyo



Sekisui House Group's progress



1977

Initiated community development aimed at enabling residents to share beautiful townscapes through the harmonized design of the entire community by adopting the philosophy of the commons

2001

Launched the *Gohon no Ki* Project



2005

Established the "Urban Development Charter," fundamental policies, 24 guidelines and 100 design methods and promoted the concept of *keinen bika*, the creation of a landscape that grows more beautiful over time, and the *Gohon no Ki* Project

2006

Launched "townscape observation day," aimed at showcasing townscapes created based on the *Gohon no Ki* Project

2006

Created Shin-Satoyama at Shin Umeda City, the headquarters of Sekisui House



2009

Initiated urban development overseas



2021

Established the world's first quantitative assessment framework for urban biodiversity and publicized it as a Nature Positive Methodology

2022

Initiated joint research with the University of Tokyo regarding biodiversity and health. Participated in the TNFD forum

2024

Registered as a TNFD Early Adopter (January)

2021

Full-scale public discourse initiated regarding the utilization of public entities in urban greening following the launch of the TNFD⁴ and the convening of the COP15⁵

2003

Sha Maison Gardens Marvelous View Received the 3rd Saitama City Landscape Award



2006

Condominium Tokyo Terrace Received Good Design Award

2010

The COP10³ initiated a trend toward preserving biodiversity through business activities

Enhancing asset value

Preserving biodiversity

3 The 10th Conference of the Parties to the Convention on Biological Diversity
4 The Taskforce on Nature-related Financial Disclosures
5 The 15th Conference of the Parties to the Convention on Biological Diversity

Biodiversity Conservation
Gohon no Ki Project



Back Story
Employee
Roundtable

The *Gohon no Ki* Project is the initiative to plant native tree species well-suited to local climates and environments as part of gardening and urban landscaping. Incorporating native plants fosters miniature natural sanctuaries in residential spaces, attracting a variety of wildlife such as birds and butterflies. Over time, these private gardens integrally enhance the local ecosystem, enriching the broader environmental landscape.

Our principle, “three trees for birds, two for butterflies” ultimately enhances people's happiness



The *Gohon no Ki* Project we engage in is primarily dedicated to preserving biodiversity, yet its benefits extend to people's happiness.

Envision greeting the day with the melody of birds in a garden filled with native trees, absorbing the gentle warmth of sunlight as it dances through the leaves. Embracing nature enhances the quality of our lives, and this connection is at the heart of the *Gohon no Ki* Project, enriching our day-to-day existence.



We also strive to communicate the concept of *keinen bika* to our customers. Beyond artificial exterior elements, trees—as living elements of the garden—grow and become more beautiful over time, presenting an ever-evolving canvas of natural splendor. The *Gohon no Ki* Project is thus instrumental in adding color to residential landscapes.

In addition to implementing this project for detached housing, we are committed to implementing this Project in residential land development and rental housing. Adopting the *Gohon no Ki* Project enriches townscapes, delights locals and enhances habitats for native species, ultimately serving multiple benefits for the community.

Discussing greenery softens everyone's expressions



Let me share one memorable story from the *Gohon no Ki* Project. I met a homeowner who was at first reluctant to plant trees in his garden. However, once the garden was completed, he became the most passionate tree caretaker in his family, enthusiastically handling watering and pruning. Another story involves a customer's daughter, who, intrigued by the butterflies frequenting their garden, has become the family's "butterfly expert." Stories like these, of families engaging joyfully with nature right in their gardens, vividly showcase the happiness that living alongside greenery brings.



Some customers have told us about specific trees they are particularly fond of. This greenery has fostered more insightful and heartfelt interactions with our customers, which I believe has set us apart from competitors.



Feedback has been positive not only from owners of our detached houses but also from residential property owners, who have noticed the improved landscapes surrounding their properties. Neighborhood residents initially opposed to the construction have since expressed delight at the sight of the beautifully finished rental properties, noting the enhancement to the townscape. It is indeed gratifying to extend the joy from individual gardens to the entire community, and it is a source of pride to be part of this project.

We also wish to inspire the gardening industry



While implementing the project, we also identified underlying issues facing the landscaping and gardening industries. Specifically, these sectors have been experiencing a gradual reduction in the number of producers and, with fewer business successors emerging due to diminishing public work projects. We hope to energize these industries through the *Gohon no Ki* Project.

Our project delivers happiness to our customers and community while contributing to the environment. If the depth and rewards of this contribution gain wider recognition, it could spark interest among the younger generations to join these industries. It is my hope that this project elevates the value of these industries, enabling every professional involved to take pride in their contributions.



Absolutely, I can relate to that perspective. My family runs a landscaping business, and growing up, I helped with tasks like weeding gardens and laying blocks. Although I had considered taking over their business, I was drawn to the construction field, where I could leverage my landscaping knowledge, leading my decision to join Sekisui House.

Today, the landscaping industry is confronted by serious shortages of business successors. However, I believe that if we continue integrating living space design and construction technologies through this and other projects, this industry could attract a growing number of prospective jobseekers.

Our hope is to make the *Gohon no Ki* Project a global standard



The *Gohon no Ki* Project, started in 2001, has now reached a milestone of planting about 19.84 million trees over 23 years. In 2021, the project's impact was publicized under an assessment method called Nature Positive Methodology.

This heralds a groundbreaking achievement as the first in the world to succeed in quantifying the effects of biodiversity conservation efforts. Feeling a solid sense of achievement is inevitable when we witness the concrete outcomes of our everyday dedication to preserving biodiversity become reality.



My greater aspiration is to expand the concept of the *Gohon no Ki* Project globally.

I have no idea how many years it will take, but I would like to make this concept a global standard. Beyond simply planting more trees, I aim to promote the fusion of construction and landscaping technologies as we move forward.



On a personal level, I am eager to invigorate landscaping and other relevant industries. The gardening industry, in particular, struggles to attract new and young workers. Yet, if we can showcase the attractiveness of the industry, I am convinced that, with the right appeal, people will be naturally drawn to the industry. I am committed to exploring ways to amplify this industry's allure and, in doing so, revitalize it entirely.

Diversity and Inclusion



Our mission

We are committed to creating work environments that honor diverse perspectives and values, where each individual can confidently engage in self-development and advancement, while harnessing their traits and skills to excel in their roles.

Key policy

We champion the autonomy of our employees and the continuous initiative of our organization to undertake new endeavors, with the aim of establishing workplaces that are truly a “second home” for our employees, fostering comfort and happiness.

Key themes

- Promoting diversity
- Employee health and happiness
- Diverse workstyles / Job satisfaction /
- Human resource development /
- Self-directed career development

Background for determining material issues

Amid labor shortages caused by a declining population and increasingly complex social issues, workstyles and lifestyles not bound by specific values or conventional norms are becoming more widespread. To create new value, it is important to build an organization with diverse talents and foster an inclusive corporate culture where each other's differences are respected.

Guided by our vision, we strive to build workplaces focused on employee health and happiness, where all employees, who are source of innovation, can seize equal opportunities to thrive.

Social value created for the future

→ P60 Indicators and Progress

Generating innovation

By uniting the strengths of talent with diverse perspectives and experiences, we create ideas and solutions, accelerating innovation and creating new value that contributes to society.

Diversifying and empowering talent

By advocating for diverse workstyles and creating environments for independent career advancement, we support career development inside and outside of our organization, reinforcing society's overall human resource capabilities.

Creating employment opportunities

By actively hiring diverse personnel and creating employment opportunities rooted in local communities, we contribute to the regional economic growth, the stabilization of employment across society, and the stimulation of the economy.

Realizing an inclusive society

By enabling everyone to equally seize opportunities and fostering inclusive work environments where they can realize their full potential, we improve inclusiveness and contribute to building a society where everyone can thrive.

Key initiatives

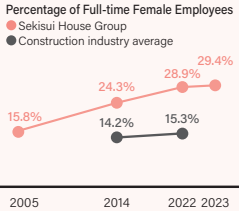
Fostering diversity and empowering employee autonomy

We are committed to building an organization where employees and the Company can grow collectively. Our approach is founded on three pillars: promoting the participation of women in the workforce, harnessing diverse talent, and advocating for diverse workstyles. Our goal is to foster a psychologically safe workplace culture that respects and acknowledges individual differences and enables autonomous career development.

→ P94 Human Capital

Promoting the participation of women

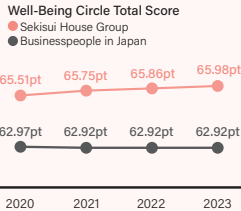
We initiated active recruitment of female sales representatives in 2006 and launched managerial training program in 2014. We are promoting the participation of women across the entire Group with the aim of fostering a work environment where a diverse range of talent can excel.



→ P107 Promoting the Participation of Women

Employee happiness

Since 2020, we have been conducting the Well-Being Survey to visualize the happiness of employees and workplaces. Based on the survey results, we assess workplace environments and identify issues and are dedicated to nurturing a corporate culture that encapsulates diverse perspectives and values.



→ P118 Continuing the Well-Being Survey

Diverse Workstyles

Male Employee Paternity Leave to Support Employee Happiness

For the happiness of our employees and their family members

In 2018, taking paid annual leave was notably challenging in Japanese society. The catalyst for change at Sekisui House came when our President walked by a park in Sweden on a weekday and saw fathers happily strolling with strollers and enjoying cafe outings with their children and friends—sights less common back home in Japan. Inspired, he decided to transform our approach to paternity leave for male employees.

Initially, certain concerns were raised internally about the implications of employees taking leave. In response, we engaged in initiatives to transform our corporate culture and designed a paternity leave in order to remove both the psychological and financial hurdles for employees. Our paternity leave, focused on enhancing the happiness of employees and their family members, was implemented as a strategic business initiative, signaling a shift towards an inclusive and supportive workplace.

→ P.116 Supporting the Pursuit of Family Happiness

First step: Changing managerial mindsets

As we introduced our paternity leave program, our immediate focus was on reshaping managers' attitudes and mindsets towards paternity leave. Acknowledging that managerial resistance could inhibit both the uptake of leave and its acceptance among colleagues, we convened an extensive internal forum with nearly 1,900 attendees, inclusive of those entitled to leave and their supervisors. The forum spurred discussions on the positive impacts of paternity leave on children's well-being, the imperative to transform unsupportive managerial attitudes, and the need to foster a workplace culture that is both embracing of and resilient to extended leave. These dialogues were key in cultivating an environment where managers become advocates for paternity leave.

We demonstrated through various case studies that all roles and levels in our organization are entitled to paternity leave. Establishing this shared recognition fostered a mutually supportive culture, allowing every employee to confidently take any type of leave and facilitate their return to work, thereby nurturing a sense of security within the workplace.

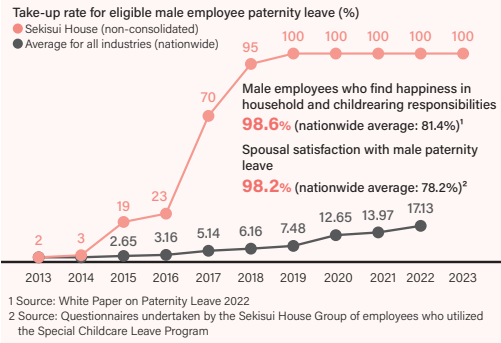
Paternity leave: The beginning of greater happiness

For five consecutive years, all eligible Sekisui House Group male employees have taken at least one month of paternity leave. Our goal is to foster a society where everyone can lead a fulfilling and happy life. We are committed to shaping an inclusive culture where choosing to take leave for personal endeavors and/or interests, such as hobbies, travel, education, or family needs, is fully supported by the entire organization. We view paternity leave as an initial step toward this vision and will continue to promote these values in partnership with other organizations and business partners that support our mission for societal betterment.



Creating a Society Where Men Taking Childcare Leave Is Widely Accepted Even in Japan (IKUKYUJIT) (Japanese only)

Sekisui House Group's progress



2018
Launched paternity leave³
For employees with children under three years old
• Eligible for a month or more of paternity leave, which can be taken either continuously or in up to four separate periods
• The initial one-month period is granted as paid leave
³ Paternity leave expanded to the entire Sekisui House Group in 2019.

2019
Established September 19 as "Consider Parental Leave Day"
Hosted the Paternity Leave Forum 2019 (hosted annually since then)⁴
Issued of the White Paper on Paternity Leave 2019 (issued annually since then)⁵
⁴ We held an Ikumen Forum in 2019 and 2020.
⁵ We issued the White Paper on Ikumen in 2019 and 2020.



2023
Hosted the Paternity Leave Forum 2023
(199 supporting companies and organizations)
Issued the White Paper on Paternity Leave 2023

2019
The Japanese government launched paternity leave for national government employees: one month or more as a general rule

2020
General measures to address declining birthrates
Target for male paternity leave uptake in Japan: 30% by FY2025

2021
Revised Child Care and Nursing Care Leave Act

2023
Unconventional measures against declining birthrates
Target for male paternity leave uptake in Japan: 50% by FY2025

Promoting diverse workstyles

Supporting happiness for employees and their family members

Dialogue

Diversity and Inclusion

Male Employee Paternity Leave to Support Employee Happiness



Back Story
Employee
Roundtable

Since September 2018, Sekisui House has encouraged male employees to take at least one month of paternity leave. Salary is paid for the initial one-month period, and the leave can be divided into up to four separate periods. In April 2021, we enhanced paternity leave in response to requests from employees' family members, to offer greater flexibility, allowing leave to be taken in one-day increments during the spouse's eight weeks postpartum. All eligible male employees have taken paternity leave since the official launch of paternity leave in February 2019.

Creating a new normal, where men can also take paternity leave



The inspiration for our paternity leave originates in a scene our President observed in Sweden, where he was surprised to see that the majority of parents pushing strollers were fathers. When he asked a local, he was told that it's quite ordinary for men to take three months of parental leave in Sweden. Deeply impressed by the happiness of the fathers involved in childrearing, our President returned to Japan and promptly introduced a business strategy focused on promoting paternity leave.

We did everything we could to “ensure everyone can take leave without hesitation”



The initial outreach was to the Diversity Promotion Department and the Human Resources and General Affairs Department. Tasked with creating a new approach to male paternity leave, the Diversity Promotion Department first set out to define the broad policies and engage with various business units for their insights and input.



Questions arose whether providing three months of childcare leave, similar to Sweden's model, was feasible. After thorough consultations across various business divisions, we ultimately chose to implement a one-month paternity leave period.



Following the feedback received by the Diversity Promotion Department, the Human Resources and General Affairs Department acted diligently to finalize the policies and procedures. To ensure that all employees could use paternity leave confidently and without concern, we created rules allowing splitting the month-long leave into up to four separate periods and secured the President's commitment to make this first one-month period entirely paid without it influencing any performance evaluations.



The IT Design Department was responsible for the practical application of the system. To enhance usability, the department overhauled the internal attendance system to enable the management of paternity leave plans and workload assessments, which were previously handled using Excel and paper formats.



Collaborating seamlessly across three departments, the IT Design Department independently managed the initiative from initial planning to deployment. The IT Design Department had the idea of sending notifications through the attendance system to employees who hadn't yet scheduled their leave by their child's second birthday, preventing lapses in leave-taking.

There are no more discussions about “whether or not to take paternity leave”



After setting up paternity leave, we focused on removing reasons that might hinder taking leave. For instance, when families expressed concerns that merely taking leave wouldn't make a difference without an equal division of household and childrearing tasks, we introduced the Family Meeting Sheet to clarify these responsibilities. When managers lacked sufficient understanding of the importance of paternity leave, we required both paternity leave-eligible employees and their managers to attend awareness-raising forums. These steps have incrementally strengthened support for our paternity leave.



Having the president personally endorse the system as part of our business strategy made it easier to transform employee and manager mindsets and create a supportive corporate culture for paternity leave. From the beginning, the conversation never centered on “whether to take paternity leave.” Instead, our business units have dedicated their efforts to finding ways to further facilitate paternity leave accessibility.

Aiming for a society where male paternity leave becomes widely accepted, even in Japan



Sekisui House has pioneered paternity leave initiatives, preceding our industry peers. Driven by the aspiration to create a moment for society to reconsider the concept and implications of paternity leave, we established September 19 as “Consider Parental Leave Day” and have hosted an annual forum since 2019.



Although the number of companies championing paternity leave has increased significantly, many continue to encounter obstacles in raising internal awareness and gaining executive support. To support other companies facing these hurdles, we host annual forums to share insights from our paternity leave initiatives and communicate the advantages and structures we have established. This effort has contributed to a perceptible shift in the corporate approach to paternity leave across Japan over the past five years.

We aim to create a company where everyone can work happily, advancing even more diverse workstyles



While we maintain a 100% uptake rate for paternity leave, we do not see this as the final goal. Moving forward, we will strive to create an even more accommodating workplace that supports not just childrearing but also the needs of employees from a variety of backgrounds.



We introduced new leave in 2023. For instance, we now offer self-directed career development leave to support employees pursuing studies abroad or acquiring qualifications. Additionally, we provide child support leave for situations such as a sick child or school absences, as well as an advanced learning support leave for employees who wish to pursue university degrees while working.



These newly implemented leaves were thought up and created by employees. We have a corporate culture in our Group where everyone can speak up and we have fostered a work environment that's united in vision and supportive of shared objectives. Taking male paternity leave as a starting point, we aim to continue evolving into a company that embraces and accepts a diverse workstyles.

Indicators and Progress

Materiality Management

The Sekisui House Group has identified key themes related to three materiality issues: “Creation of High-Quality Housing Stock,” “Contributing to a Sustainable Society” and “Diversity and Inclusion.” We have also defined Key Performance Indicators (KPIs) to assess progress in specific initiatives to be undertaken over the course of the three-year Mid-Term Management Plan to address each key theme.

In the Sixth Mid-Term Management Plan (FY2023–2025), we identified 54 KPIs linked to our three material issues and continue to monitor and evaluate progress under the Group’s ESG Management promotion structure.

→ P.58–60 Indicators and Progress
→ P.235 Indicators and Progress

The ESG Promotion Committee, an advisory body to the Board of Directors, deliberates on progress in and issues associated with ESG management initiatives before reporting to the Board of Directors. Upon receiving reports from the ESG Promotion Committee, the Board of Directors deliberates on and supervises the Group’s initiatives among other relevant matters.

Progress of non-financial KPIs during the three-year period of the Sixth Mid-Term Management Plan (FY2023–2025) is reported periodically to the ESG Promotion Committee. The identified challenges and prospective policies undergo rigorous discussions in internal meetings involving external members with expert knowledge, alongside our Representative Director and executive team. Informed by this feedback, we consistently review and update our strategies and performance indicators.

→ P.92 ESG Management

Incorporating KPIs Linked to Material Issues into Performance Evaluation

Some KPIs linked to material issues are designated as ESG indicators for assessing the performance of business units and are reflected in the determination of the President’s Award to foster employee-driven initiatives to pursue ESG initiatives. Some examples of key themes incorporated in the FY2023 President’s Award are as follows.

Material issues	Key themes
Creation of High-Quality Housing Stock	Asset value creation
Contributing to a Sustainable Society	Decarbonization/Biodiversity conservation
Diversity and Inclusion	Employee health and happiness

Selected KPIs are also integrated as ESG management indicators within the framework for evaluating executive remuneration. After discussing the priorities and strategic approaches for target attainment, we have determined the evaluative criteria. The key indicators, inclusive of ESG management measures pertinent to the Performance Share Units (PSU) granted to executives, are outlined below.

Material issues	Indicators
Creation of High-Quality Housing Stock	Percentage of detached houses certified as Long-Life Quality Housing Rental housing units renovated
Contributing to a Sustainable Society	Ratio of detached house ZEH Number and ratio of ZEH units for rent Number and ratio of ZEH condominiums for sale Rate of CO ₂ emissions reduction from business operations
Diversity and Inclusion	Number of women in managerial roles Rate of paternity leave taken by eligible male employees Rate of annual paid leave taken

KPI “Well-Being Circle”

Topics

The Sekisui House Group engages in the “Well-Being Circle,” a well-being survey as one of our KPIs. This measure aims to diagnose the well-being of employees and workplaces comprehensively, allowing the visualization of happiness levels. Initiated in FY2020, this metric informs targeted strategies focused on fostering each employee’s individual pursuit of happiness.

→ P.118 Continuing the Well-Being Survey

In the fourth iteration of the well-being surveys in FY2023, we discovered high happiness scores among female managers. Additionally, workplaces led by female managers reported generally higher happiness scores compared to those without female managers. Promoting women’s active participation is considered a key theme in our endeavor to create an environment where diverse talents can excel. We are actively advancing initiatives to achieve this goal. Moving forward, we will continue to cultivate a workplace where our people, rich in varied experiences, expertise, perspectives and ideas, can genuinely express their abilities across different business units. In doing so, we aim to support employees’ continuous personal development and growth while perpetually strengthening the organization’s capability for enduring sustainable growth.



Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023		FY2024	FY2025	Information regarding the indicators	References
					Targets	Results	Targets	Targets		
	Safety, peace of mind and comfort	1	Detached house customer satisfaction rate	◇1	95% or higher	96.0%	95% or higher	95% or higher	This indicator shows the percentage of customer survey responses that selected one of the top three options for satisfaction. Respondents who Answered Customer Satisfaction Surveys with "Very Satisfied," "Satisfied" or "Fairly Satisfied"	→ P195
		2	Rental housing occupancy rate	Sekisui House Real Estate Group	97% or higher	97.7%	97% or higher	97% or higher	This indicator shows the occupancy rate of Sha Maison rental housing managed through bulk leasing.	→ P81
		3	Housing units sold in the overseas business	The overseas business	—	4,444	—	10,000		→ P86
	Asset value creation	4	New proposals of technologies, lifestyle design and services	◇5	—	A new design proposal system "life knit design"	—	—	This indicator highlights achievements related to new proposals that integrate the advanced technologies Sekisui House has accumulated, the lifestyle design proposals and intangible assets (services) in such areas as health, connectedness and learning (only results are disclosed).	→ P83
		5	Patent applications (R&D)	◇1	100	115	100	100		→ P25
		6	Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)	◇1	★4 or higher 80% or higher overall Third-range products: 90% or higher	★4 or higher 81.9% overall Third-range products: 88.4%	★3 or higher ¹ 70% or higher	★3 or higher ¹ 70% or higher	This indicator is calculated based on our residence evaluation, which we created for detached houses in 2017 to promote the creation of beautiful houses that will be assets to their communities. Houses meriting this certification are given a rating from one to five stars.	—
		7	Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, peace of mind and comfort (Sha Maison Gardens)	◇1	57% or higher	65.1%	70% or higher ²	72% or higher ²	This indicator shows the ratio of Sha Maison Gardens, which obtained in-house certification as attractive rental housing through a process using unique evaluation criteria that include the impact on surrounding street landscapes and a resident-first perspective.	—
		8	Rental housing units renovated	Sekisui House Real Estate Group	6,800	7,058	7,600	8,400	This indicator shows the number of rental housing units subject to contracts for interior or facility renovation work that involves changes in layouts and is expected to result in higher asset value.	→ P81
	Extended useful life of housing	9	Percentage of detached houses certified as Long-Life Quality Housing	◇1	90% or higher	92.3%	90% or higher	90% or higher	This indicator shows the portion of the detached houses provided by the Group that has received official certification as meeting the standards ⁴ of the Japanese government's Long-life Quality Housing.	→ P196
		10	Number of SumStock housing in the Group's existing home transactions	Sekisui House Real Estate Group	800	718	800 ³	850 ³	This indicator shows the number of existing houses handled for resale by the Group that are SumStock ⁵ certified.	→ P196

1 The four stars previously granted under the former grading system are equivalent to three stars granted under the updated system that has been in effect since FY2024 in line with revised certification rules to enhance the quality of certified houses.

2 Upwardly revised targets.

3 Downwardly revised targets.

4 Standards for detached houses: Houses must meet certification standards in such areas as anti-degradation measures, seismic resistance, energy efficiency, ease of maintenance and updating, living environment, floor area, maintenance and preservation plan and disaster considerations.

5 Houses built by homebuilders who are members of the Provision of Quality Housing Stock Association in accordance with prescribed universal standards.

◇1 Sekisui House, Ltd.

◇2 Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Ltd., Sekisui House noie Limited in addition to ◇1 above

◇3 Konoike Construction Co., Ltd. and Consolidated Domestic Subsidiaries in addition to ◇2 above

◇4 Sekisui House and Domestic Group Companies

◇5 Sekisui House Group (Sekisui House, Ltd. and Consolidated Subsidiaries)

Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023		FY2024	FY2025	Information regarding the indicators	References
					Targets	Results	Targets	Targets		
	Decarbonization	11	Ratio of detached house ZEH	◇1	90%	95%	90%	90%	This indicator shows the portion of detached houses that Sekisui House built during the fiscal year that were ZEH (Net zero energy house, a house that aims for an annual primary energy balance of zero through energy efficiency and energy generation while providing a comfortable indoor environment). <i>Note: Excludes contracted and for-sale housing in Hokkaido</i>	→ P126
		12	Ratio of ZEH units for rent	◇1	70%	76%	73%	75%	This indicator shows the portion of orders for Sha Maison rental housing received during the fiscal year that were ZEH units (certified as ZEH Ready or above). <i>Note: Limited to ZEH units that allow residents to sell excess electricity</i>	→ P128
		13	Ratio of ZEH condominiums for sale	◇1	100%	100%	100%	100%	This indicator shows the cumulative number and percentage of completed ZEH units (certified as ZEH Oriented or above) among Sekisui House's GRANDE MAISON condominiums for sale.	
		14	Number of <i>Idocoro Dan-netsu</i> houses (location-based insulation upgrades)	Sekisui House Remodeling, Ltd.	1,800	1,699	—	—	This indicator shows the number of houses that underwent <i>Idocoro Dan-netsu</i> remodeling to efficiently improve thermal insulation performance through partial insulation and insulation remodeling focused on the living room, dining room and kitchen area, where people spend most of their time.	→ P129
			Number of <i>Idocoro Dan-netsu</i> houses (revised)		—	—	3,600	—	This indicator shows the number of remodeling projects, including <i>Idocoro Dan-netsu</i> partial insulation remodeling focused on the living room, dining room and kitchen area, as well as those aimed at enhancing insulation of openings, etc.	
		15	Rate of CO ₂ emissions reduction from new housing	2	—	38.0%	—	—	This indicator shows the rate of reduction in CO ₂ emissions attributable to energy consumption at the residential stage of new housing built by the Sekisui House Group (compared with FY2013). Our target for 2030 is 55%.	→ P126
		16	Rate of CO ₂ emissions reduction from business operations	◇5	—	56.3%	—	—	This indicator shows the rate of reduction in CO ₂ emissions directly attributable to the Group's business operations (Scope 1) or indirectly attributable through purchased electricity and other energy (Scope 2) compared with FY2013. Our target for 2030 is 75%.	
		17	RE100 achievement rate	◇5	—	86.2%	—	—	This indicator shows the portion of all electricity used via business activities that is energy purchased through Sekisui House Owner Denki from owners of homes equipped with solar power generation systems that have reached the post-FIT period as part of efforts to achieve RE100. Our target for 2040 is 100%.	→ P129
		18	Rate of electrified Company vehicles	◇5	19%	15.5%	32%	35%	This indicator shows the ratio of battery electric vehicles, fuel cell vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles to the overall number of Company vehicles. Our target for 2030 is 100%.	→ P130
		19	Supplier science-based target-setting rate	◇1	—	39.5%	—	—	This indicator shows the percentage of our major suppliers that have set targets verified under Science Based Targets (SBT), a scheme for verifying corporate greenhouse gas emissions reduction targets as in line with the goals of the Paris Agreement. Our target for 2030 is 80%.	→ P131
	Biodiversity conservation	20	Sustainable wood procurement rate	◇1	97.4%	97.2%	97.5%	97.5%	This indicator shows the portion of wood purchased by the Group that has one of the top two ranks (S or A) on our four-rank scale in accordance with our own Wood Procurement Guidelines.	→ P134
		21	Rate of zero-deforestation timber procurement	◇1	91%	89.8%	92%	93%	Our target for 2030 is 100%.	→ P132
	Resource recycling	22	Biodiversity-friendly tree planting (<i>Gohon no Ki</i> Project)	◇1	20,000 thousand	19,840 thousand	21,000 thousand	22,000 thousand	This indicator shows the cumulative number of trees planted in customer gardens under the <i>Gohon no Ki</i> Project to promote biodiversity-friendly landscaping.	
		23	Waste rate (new construction)	◇1	5.0%	5.9%	—	—	This indicator shows the amount of raw materials used in production and resource inputs for the Sekisui House Group's new housing construction that ends up as waste.	
		24	Waste recycling rate (new construction)	◇1	100%	100%	100%	100%	This indicator shows the portion of waste generated in the construction of new housing that is recycled.	→ P141
		25	Waste recycling rate (maintenance and remodeling)	Sekisui House, Ltd., Sekisui House Remodeling, Ltd.	90% or higher	94.8%	—	—	This indicator shows the portion of the waste generated in the maintenance, repairs and remodeling of existing properties built by the Group that is recycled.	
	Coexistence with local Communities	26	Percentage of employees joining employee-company joint donation programs (Sekisui House Matching Program employee participation rate)	3	—	31%	—	—	This indicator shows the percentage of employees joining employee-company joint donation programs. (Sekisui House Matching Program employee participation rate, only results are disclosed.)	→ P184
		27	Trip Base <i>Michi-no-Eki</i> Stations Project, a project for regional revitalization	◇1	14 prefectures: 29 facilities 2,336 rooms	14 prefectures: 29 facilities 2,336 rooms	—	3,000 rooms	This indicator shows the cumulative number of hotel room units that have been constructed by the Sekisui House Group as part of the Trip Base <i>Michi-no-Eki</i> Stations Project, a regional revitalization project that we are developing with Marriott International.	→ P190
	Occupational Health and Safety/ Supply Chain	28	Frequency rate of accidents in the construction division that result in lost worktime	◇1	2.39	2.87	2.25	2.12	This indicator shows the frequency of construction site accidents resulting in lost work time per million total working hours among contractors of Sekisui House (including sole proprietors and employers).	→ P198
		29	Occupational illness frequency rate in the construction division	◇1	0.30	0.53	0.30	0.30	This indicator shows the frequency of occupational illness originating from construction sites per million total working hours among contractors of Sekisui House (including sole proprietors and employers).	
		30	CSR procurement human rights and labor supply chain scores	◇1	85.8 pt	88.3 pt	85.9 pt	86.0 pt	This indicator is the score determined via CSR evaluations of all suppliers (out of a maximum of 100 points) regarding human rights, labor management and supply chain status.	→ P204

1 An international initiative of major companies around the world pledging to use 100% renewable energy in their business operations.

2 Sekisui House (non-consolidated basis), Konoike Construction, Sekisui House noie, Sekisui House Construction, Sekisui House Real Estate, housing sales subsidiaries of Sekisui House US Holdings, LLC, and Sekisui House Australia Holdings PTY Limited

3 Companies named in ◇2 below, Sekisui House Financial Services Co., Ltd., Sekisui House Asset Management, Ltd.

◇1 Sekisui House, Ltd.

◇2 Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Ltd., Sekisui House noie Limited in addition to ◇1 above

◇3 Konoike Construction Co., Ltd. and Consolidated Domestic Subsidiaries in addition to ◇2 above

◇4 Sekisui House and Domestic Group Companies

◇5 Sekisui House Group (Sekisui House, Ltd. and Consolidated Subsidiaries)

Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023		FY2024	FY2025	Information regarding the indicators	References
					Targets	Results	Targets	Targets		
	Promoting diversity	31	Number of female directors of the Board	◇1	3 persons or more	3 persons	3 persons or more	3 persons or more	This indicator shows the number of female directors on the Company's Board of Directors.	→ P210
		32	Number of female managers	◇3 (FY2023) ◇4 (FY2024, FY2025)	300 persons	342 persons (4,34%)	350 persons*	380 persons*	This indicator shows the number of female employees in managerial positions at the Group.	→ P110
		33	Ratio of full-time female employees	◇2	29.2%	29.4% (6,965 persons)	29.5%	29.8%	This indicator shows the percentage of full-time Group employees who are women.	→ P107
		34	Ratio of female new graduates hired	◇3	40%	38.3% (351 persons)	40%	40%	This indicator shows the percentage of new graduates hired by the Group as full-time employees who are women.	→ P108
		35	Employment rate of persons with disabilities Upper row: Sekisui House (non-consolidated basis) Bottom row: The 28 domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company)	—	2.97% 2.86%	3.00% 2.97%	2.97% 2.86%	2.97% 2.86%	This indicator shows the percentage of Company employees who have disabilities.	→ P112
	Employee health and happiness	36	Rate of employees opting for the secondary medical checkup	◇1	95%	88.1%	97%	100%	This indicator shows the portion of employees who opt for optional secondary medical checkups during annual mandatory checkups.	→ P117
		37	Walking Challenge participants and average step count	◇4	—	21,163 persons 6,652 steps	—	—	This indicator shows the number of employees who participated in Walking Challenge and their average daily step counts. (Only results are disclosed.)	
		38	ESG dialogue implementation (workplace basis)	◇2	100%	100%	100%	100%	This indicator shows the implementation rate of ESG dialogues at workplaces.	→ P115
		39	Well-Being Circle total score	2	—	65.98 pt	—	—	This indicator shows total scores granted by respondents of the Well-Being Survey targeting all employees to assess well-being for individuals and organizations. Specifically, we have selected the average total score of the Well-Being Circle section, which consists of 34 items in 11 categories and is designed as a multifaceted diagnosis of employee happiness. (Only results are disclosed.)	→ P118
	Diverse workstyles and job satisfaction/ Human resource development and self-directed career	40	Take-up rate for eligible male employee childcare leave	3	100%	100%	100%	100%	This indicator corresponds to the Group-wide paternity leave usage rate and is calculated as the portion of male employees with children less than three years old who take at least one month of childcare leave.	→ P116
		41	Monthly average working hours per person	4	175 hours	169.58 hours	175 hours	175 hours	This indicator shows the average monthly work hours per Group employee. Note: Includes managers, excludes employees on leave.	→ P113
		42	Annual paid leave take-up rate	4	60%	80.3%	70%	70%	This indicator shows the rate of annual paid leave usage among Group employees. Note: Includes managers	
		43	Investment in human resource development	◇5	¥1,435 million	¥1,526 million	¥1,478 million	¥1,522 million	This indicator shows educational and training expenses for Group employees.	→ P101
		44	Cumulative number of workers who have acquired major qualifications required for specific duties ¹	◇1	24,100 persons	24,566 persons	24,600 persons	25,100 persons	This indicator shows the cumulative number of Group employees who have acquired qualifications ¹ required to perform certain duties at the Group. Note: Excludes retirees	→ P102
		45	DX training participation rate	◇1	100%	100%	100%	100%		—
		46	SHIP registration rate and number of posts	◇4	30% 2,500	30.8% 2,329	33% 2,700	36% 3,000	This indicator shows the registration rate for and the number of posts and applications made to submit ideas to Sekisui House Innovation & Performance Awards (SHIP), a collective communication and innovation awards program.	→ P104
		47	Participants in self-directed career development-related training	◇1	18,936 persons	18,962 persons	20,505 persons	22,030 persons	This indicator shows the cumulative number of individuals who completed career autonomy courses since the 2003 launch of such courses.	→ P101

1 This indicator shows the cumulative number of Group employees who have acquired any of 11 major qualifications required to perform certain duties at the Group, including first-class architect, second-class architect, first-class building operation and management engineer, first-class civil engineering works execution managing engineer, first-class landscape gardening work operation and management engineer, first-class plumbing work operation and management engineer, first-class electrical construction management engineer, registered real estate transaction agent, and first-, second-, and third-grade certified skilled professional of financial planning.
2 Companies named in ◇4 below, excluding Konoike Construction and its consolidated domestic subsidiaries.
3 ◇2 for FY2023 and ◇4 for FY2024 moving forward, excluding Konoike Construction and its consolidated domestic subsidiaries.
4 The boundary of this data includes Sekisui House, Ltd., Sekisui House Real Estate Group and Sekisui House Remodeling, Ltd.
5 Upwardly revised targets.

◇1 Sekisui House, Ltd.
◇2 Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Ltd., Sekisui House noie Limited in addition to ◇1 above

◇3 Konoike Construction Co., Ltd. and Consolidated Domestic Subsidiaries in addition to ◇2 above
◇4 Sekisui House and Domestic Group Companies
◇5 Sekisui House Group (Sekisui House, Ltd. and Consolidated Subsidiaries)

Stakeholder Engagement

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

Key Stakeholders	Responsibilities	Main Examples of Engagement		Results of Initiatives
 Customers (homeowners)	Constantly remaining closely attuned to our customers, we work to provide value from their point of view to ensure greater satisfaction.	• Customer surveys • Informative magazines published as communication tools – <i>Kizuna</i> (detached housing, twice annually) – <i>Maisowner</i> (rental housing, twice annually) – <i>gm</i> (condominiums, three times annually)	• Customer Service Center Owner Desk • House Celebration	• Longer useful lives for housing • Improved customer satisfaction • Enhanced after-sale support • Creation of high-quality housing stock • Enhanced relationships with homeowners
 Residents	We provide services aimed at securing residents' satisfaction by maintaining a call center capable of responding to emergency requests at all times as well as a dedicated app designed to offer member-exclusive services, assist with various applications and otherwise support rental living.	•  Sha Maison Life CLUB (Japanese only) – Electronic application and contract services – One-stop services using blockchain technology – Subscription services and various discount coupons – Helpdesk services that accommodate repair requests and troubleshooting	• Sha Maison Life POINT – Point services for residents • Sha Maison Life GUARD – Fire insurance for residents	• Provision of one-stop, paperless services • Enhanced lineup of after-sales services • Provision of services aimed at improving customer satisfaction and turning residents into Sekisui House fans
 Consumers (prospective customers)	We will proactively disclose information to establish relationships of trust, with the goal of creating enriching homes and environments.	• Corporate brand communications • Product brand communications • Home Visit Days (tours of completed homes)	•  Tomorrow's Life Museum (Japanese only) • Sekisui House Eco First Park	• Enhanced development of new products and technologies • Accumulation of big data relating to housing • Facilitation of a positive perception of Sekisui House
 Suppliers/ Business partners	We will engage in fair and equitable transactions while fostering relationships of mutual benefit in order to develop together with our business partners by satisfying customers.	• Sekisui House Association and the Sekisui House Cooperation Association • Sekisui House Primary Work Constructor Association • Annual activity policy briefing session • CSR procurement (adhering to our CSR Procurement Guidelines) • Supplier assessments • ESG Conference	• Sekisui House Circular Economy Vision Briefings •  Fair Wood procurement based on our Wood Procurement Guidelines • Briefings on updates to Wood Procurement Guidelines • Sekisui House Carpentry Competition, WAZA 2023 • SBT study sessions	• Establishment of construction site environments that facilitate work (streamlining and standardization of work, strengthening of our construction work structure) • Establishment of a robust sustainable supply chain
 Employees	We respect individuality so that employees can make the most of their individual capabilities. We help employees develop a spirit of embracing challenges through working at the Sekisui House Group; promote diverse workstyles and create a foundation for happiness so that employees can develop their careers autonomously; and empower all employees to pursue happiness in their own terms.	•  Sekisui House Women's College • e-learning focused on accommodating customers with disabilities • Sekisui House Innovation & Performance (SHIP) Awards Program (an awards program that encourages taking on challenges and autonomy) • Career interviews • Sekisui House Group National Baseball Tournament • Hito in-house online magazine	• Flex system and remote work system • ESG Dialogue • Human relations training (annually) • Compliance training • Happiness Health Management: Challenge 6 initiative (six challenges for physical and mental health)/total working hour management • Well-Being Survey	• Active participation of women and diverse human resources • Helping employees pursue self-directed career development and personal growth • Generating innovation • Invigorated communication among employees • Promotion of diverse workstyles • Creation of a workplace culture that ensures a robust sense of psychological safety • Helping employees stay healthy and raise their health awareness • Maintenance and improvement of employee well-being
 Shareholders and investors	We are committed to improving corporate value through sound growth that provides returning profits to our shareholders and investors, with the goal of being an enterprise of high social value that maintains fair and transparent management practices.	• Financial results briefings and management plan briefing sessions • Meetings with institutional investors and analysts • General Meeting of Shareholders • Publication of Value Report (Integrated Report; includes TCFD and TNFD reporting)	•  Publication of Business Report (twice annually) • Issuance of IR News Mail • Facility tours for individual shareholders • Corporate briefings for individual investors	• Enhancement of information disclosure • Building relationships of trust with shareholders and investors through active dialogue
 Local communities	In order to protect the global environment and enable all people to enjoy a rich and fulfilling life, we will strive to cooperate with, participate in and give back to society by fostering local culture and prosperity while making the most of our uniqueness as a housing company.	•  Sekisui House Matching Program for joint donations by employees and the Company (Japanese only) • Collaboration with NPOs such as Kids Design Association • Career education and on-demand classes for elementary, junior high and high school students	• Facility tours and hands-on learning programs • Comprehensive partnership agreements with local governments • "A Letter from Dr. Forest" and happy homes educational programs for elementary and junior high school students	• Living that offers safety and peace of mind • Community development for crime prevention and disaster preparedness • Fostering of future generations • Support for the independence of disaster victims and people with disabilities • Support for a diverse society • Regional revitalization • Coexistence with local communities • Social contribution activities (including initial disaster response and recovery and reconstruction support)

Stakeholder Engagement

The Sekisui House Group emphasizes the importance of stakeholder engagement and conducts various engagement initiatives each year. Some examples of stakeholder engagement undertaken in FY2023 follow.

Customers

House Celebration, aiming to help owners celebrate the completion of their new homes

Sekisui House began providing House Celebrations in FY2023, a nationwide initiative with sales staff helping owners celebrate the completion of their new homes.

House Celebration plans include “Party Celebrations,” where we dispatch kitchen chefs or deliver catering services; “Tea Celebrations,” which are more casual, such as tea and cake parties; and “Gift Celebrations,” in which owners present gifts to show their gratitude to invitees. These celebrations are also considered to be opportunities for Sekisui House to express our thanks to owners who have commissioned us to build their homes, and congratulate them on their new start. Moreover, these services enable Sekisui House to enhance customer satisfaction while winning new prospective customers, as these celebrations are often attended by friends and acquaintances that homeowners have invited.



Connecting with customers, employees and new clients through the Sekisui House Stories

We feature new content titled “Sekisui House Stories” on our corporate website, where we share stories of happy homeowners who live in housing built by Sekisui House as well as the passionate endeavors of staff in charge of product development, set against the relevant social context. The content also showcases unique home designs and features created based on homeowners’ suggestions. We expect this content to serve as useful references for both our sales staff, who are in charge of delivering proposals, and prospective customers considering housebuilding.



 Details on Sekisui House Stories (Japanese only)

Employees

Sekisui House Group National Baseball Tournament

In FY2023, the Sekisui House Group held an in-house baseball tournament to facilitate communications among all employees and foster a stronger sense of unity. Approximately 3,500 employees registered as players and took part in games, including elimination rounds held at various locations across Japan.

On the day of the tournament, a total of four remaining teams, which included members from Group companies, gathered at Kyocera Dome Osaka to compete in the semi-finals and grand finals. These games were preceded by a player representative taking the athlete’s oath, the ceremonial first pitch and the singing of the Company anthem by a solo performer. In addition, recreational activities were also held between intervals, allowing employees and their families to play freely on the field to ensure that even those unfamiliar with baseball could have fun. As a result, the event was a roaring success.

This event was organized mostly by employees who volunteered in response to in-house postings to serve as, for example, stadium announcers or ball boys. This improved engagement among employees from different departments while facilitating a spontaneous corporate culture supportive of ongoing innovation.



Facilitating reciprocal communication in career interviews

Based on our belief that employee happiness is a foundation of business management, the Sekisui House Group has facilitated periodic dialogue between supervisors and their staff members since FY2022 to enhance the quantity and quality of communication between them while enabling individual employees to pursue personal growth and career advancement. These dialogues help employees clarify areas in which they hope to take on new challenges as well as their future career visions as they receive support from their supervisors.

Stakeholder Engagement

Shareholders and investors

Small-scale meetings between outside directors and institutional shareholders

Sekisui House hosts periodic dialogues involving outside directors and institutional shareholders. In February 2023, these took place as small meetings, with attendees engaging in vigorous discussions to assess the effectiveness of Sekisui House's Board of Directors, deliberate the role of outside directors and consolidate awareness of issues confronting the Company. Opinions from dialogues are relayed to internal directors to inform future management decisions. In addition, accurate understanding of the status of the Company's day-to-day operations is essential for outside directors to conduct meaningful dialogue. Therefore, outside directors engage in periodic communications with internal directors and executive officers while proactively participating in on-site tours. In FY2023, outside directors joined tours of development sites in the Fukuoka area and flew to Australia, where they took a close look at the apartment & mixed-use developments business as well as the homebuilding business, and exchanged opinions with local managers.

We will continue to conduct ongoing communications between outside directors and institutional shareholders to secure a shared awareness of issues and problems confronting the Company in order to improve corporate value.

Organizing tours for individual shareholders

In FY2023, we organized a tour of Tomorrow's Life Museum Kanto as part of our initiatives to help individual shareholders gain a deeper understanding of Sekisui House's operations through facility tours. Since we had not held face-to-face events of this kind for four years, there was a large number of applicants. Attendees toured model housing facilities, including realistic living scenarios and our new "life knit design" concept, which aims to appeal to the perceptions of each customer. In addition, they also visited the Structure Pavilion and the Resource Recycling Center to take a close look at the Company's sophisticated structural technologies and progressive environmental initiatives. The tour was followed by presentations on the Company's business and dialogues with shareholder attendants. On questionnaires distributed to attendees, we received a number of responses noting the event enabled them to deepen their understanding and stimulated their interest in the Company's operations, indicating an immense feeling of satisfaction among participants. Going forward, we will maintain high-quality engagement with individual shareholders through facility tours and other events.



A small meeting attended by institutional shareholders



A tour of business sites in Australia



Business partners

Sekisui House Carpentry Competition, WAZA 2023

In November 2023, the Sekisui House Group held the first round of Sekisui House Carpentry Competition WAZA 2023. The participating carpenters lead Japan in the level of their technique and this event was intended to express our sense of gratitude to them and to thank them for their unwavering dedication to our endeavor of building attractive homes. The event was also designed to help them maintain their immense motivation to work, as well as to promote the attractiveness of carpentry as a dream job to people outside the Group. From among approximately 5,000 entries from regions across the country, 26 carpenters were chosen for the finals to determine the champion. Pitting their sophisticated techniques against each other, they competed at the venue for around two and a half hours to complete a room with an area of 7.5 jo (roughly 12.15 m², with 3.5-meter sides) as part of a two-story housing structure made of steel frames used by Sekisui House. Each contestant was rated based on a total of 77 evaluation items, ranging from those related to pre-construction preparatory steps, compliance with construction procedures, accuracy, completeness, safety, and the tidiness and beautification of their worksites. These evaluation items were selected from actual quality inspection standards and determined in accordance with Sekisui House's construction work quality manuals, with contestants judged by staff who usually conduct quality inspections at construction sites nationwide. Families and colleagues of contestants were also invited to observe the competition, closely watching each contestant demonstrate their honed art of carpentry with a sense of excitement, a rare occasion that cannot be experienced at actual construction sites. The event was a roaring success. Attendees physically present at the value cheered energetically for contestants and a livestream of the event allowed audiences to watch remotely from branch and partner building constructors' offices nationwide.



Sustainability-focused engagement

Sekisui House is striving to step up collaboration and coordination with suppliers to address social issues, especially those related to the environment, with the aim of making our supply chain more sustainable. For example, we held our ESG Conference, a study session focused on assisting suppliers in establishing SBT-verified targets and helping them learn more about sustainability. In connection with this, we have set a target for the ratio of suppliers with SBT-verified targets as part of our goals to reduce the volume of greenhouse gas (GHG) emissions in the supply chain. To share our vision for the realization of a circular economy with suppliers, we hosted a seminar on the implementation of the Sekisui House Circular Economy Vision as well as a seminar on our updated Wood Procurement Guidelines, which include our unique commitment to protecting biodiversity during wood procurement.

