

Social

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Boundary of Calculation

	Details	Boundary
◇1	Sekisui House	Sekisui House, Ltd.
◇2	Sekisui House and Major Domestic Group Companies (excluding Konoike Construction)	Sekisui House, Ltd. Sekisui House Real Estate Group Sekisui House Construction Sekisui House Remodeling, Ltd. Sekisui House noie Limited
◇3	Sekisui House and Major Domestic Group Companies	Sekisui House, Ltd. Sekisui House Real Estate Group Sekisui House Construction Group Sekisui House Remodeling, Ltd. Sekisui House noie Limited Konoike Construction Co., Ltd. and Domestic Subsidiaries
◇4	Sekisui House Group and Domestic Consolidated Subsidiaries	Excludes Overseas Group Companies
◇5	Sekisui House Group	Sekisui House, Ltd. and Consolidated Subsidiaries

S Commitment to Improve Social Value



**The happiness of employees,
customers and society paves
the way for a brighter future**

Miwa Yamada

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

The Sekisui House Group is committed to its Global Vision, “Make Home the Happiest Place in the World.” For employees, “home” can also refer to their workplace or the company they work for. To ensure that this “home” is a place of happiness, it is imperative to establish an environment where psychological safety allows individuals to thrive as themselves, where relationships are built on trust, and where mechanisms are in place to foster personal growth and career fulfillment. Therefore, we believe that the Company’s crucial mission is to support each employee in living a fulfilled and happy life.

Our Group places great importance on the practice of innovation and communication, which is intrinsically linked with Diversity and Inclusion (D&I). This is because when people with different values and experiences—

regardless of gender, age, nationality, or disabilities—come together and share opinions, it energizes communication and spurs the generation of new ideas and solutions. Based on this belief, we prioritize dialogue among employees, creating an environment where everyone feels confident to voice their opinions. We are committed to sincerely acknowledging each individual’s input and fostering a corporate culture that respects and values uniqueness. Additionally, we are dedicated to creating environments that embrace employee needs and feedback, and developing programs that empower employees to pursue their passions and goals. This approach aims to enhance human capital value through employee autonomy and aligned efforts.

We strive to build an organization where employees can discover their

potential, grow alongside their colleagues, and experience greater fulfillment. We will continue to nurture autonomy and diversity, creating a workplace where these qualities can thrive.

Embracing the meaning of our business according to one of the tenets of our Corporate Philosophy of “creating enriching homes and environments,” the Sekisui House Group is committed to passing on beautiful homes and community landscapes to future generations. We recognize our responsibility to leave a richer global environment and a happier society for those that follow.

With this in mind, we actively work alongside our customers to address global issues such as global warming and ecosystem conservation. Additionally, we engage in urban development that respects local culture and climate, rediscovering regional charm to invigorate local economies and create jobs. Our businesses contribute to these endeavors. Furthermore, we offer children opportunities to create happiness and are committed to supporting their safe and healthy growth. Through co-creation with local communities, we aim to foster the advancement of society as a whole.

Building a better future requires reevaluating societal structures and pursuing fair and inclusive initiatives. We are committed to promoting diversity and inclusion, eliminating bias and discrimination in hiring and promotion processes, and fostering a culture that respects diversity and inclusiveness. We ensure all employees have equal opportunities for recognition and advancement. Regarding human rights, we are dedicated to respecting the rights of all stakeholders potentially affected by our business activities, including those within our supply chain. We identify and address business-related challenges and strive to earn and maintain trust by offering products and services that respect human rights.

These efforts are essential steps toward achieving a sustainable society, and we are committed to working hand-in-hand with our stakeholders to tackle these challenges. Our Group is committed to promoting initiatives that enhance societal engagement, embracing the challenge to contribute to the planet and society, and creating enduring social value for the future.

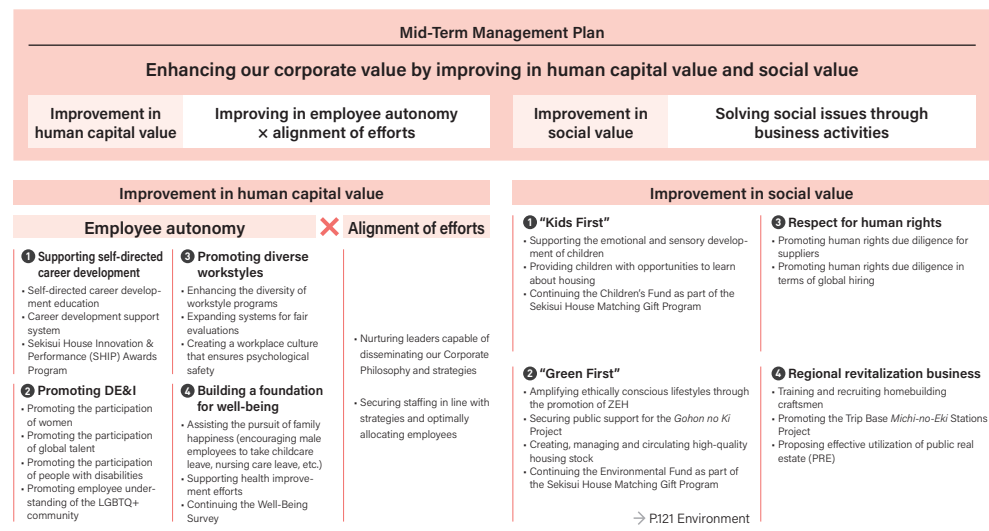
S Initiatives to Improve Social Value

Initiatives

Key measures are being undertaken to enhance social value from both the perspectives of improving human capital value and improving social value. We set four themes aimed at improving human capital value: ❶ Supporting self-directed career development, ❷ Promoting DE&I, ❸ Promoting diverse workstyles, and ❹ Building a foundation for well-being. Based on these themes, we are reforming systems, building corporate culture and promoting relevant initiatives while working to support employee autonomy. Moreover, we nurture leaders capable of promoting and implementing our Corporate Philosophy and strategies, as we recruit and optimally allocate employees in line with strategies. Human capital value increases as a result of such employee autonomy and alignment of efforts.

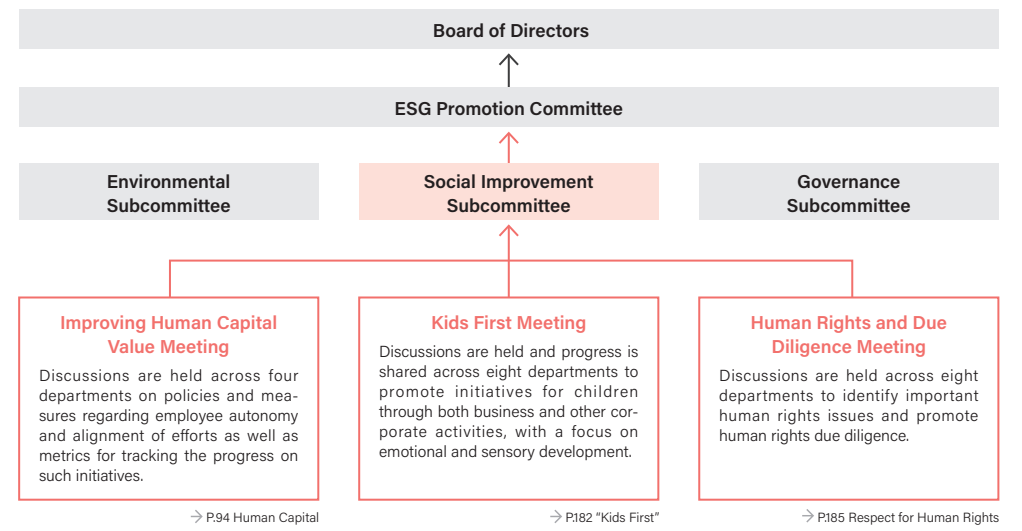
→ P.94 Human Capital

To improve social value, we will implement measures under the four themes of: ❶ "Kids First," ❷ "Green First," ❸ Respect for human rights, and ❹ Regional revitalization businesses. By doing so, we will seriously work to address social issues through our business activities.



Promotion Structure

In FY2023, we established three meetings to enhance our social value promotion structure as well as to understand the progress of initiatives: Improving Human Capital Value Meeting, Kids First Meeting, and the Human Rights and Due Diligence Meeting. Each meeting is led by the employees responsible for promoting the relevant initiatives, and information is regularly shared on the progress of said initiatives based on the three-year roadmap and strategies of the Sixth Mid-Term Management Plan. Attendees identify and discuss issues during these meetings as well as initiatives that should be pursued. The shared information and important discussion points are reported to the Social Improvement Subcommittee and further discussions take place among representatives from relevant departments. The content of these discussions as well as improvement plans are then reported to the ESG Promotion Committee, where lively discussions are held between management and external experts with specialized knowledge. All initiatives are then reviewed and refined as necessary.



Initiatives to Improve Social Value

1. Governance

The Sekisui House Group positions the happiness of customers, society, and employees as a critical issue in the Social (S) sphere of ESG management. Therefore, the Group strives to improve human capital value and social value through business activities.

The ESG Promotion Committee, an advisory body to the Board of Directors, discusses policies and measures aimed at improving social value. The outcomes are presented at Management Meetings or Board of Directors meetings, where Company-wide measures are implemented and managed. The ESG Promotion Committee includes two external members with special expertise who actively participate in discussions, exchanging opinions. Through these discussions, the Committee establishes initiatives and policies aimed at improving employee autonomy and alignment of efforts as well as addressing social issues through business and other corporate activities.

Relevant departments within the Company are responsible for formulating strategies, implementing policies, and managing the progress of each measure. The Social Improvement Subcommittee, operating under the ESG Promotion Committee, monitors the goals and KPIs for each measure. Additionally, we strive to increase the effectiveness of our activities by promoting internal awareness of our initiatives and strengthening cooperation with internal and external stakeholders as well as regional communities.

With the overarching aim of improving human capital and social value, the Social Improvement Subcommittee discusses and manages the progress of initiatives to respond flexibly and effectively to the needs of and issues faced by various stakeholders, including employees and their families, customers, the supply chain, and regional communities.

Diverse perspectives and experiences are incorporated through the participation of members from different departments, enabling more comprehensive decision-making. This participation also facilitates the sharing of information and opinions, supporting the creation of organization-wide unity and cooperation. Moreover, by periodically evaluating the progress of goal achievement and making necessary adjustments and improvements to strategies, we are strengthening initiatives aimed at organization-wide social improvement.

→ P.94 Human Capital

2. Strategy

The accelerated aging of society and low birthrate, the appropriate implementation of disaster prevention and mitigation measures, regional depopulation, and relative poverty among children are all pressing issues. Particularly since the COVID-19 pandemic, the issues facing specific regions, as well as the needs of their inhabitants, have diversified. These changes necessitate community development tailored to individual cultures and climates.

To address social issues such as longer lifespans across society and regional revitalization through our business, we are advancing community development by enhancing existing infrastructure services such as medical care, nursing care and welfare, and integrating them with real estate. The Group leverages its comprehensive proposal capabilities by integrating ESG considerations with its technologies, lifestyle design, and services. Through this strength, and in collaboration with homeowners and organizations ranging from NPOs to governments and public welfare organizations, we aim to create and maintain strong relationships between residents and property operators, fostering a society where people can be happy in their communities throughout their lives.

With a focus on children and the environment, we are actively working to create a society and environment where future generations can continue living happy lives. Additionally, we are developing initiatives aimed at solving issues faced by local communities by leveraging the specialized knowledge and expertise of our employees.

The Group's strategy to enhance social value is aimed at contributing to a sustainable society and creating social value. The four pillars at the heart of this strategy are: "Kids First," "Green First," respect for human rights, and regional revitalization businesses. Through these pillars, we aim to address social issues and have a positive effect on local communities, the environment, and people's lives, thereby increasing societal happiness. Moreover, implementing each strategy involves cooperation with relevant parties, effective resource allocation, and the evaluation of sustainable outcomes.

3. Risk Management

Through close cooperation with regional communities and specialized departments, we conduct risk management to address regional issues, achieving sustainable business activities.

Understanding regional issues and building relationships of trust

To accurately understand the needs and issues facing regional communities, it is crucial to build trust with local stakeholders. This approach enables the appropriate adjustment of business and activity plans while forming strong partnerships with regional communities.

Confirming the compatibility of property operators

When establishing a presence in a region, it is essential to confirm the compatibility of local property operators. By conducting operations that align with regional cultures and needs, we enhance the sustainability of our business activities.

Building relationships with property owners and the regional community

To drive business activities in a region, it is crucial to build strong relationships with property owners and the surrounding community. Through regular communication and deepening mutual understanding, we aim to promote seamless business activities and address challenges effectively.

Collaborating with specialized departments and external networks

Collaboration with internal specialized departments and external experts is essential to provide support and beneficial information to regional communities. By leveraging insights and advice tailored to the characteristics and issues of each region, we promote business activities that contribute to solving regional challenges.

Initiatives to Improve Social Value

4. Metrics and Targets

We have set KPIs for initiatives related to improving social value. We disclose details of these initiatives and the status of their progress.

→ P.59 Indicators and Progress

5. Activities and Other Related Information

Expenditure on social contribution activities

Total expenditure on social contribution activities of the Group, both domestically and overseas, amounted to ¥542 million in FY2023.

Initiatives at the head office in Osaka (Shin-Satoyama Garden)

On the north side of Shin Umeda City, where the head office of Sekisui House is located, we built a landscaped area known as Shin-Satoyama, covering about 8,000 m². Since 2007, we have utilized this area to support the education of children in the community. We offer elementary school children the opportunity to experience growing rice and kindergarten age children the opportunity to experience planting and digging up sweet potatoes.



Elementary school students planting rice in the Shin-Satoyama Garden

Key Initiatives of the Sixth Mid-Term Management Plan

“Kids First”

In Japan, the situation concerning children’s well-being is escalating in severity, with reports indicating that the mental well-being of Japanese children ranks notably low among developed countries. Additionally, disparities in the quality of experiences and education children receive due to their parents’ income and education levels are leading to intergenerational cycles of poverty. With one in seven children living in relative poverty, the healthy growth of these youth is jeopardized while their basic needs, such as education and nutrition, often go unmet. Stress and anxieties arising from difficulties in living environments or economic situations also impact the mental health and happiness of children. Social losses resulting from neglecting poverty are causing problems for society as a whole.

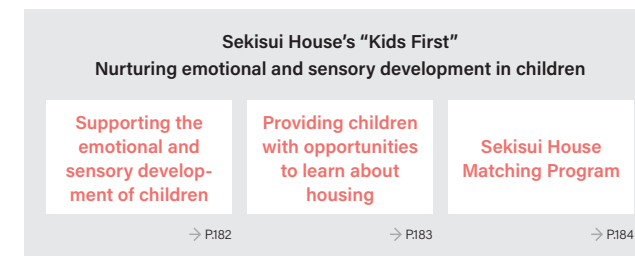
We consider housing to be an important form of social asset. For this reason, our mission is to provide high-quality housing that can be lived in for generations, and we recognize our role in creating happiness for those who live in our homes. Consequently, we believe it is our duty to engage in activities that contribute to the happiness of future generations of children.

Recognizing the profound impact of these social issues on children, we have embraced the “Kids First: Nurturing Sensitivity” approach, focusing on the emotional and sensory development of children. We believe that children who grow up with rich sensitivity and happiness will become creative and imaginative adults, driving innovation in future Japanese society. With this vision, we are focusing our efforts on three key initiatives: supporting the emotional and sensory development of children, providing children with opportunities to learn about housing, and offering the Sekisui House Matching Program (a corporate program to match employee donations).

Issues involving children are incredibly complex and cannot be resolved by a single company alone. However, we believe these issues must be addressed within this generation. Therefore, we are reexamining our fundamental mission to best solve these pressing social issues.

We attribute the low levels of happiness among children in Japan partly to an education system that does not adequately prioritize helping children discover their own happiness and individuality. We have always provided programs related to the environment and housing for children, recognizing them as the leaders of the next generation. However, we must also provide experiences and opportunities that enable children to determine how to best live for themselves -a question that only they can answer. Therefore, we plan to create programs that offer children the opportunities to find their own happiness.

We will continue to advance these initiatives across the entire Group, aiming, through our business activities and in collaboration with a broad range of stakeholders, to create a society and environment where children can continue to live happily.



“Kids First”

S Supporting the Emotional and Sensory Development of Children

Providing Children with Opportunities for Diverse Emotional Experiences

Based on its many years of expertise in housing research and development, Sekisui House is proposing its Kids Design Kodomo idokoro houses. With a focus on children’s safety, peace of mind and self-reliance, smart universal design creates a suitable place for children that fosters their vitality. This proposal emphasizes a style of child-rearing in which children try to nurture themselves.

There are four key aspects of child rearing: emotional and sensory development, physical, intellectual and social. It is during childhood that these abilities see the most remarkable development, as children acquire essential life skills they can use throughout their lives. Several theories in developmental psychology suggest that contemporary children in Japan undergo six developmental stages. Each developmental stage highlights the importance of the four abilities. Our concept for Kids Design, a house that nurtures a child’s vitality, is based on this child-rearing perspective. Through this, we seek to foster the four abilities at developmentally appropriate times.

Emotional and sensory development includes one’s senses and the accompanying traits such as curiosity, empathy, and self-expression. This development is acquired through experiences from a very young age, with the most crucial development stage occurring from infancy to early childhood. This development continues during other life stages as well, serving as the developmental foundation for the other three abilities.

Our approach to supporting the emotional and sensory development of children focuses on creating homes and communities from children’s perspectives. Our goal is to create environments that nurture children’s emotional and sensory, physical, intellectual, and social development. To achieve this, we are strengthening our initiatives that foster these qualities and expanding our “Kids Design” projects to offer enriching living spaces and communities for children.

Kids Design Awards

Sekisui House, in its efforts to evaluate and communicate its support for children’s emotional and sensory development, has been submitting entries to the Kids Design Awards for 17 consecutive years, winning the very first one and 116 in total. This makes us the company with the highest number of such awards in the housing and construction industry.

The Kids Design Award is an award system established in 2007 by the Kids Design Association, a non-profit organization, that aims to select outstanding works that address social issues related to children and child-rearing through products, services, spaces, activities and research that meet the objectives of ensuring children can live safely and with peace of mind, nurturing children with abundant sensitivity and creativity, and creating a society that supports the comfortable raising of children.

At the 17th Kids Design Awards in 2023, a total of nine entries received Kids Design Awards: six in the category of designs to support comfortable raising of children, two in the category of designs to develop the creativity and create the future of children, and one in the category of designs to contribute to the safety and security of children. In addition, three of the entries received the Excellence Award, Minister of State for Policies Related to Children Award; the Incentive Award, Chairman’s Award, Kids Design Association; and Special Award, BEYOND COVID-19.



Received the 17th Excellence Award,
Minister of State for Policies Related to Children Award
Fuji Toranomon Center



Kids Design Mark

→ P190 Regional Revitalization Businesses

University Initiatives for Business Development

We are also collaborating with universities to support the emotional and sensory development of children. Research on children’s online learning at home, which began in 2021 and concluded in 2023, is a joint research project conducted with Professor Naho Sugita from Osaka City University’s Graduate School of Economics. Online learning can facilitate encounters and experiences that are difficult to achieve in real life, expand the child’s world, and lead to emotional and sensory development by broadening the range of experiences. In this joint research project, web interviews, questionnaires and other surveys were conducted on parents whose children are taking part in online learning. From there, key points were extracted for proposing online learning spaces for children, such as audio and the level of supervision between children taking part in online learning and their families. We are planning an online learning space for children based on this research’s results, which we will also verify through experiments.

Starting in 2024, we will embark on a comprehensive collaboration with Kyoto University to expand and create knowledge on housing designs that effectively nurture children’s emotional and sensory development. This partnership will enhance our initiatives to support children’s development by grounding our efforts in robust academic evidence.



Online learning that expands children’s worlds

The number of students is expected to increase due to factors including a growing number of dual-income households. We are also focusing our efforts in this area as a new way of creating learning spaces for children.


“Kids First”

S Providing Children with Opportunities to Learn About Housing

Conducting Housing and Environmental Studies

Since 2008, the Company has been providing opportunities for children to learn about housing in a fun way, utilizing the knowledge and expertise we have accumulated through our experience in housebuilding and community development. We offer on-site classes taught by our employees and hands-on classes using our facilities. In cooperation with the national government, local governments, educational institutions, and other organizations, we offer programs that allow children to think independently through hands-on experiences based on familiar subjects such as housing and nature.

From FY2008 to FY2023, approximately 25,000 children have participated in our employee-run classes and approximately 54,000 children have participated in hands-on programs and facility tours held at our plants, display homes, and Resource Recycling Centers. In addition, we offer environmental education programs on the themes of global warming prevention and ecosystem conservation, which we advocate as an “Eco-First Company,” as well as environmental education programs utilizing our biodiversity garden, Shin-Satoyama, which is adjacent to our head office building, and the Sekisui House Eco-First Park on the grounds of our Kanto Factory. We also offer classes planned in collaboration with school teachers and vocational lectures to provide children with opportunities to think about the joys and roles of work.

 Sekisui House's educational support activities (Japanese only)

Number of children participating in Sekisui House Group's housing education (FY)

	2008-2023
Employee participation in on-site classes (total)	25,496
Participation in our facility tours and experience programs (total)	54,299

Programming education: “Everyone’s House! Houses of the Future!”

In 2019, Sekisui House was the only company in the housing and construction industry to participate in the “Programming Education Promotion Month in Future Studies,” an educational initiative conducted in collaboration with the Ministry of Education, Culture, Sports, Science and Technology; the Ministry of Internal Affairs and Communications; and the Ministry of Economy, Trade and Industry. Since then, at our five Tomorrow’s Life Museum, experience-based housing facilities nationwide and other facilities, we have accepted visits from 700 children from elementary schools across the country. In classes on housing titled “Everyone’s House! Houses of the Future!,” elementary school children are given the chance to take ideas from our facilities to design and build their own house of the future using architectural simulation software on computers.

Learning about happy living with model houses

We provide opportunities for children to experience and nurture their interest in housing by utilizing our model houses located throughout Japan. Children explore and discover from their own perspectives the ingenuity incorporated into the model houses, and experience aspects of housebuilding that they are rarely exposed to. Since its launch in 2021, approximately 600 children have participated in the program, which is divided into two types: field trips to a model house to see the actual product and remote explorations of model houses using tablets while at school.



Children's remote exploration of a model house utilizing tablets

Remote lesson: “A letter from Dr. Forest” program

An employee, acting as a green specialist by the name of “Dr. Forest,” conducts classes on biodiversity using schoolyards and other natural areas. The objective of the program is for children to enjoy learning about the relationship between greenery and living creatures while completing missions, and to take action to protect the nature around them. We also respond to requests for teacher training based on this program (dispatching instructors to workshops organized by boards of education, subject research groups, etc.).

Field trip: Captain Earth “le-cology” seminar

This is a program in which children can get hands-on experience as they learn about energy conservation in their daily lives together with our employees, who act as instructors working on behalf of “Captain Earth.” With the theme of comparing the insulation performance of houses and understanding the performance of energy-saving devices, the program provides an opportunity for children to learn about the relationship between climate change and their daily lives, and to promote their understanding of eco-friendly lifestyles and voluntary actions.

Special sponsor: The 5th Minecraft Cup

As a Gold Partner, we have been supporting the Minecraft Cup National Competition since FY2021 to encourage children’s digital craftsmanship. The Minecraft Cup is a contest that utilizes Minecraft Education (an educational version of Minecraft), which is used in teaching settings around the world to foster a programming-oriented mindset in children. The theme of the 5th edition of the national competition held in 2023 was “A Sustainable Society Where Everyone Can Live Healthy and Securely - A Town Where People Can Continue to Live on Clean Energy.” Thirty-seven finalists were selected from 500 entries from 13 regions across Japan to advance to the final round of judging.

“Kids First”

S Sekisui House Matching Program (Employee-Company Joint Donation Program)

Sekisui House Matching Program

Since FY2006, we have been engaging in the Sekisui House Matching Program, a joint donation program between employees and the Company. We established the “Children’s Fund” and “Environmental Fund” in a matching gift format, where the company contributes an amount equal to the employee’s donation. These funds are aimed at creating a society and environment where children can continue to live happily, providing grants to non-profit organizations. Since the program’s launch in FY2006, we have granted approximately ¥490 million to a total of 646 non-profit organizations. As of FY2023, 7,944 Group employees have enrolled in the program.

Collaboration with Grantees

Since FY2021, we have been conducting presentation ceremonies at our offices and branches nationwide for grant recipients of the Sekisui House Matching Program to provide training on issues and activities in local communities, leading to improvements in our business activities and services. Furthermore, the connections made at these ceremonies have led to increased employee participation in volunteer activities and fostered collaboration in business activities such as renovating buildings for the grantee organizations and partnering on new initiatives.

Sekisui House Matching Program subsidies (FY)

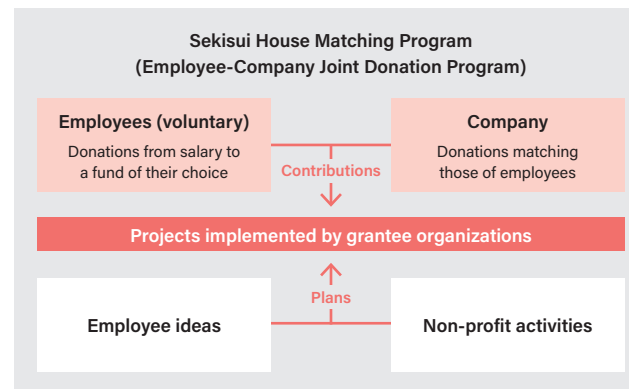
	Boundary	2021	2022	2023
Joint employee and Company donations	1	¥49.00 million	¥45.80 million	¥50.55 million

→ For the boundary of the data, click here (content from page 177 will open in a new window).
1 ◯2, Sekisui House Financial Services Co., Ltd., Sekisui House Asset Management, Ltd.

New social contributions through co-creation with local communities
In FY2023, we launched a new program to provide grants for projects that combine ideas for social contribution and social innovation conceived by employees with the activities of non-profit organizations.

More than 600 ideas were proposed by employees, with some examples including the effective use of vacant houses and scrap wood, creating spaces for children to stay and have experiences, and environmental conservation initiatives. From October 2023 to the end of January 2024, projects were planned with non-profit organizations, and after a two-month internal review process, we awarded ¥53.02 million in grants to 56 projects (FY2024 grants). Through co-creation with local communities, we will achieve further solutions to social issues.

→ P.32 Innovation and Communication



Fostering a new art culture with the Koji Kinutani Tenku Art Museum

Sekisui House operates the Koji Kinutani Tenku Art Museum to promote culture and the arts in society. The museum is located in the Umeda Sky Building, home to our head office, in Tower West (27F). The museum is dedicated to the works of renowned fresco painter and Order of Culture recipient Koji Kinutani. On display are many of Kinutani’s colorful, energetic frescos, along with sculptures and interactive content, such as the world’s first 3D visual system that allows viewers to seemingly enter the world of the painting, and a virtual reality presentation in which the artist himself introduces the museum and his atelier. Since its opening in December 2016, the museum has welcomed a total of over 400,000 visitors and is used as a venue for extracurricular classes at local schools.

The Fresco-painting workshop² for parents and children is held monthly, and the Art and Friends² interactive learning program for elementary and junior high school students is held in spring and autumn. In FY2023, we cooperated with the 12th Make Smile Project, inviting approximately 160 children from child welfare facilities and orphanages in the Kansai region and guiding them around the museum. Since 2021, the Kids’ Drawing Contest has also been held annually for elementary and junior high school students to experience the joy and fun of creation, with 2,698 entries in its third year of FY2024. This one-of-a-kind, cutting-edge museum will continue to foster culture and art around the world.



The 3rd Kids’ Drawing Contest Award Ceremony

² The fresco-painting workshop and “Art and Friends” won the “Kids Design Award” sponsored by the Kids Design Association.

S Respect for Human Rights

Structure for Supervision and Responsibility Regarding Respect for Human Rights

The Company has established the Sekisui House Group Human Rights Policy (hereafter referred to as the "Human Rights Policy"), with the Board of Directors overseeing compliance with and initiatives related to the policy. The Management Meetings, ESG Promotion Committee and Risk Management Committee all exist under the Board of Directors and function organically in creating a Group-wide promotion structure for respecting human rights. The ESG Promotion Committee takes charge with regards to this structure creation. Guided by the ESG Promotion Committee, the Social Improvement Subcommittee determines key issues and policies related to human rights within the Sekisui House Group. Initiatives related to human rights are also regularly reported to the Risk Management Committee. Comprised of directors of the Board and executive officers, the Risk Management Committee discusses topics related to human rights, mainly strategic initiatives related to the labor and health of Group employees, harassment and work-related accidents, all from the perspective of risk management.

Human Rights and Compliance Promotion Committee

To strengthen our corporate culture, which strictly prevents human rights infringements, discrimination, harassment and compliance violations, we have established the Human Rights and Compliance Promotion Committee, chaired by the President and Executive Officer. The secretariat is managed by the Human Rights and Compliance Promotion Office¹ within the Legal Department.

Every year, the National Human Rights and Compliance Promotion Meeting is held, attended by representatives of promotion committees established in our departments, offices and Group companies. At the meeting, guidelines for human rights measures, Group-wide priority issues, training policies and training plans are shared. Each promotion committee is responsible for advancing the initiatives decided at the National Human Rights and Compliance Promotion Meeting.

¹In 2006, we established the Human Relations Office as a dedicated department for overseeing human rights under the responsibility of the managing officer responsible for legal affairs. This office was then renamed the Human Rights and Compliance Promotion Office on August 1, 2023.

Commitment to Human Rights

In April 2020, we formulated and announced the Sekisui House Group Human Rights Policy. It was formulated with the advice of outside experts and approved by the Board of Directors of the Company.

The Human Rights Policy respects international norms, such as the International Bill of Human Rights, the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights, and supports the Ten Principles of the United Nations Global Compact.

In order to fulfill our social responsibilities, we have stated that we will respect the human rights of all stakeholders who may be affected in our business activities including our supply chain.

This Human Rights Policy, based on the Group's Corporate Philosophy and Code of Conduct, supplements and clarifies respect of human rights, one of the principles stated in the Corporate Code of Conduct.

All Sekisui House Group officers and employees (including temporary, part-time and fixed-term employees) must comply with this policy, and we promote awareness of the policy through training and other measures. We also publish the policy on our website, and we expect all stakeholders inside and outside the Group to understand and support the Group's policies and initiatives for respecting human rights. Specifically, we use a web platform to disclose information to suppliers and encourage compliance.

In addition, to disclose information as stated in the Human Rights Policy, we publish a human rights report.

 Sekisui House Group Human Rights Policy
 Sekisui House Group Corporate Code of Conduct (Japanese only)
 Sekisui House Group Human Rights Report 2024

Policy on discrimination

As stated in the Human Rights Policy, the Sekisui House Group does not tolerate any form of discrimination. The Sekisui House Group Corporate Ethics Guidelines defines the standards of corporate ethics that the Company and its officers and employees must comply with in pursuing the corporate activities of each Group company. We have therefore established the following policy on the respect for human rights and prohibition of discrimination.

5-1 Respect of Human Rights and Prohibition of Discrimination

Consistently strive to maintain a healthy workplace environment, respect the human rights of each person and do not act in any way that could lead to discrimination. Do not discriminate in hiring and treatment of employees. Furthermore, ensure that other persons are prevented from discriminatory behavior.

- (1) Do not engage in any form of unreasonable discrimination based on birth, nationality, race, ethnicity, beliefs, religion, gender, sexual orientation, gender identity, age, disabilities, preference, educational background, family and others.
- (2) Do not engage in acts which violate human rights through violence, derision, slander, libel, forced labor through threats, bullying, or spread of rumors.

 Sekisui House Group Corporate Ethics Guidelines

Policy on prevention of child labor and forced labor

As stipulated in the Sekisui House Group Human Rights Policy, the Sekisui House Group does not tolerate any form of forced or compulsory labor or child labor. We do not tolerate any involvement in human trafficking nor any involvement with companies or production regions where such involvement has been identified through transactions.

We observe the legal minimum working ages of the countries where we operate and verify the ages of applicants when hiring. Our CSR Procurement Guidelines, which are applied primarily to our main suppliers, prohibit discrimination based on nationality or race, inhumane treatment, forced or compulsory labor and child labor, and require the appropriate management of employee health and safety.

Respect for Human Rights

Policy on children's rights

The Sekisui House Group Human Rights Policy expressly and strictly prohibits any form of child labor. We support the Children's Rights and Business Principles published by UNICEF in 2012. In addition to working to prevent and eliminate child labor, we implement initiatives to ensure respect for children's rights based on an awareness that corporate activities may impact children in diverse ways.

→ P182 "Kids First"

Dialogue with employees on freedom of association and respect for collective bargaining rights

As stated in the Human Rights Policy, all Group companies respect freedom of association and the right to collective bargaining. We shall comply with labor-related laws and labor-management agreements, and work to build constructive relationships through sincere dialogue and negotiations with 100% of employees, including workers with shorter working hours, or their selected representatives.

Response policy for non-compliance with labor standards

All allegations related to labor standards within the Group are dealt with by the relevant departments. When an allegation regarding working hours is made, we investigate the worksite where the allegation occurred and take measures, such as providing guidance on improving work efficiency. There was one corrective recommendation regarding labor standards in FY2023.

Promoting Human Rights Due Diligence

The Social Improvement Subcommittee holds the Human Rights Due Diligence Meeting (secretariat: Human Rights and Compliance Promotion Office, Legal Department). This meeting is attended by multiple related divisions, taking charge of the Group's approach to various human rights issues and sharing information collaboratively to ensure the promotion of human rights. Additionally, relevant departments, offices and Group companies are responsible for conducting human rights due diligence. They do so by implementing policies and raising awareness based on information collected from dialogue with stakeholders.

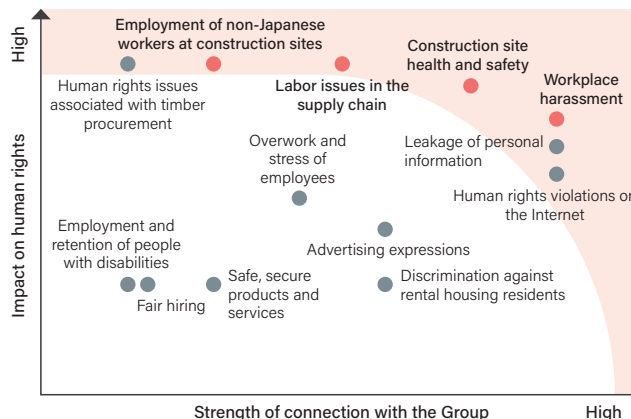
Identifying Important Human Rights Issues in Our Business

The Group identifies important human rights issues through the creation and review of the map of human rights risks. The following steps are taken at the Human Rights Due Diligence Meeting.

- ① Understanding stakeholders that the Group has an effect on
- ② Identifying human rights risks
- ③ Evaluating human rights risks (scoring)

We annually review and verify important human rights issues for the Group through this same process. These are the important issues we have identified in red on the following map. We are monitoring the condition of these issues through continuous human rights due diligence, with the Human Rights Due Diligence Meeting at the center of this process.

Map of Human Rights Risks Related to Group Businesses



Ensuring Respect for Human Rights in Overseas Activities

As part of our efforts to ensure respect for human rights in our overseas activities, we carry out self-assessment questionnaires (SAQs) when a situation is ambiguous or when the Group expands through mergers and acquisitions. In October 2022, we implemented these questionnaires at eight overseas Group companies and four overseas offices.

We will continue to take opportunities to hold discussions on ensuring respect for human rights within the Group. We will start by responding to matters that require improvement through actions that are both highly necessary and feasible as we understand and analyze the potential negative effects stakeholders may face.



Respect for Human Rights

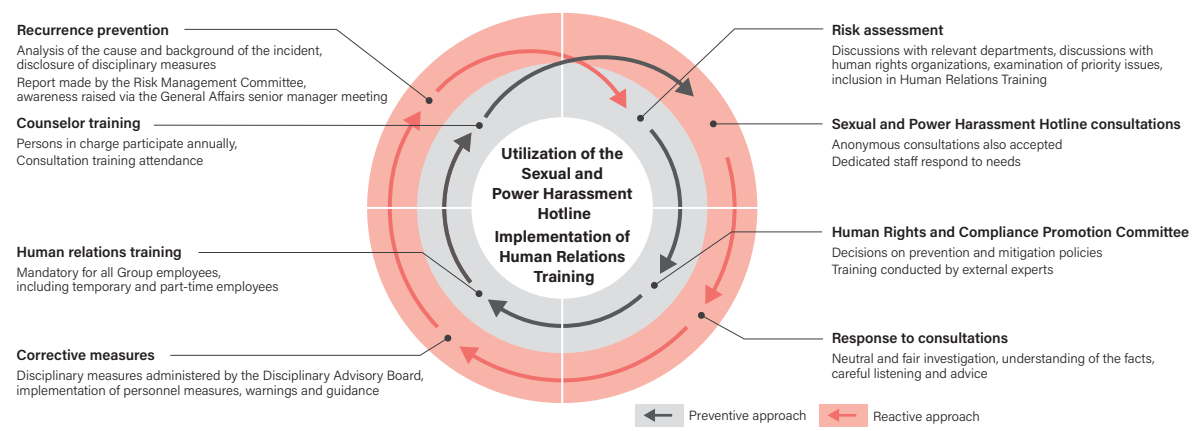
Implementation and Measures for Impact Assessment Regarding Human Rights in Our Business Activities

The Group values a broad array of perspectives including the opinions of stakeholders and related parties, as well as direct dialogue should human rights issues arise.

Important issue 1: Workplace harassment

The Group has established the Sexual and Power Harassment Hotline and ensures that all Group employees are aware of it. The hotline provides a wide range of consultations regarding all kinds of human rights issues. We promptly respond to these consultations, conducting investigations and taking corrective, remedial and recurrence prevention measures as necessary. The verification results of these consultations are reflected in our Human Relations Training for all employees.

Due Diligence Concerning Workplace Harassment



Important issue 2: Construction site health and safety

Construction site work environments are hazardous and missteps can readily lead to life-threatening accidents. Accordingly, occupational health and safety is the highest priority of the Group. We have various measures in place to ensure that construction workers can work in a safe environment. For example, we are spreading awareness of disaster prevention through posters featuring messages in worker's native languages and quick-to-grasp visual cues like pictograms.

→ P198 Occupational Health and Safety



Important issue 3: Labor issues in the supply chain

Establishment and dissemination of CSR Procurement Guidelines

The Company has established the CSR Procurement Guidelines as part of procurement efforts in our supply chain and has relayed these guidelines to its main suppliers. In doing this, we also communicate the Sekisui House Group Human Rights Policy to suppliers since the CSR Procurement Guidelines emphasize respect for human and labor rights. These same guidelines apply when receiving signed agreements from our suppliers. To promote respect for human rights in the supply chain, we must increase the scope of engagement from our suppliers to their suppliers and beyond. Therefore, since FY2022, we have been working to promote understanding and awareness of our human rights policy through annual activity policy briefing sessions attended by about 150 of our main suppliers.

We conduct CSR evaluations for suppliers based on the Global Compact Network Japan (GCNJ)'s self-assessment questionnaire (SAQ). We incorporate these results as part of our supplier assessment. In order to conduct fair and impartial transactions, we disclose the evaluation results to our suppliers. We monitor suppliers who are identified as requiring attention by the assessment results through onsite interviews to confirm their current status.

→ P.205 Supply chain policy on social issues, Supplier monitoring, Risk assessment of social issues
→ P.206 Enhancing Sustainable Procurement

Raising human rights awareness among suppliers

We use gatherings such as the annual activity policy briefing session, held by the Company's Procurement Division, to sponsor lectures from outside instructors to help elucidate ESG issues, allow suppliers who have implemented progressive efforts to demonstrate their case studies, share practical knowledge, and increase worldwide awareness of ESG issues.

February 2022	Speech at the Annual Activity Policy Briefing Session (150 participating companies) Theme: Business and Human Rights in the Supply Chain
February 2023	Case Studies at the Annual Activity Policy Briefing Session (157 participating companies) Theme: Efforts Regarding Human Rights in the Supply Chain
October 2023	Speech at the Supply Chain ESG Promotion Tournament (279 participating companies) Theme: Tips for Putting Human Rights Due Diligence Guidelines into Practice

Respect for Human Rights

Important Issue 4: Employment of foreign workers at construction sites

Construction sites employ construction technicians of all nationalities and genders, but the Group places particular emphasis on improving the work environment for foreign workers (including technical trainees) with different backgrounds in terms of culture, language, etc. We particularly focus on supporting technical trainees in both their education and livelihood.



We conduct annual surveys in both Vietnamese and Japanese regarding the working environment of three main groups of foreign workers at Group companies and their partner building constructors, and received responses from 272 people in 2023, a rate of more than 80%. For example, for the question “How many more years do you want to work in Japan?” 83% of responses indicated that they would like to continue working after their training period of three years is complete. Additionally, for the question “Are you satisfied with this company?” 85% of responses were affirmative. From this, we believe that the working environment is satisfactory overall. The survey also included questions such as “What tasks are difficult at work?” and “What difficulties do you face living in Japan?” with the aim of assessing issues related to day-to-day work experience, lifestyle, Japanese language and culture and hopes for the future. Moving forward, we plan to use the results of surveys and interviews to continually create more opportunities for dialogue with technical trainees, prevent issues in the workplace and daily life before they occur, and improve the working environment further.

Proper Operation of Our Human Rights Reporting System

The Group has put in place several reporting systems, including the Sekisui House Group Compliance Support System and the Sexual and Power Harassment Hotline managed by the Human Rights and Compliance Promotion Office. By appropriately operating these systems, we are working to enhance our consultation desk network. In particular, the Sexual and Power Harassment Hotline provides consultation on all human rights issues, including various types of harassment. In addition, we assign one male and one female employee each to serve as consultation personnel (770 people total, as of February 2024). The Human Rights and Compliance Promotion Office holds annual training for consultation personnel to improve their skills and strengthen cooperation. All employees are made aware that consultation personnel are stationed at all business sites through the Company intranet, compliance training, human relations training, posters and other means. We strictly protect confidentiality and ensure that the users of these services will suffer no disadvantage due to their consultations and reports.

Sexual and Power Harassment Hotline (FY)

	Boundary	Unit	2021	2022	2023
Total number of consultations received	◇4	Cases	169	213	253
Of which, cases regarding harassment complaints			97	125	131
Of which, cases involving corrective action			61	66	76

→ For the boundary of the data, click here (content from page 177 will open in a new window).

Every case received by the Sexual and Power Harassment Hotline was addressed. After receiving the report and understanding the intentions of the consultee, we determine whether the issue is something the organization should attend to. If so, we work to thoroughly confirm the facts and then ensure corrective action is taken. In addition, we may also offer the consultee further advice and support that is tailored to the situation. Of the total number of cases received, most of the non-harassment consultations are related to management and human relationships in the workplace.

At our overseas Group companies, we have established consultations systems for each country and operating company. We also take inquiries from affected parties outside of the company about human rights on our public website.

Public Website Human Rights Cases / Response to Human Rights Inquiries (FY)

	Boundary	Unit	2021	2022	2023
Inquiries	The general public	Cases	32	21	32

Established when the Sekisui House Group Human Rights Policy was formulated in April 2020, we accept both internal and external inquiries related to human rights via our public website. In FY2023, we received noise complaints from tenants in our rental housing, complaints regarding noise and physical appearance of building locations, and inquiries regarding tenant screening. We have looked into and responded as needed to all inquiries received, except three cases that were impossible to investigate because there were no leads, and we did not identify any serious human rights violations inflicted by our business.

Respect for Human Rights

Continuous Human Rights Education for Employees

Human Relations Training

To raise awareness of human rights issues and foster a work environment in which employees can work comfortably, human relations training is held for all Group employees¹ every year. This training is designed to improve employees' awareness around human rights and provides an opportunity for them to think about human rights as their own issues in their everyday work. Work leaders at each business site serve as facilitators. The organizational implementation rate for FY2023 was 100%.

¹ Participation is voluntary for temporary, part-time and fixed-term employees, but training manuals are distributed to employees. In addition, some Group companies, including those overseas, conduct their own equivalent training.



2023 Human Relations Training manual

Implementation Status for FY2023

	Target	Training time	Number of participants	Training topics
Training for promotion leaders	Managers	2 hours/year	6,864	<ul style="list-style-type: none"> Business and human rights: finding meaningful and dignified work Effective communication for improving the workplace environment
Training for all employees	All employees (including managers)	3 hours/year	24,260	<ul style="list-style-type: none"> A society where those with and without disabilities can live together Harassment and its connection to external stakeholders

Satisfaction among Participants of Human Relations Training in FY2023

Type	Post-training questions	Agree	Somewhat agree	Somewhat disagree	Disagree
Training for promotion leaders	Gained useful knowledge for the future	87.5%	11.8%	0.5%	0.2%
	Gained awareness through group dialogue	79.8%	18.4%	1.5%	0.3%
	Awareness around human rights and the work environment increased	80.8%	18.0%	1.1%	0.1%
Training for all employees	Gained useful knowledge for the future	85.9%	13.5%	0.4%	0.2%
	Gained awareness through group dialogue	75.1%	22.5%	1.9%	0.5%
	Awareness around human rights and the work environment increased	77.9%	20.5%	1.4%	0.2%

In addition, the Human Rights and Compliance Promotion Office conducts internal training by rank and specialty as necessary to prevent violations of human rights, including all forms of harassment.

Soliciting Human Rights Slogans

Each year, we solicit human rights slogans from all Group employees and their families for Human Rights Week, from December 4th to 10th. In 2023, we held our 40th slogan contest, and a total of 26,671 entries were submitted, from which we selected the most exemplary work and five excellent works. We are displaying posters containing these six works to various organizations and Group companies.



Sekisui House Group Human Rights Slogan 2023

Customer Initiatives

Continued dialogue with customers contributes to the provision of high-quality housing. Even after housing is provided, we accept opinions and evaluations regarding our overall service through regular inspections and questionnaires. Sekisui House Real Estate Group and its member stores aim to be LGBTQ+ friendly when finding tenants for rental housing properties. Specifically, we are revising the gender section on tenant application documents, digital application forms and lease agreements, and providing training to employees of the Sekisui House Real Estate Group and its member stores help eliminate the particular stresses LGBTQ+ individuals face when looking for and moving into homes.

Cooperation With Human Rights Groups

Following our support and signing of the Ten Principles in the four fields of human rights, labor, environment and anti-corruption stated in the United Nations Global Compact in 2018, we joined the subcommittees (Human Rights Due Diligence and human rights education) of the Global Compact Network Japan (GCNJ), a local network based in Japan.

We also collaborate with related organizations that work on various human rights issues, including the *Buraku* (marginalized communities) issue, and continuously collect information to utilize for in-house education and training.

Related organizations working on human rights issues

- The *Buraku* Liberation and Human Rights Research Institute
- The Corporate Federation for Dowa and Human Rights Issue, Osaka
- Association for Fair Employment and Human Rights Education
- Osaka City Corporate Human Rights Promotion Council
- NPO Multi-Ethnic 'Human Rights' Education Center for Pro-existence
- Normalization Society
- Cuore C Cube Co., Ltd.
- NPO Nijjiro Diversity

S Regional Revitalization Businesses

Developing and Creating Employment for Housing Construction Workers

Housing technicians, or “crafters,” are one of the job types involved in building houses for the Group’s Sekisui House Construction. In striving to construct buildings that keep our customers safe by utilizing various skills and techniques, we work directly with customers to ensure their wishes and needs are met, even down to the smallest detail of the construction project. To do this, strong communication and excellent problem-solving are required.

Sekisui House Construction is making efforts to strengthen the hiring and training of these crafters, with a focus on prospective high school graduates. Sekisui House Construction companies welcomed 134 new employees in April 2024, which is 3.4 times higher than the previous fiscal year, significantly exceeds the originally planned 95. We plan to continue at this level and have 133 new employees join us in April 2025. Starting salaries have been increased by up to 10% and the remuneration of chief crafters (foreman-class workers) has been improved, allowing workers in their thirties to earn around ¥9 million, an increase of 180% from the previous average annual income.

In addition to changing the name of housing technicians to crafters, we have also developed a new personnel system that incorporates the assessment of multi-skilled personnel and their training through a new evaluation system and a skills matrix. This system also allows crafters to change their job type to that of construction managers who are in charge of process and quality management. We have created new uniforms that are both fashionable and functional. We are also working to improve our workstyle, increasing annual leave from 120 to 125 days, ensuring each employee has two full days off per week, and maintaining a paternity leave usage rate of 100%.

Through these new measures, we are establishing a work environment that ensures greater work ease and satisfaction for crafters, enhances the attractiveness of home-building artisans, and contributes to the creation of high-quality housing stock.

Trip Base *Michi-no-Eki* Stations Project

The Trip Base *Michi-no-Eki* Stations Project, a regional revitalization project developed with Marriott International, promotes travel that encourages the exploration of lesser-known destinations to discover their unique charms through a system of roadside rest stations known as “*Michi-no-Eki*.” The project has been gradually rolled out since October 2020. In the first stage of the project, 15 roadside hotels were opened in six prefectures as of March 2022, providing a total of 1,152 rooms. During the second stage, 1,184 rooms at 14 locations in eight prefectures were opened as of November 2023, expanding to a total of 2,336 rooms at 29 facilities in 14 prefectures.

This project operates Fairfield by Marriott roadside hotels specializing in overnight stays. With the aim of promoting the use of local stores and other facilities, the project is deepening collaborations with local communities and alliance partners. Our cooperation with the KURADASHI Challenge, which aims to reduce food loss by supporting the harvesting of agricultural products, was expanded from Kyotamba Town, Kyoto Prefecture and now also encompasses Susami Town, Wakayama Prefecture and Mihama Town, Mie Prefecture. We are also working on regional revitalization in Mino City, Gifu Prefecture, by solving local issues through efforts such as collaborating on a study-away-from-home program for nursery school children that links the regional community to families raising children. We will continue to contribute to regional revitalization by promoting tourism, with the aim of expanding the number of rooms to roughly 3,000 nationwide.

Cumulative Roadside Rest Station Facilities Opened through the Trip Base *Michi-no-Eki* Stations Project (FY)

FY2020		FY2021		FY2022		FY2023	
Results	Results	Results	Results	Targets	Results		
4 prefectures: 8 buildings 596 rooms	5 prefectures: 14 buildings 1,053 rooms	10 prefectures: 23 buildings 1,848 rooms	14 prefectures: 29 buildings 2,336 rooms		same		

Basic Policy of the Urban Redevelopment Business

Leveraging our decades of expertise in housing construction, we are implementing urban redevelopment that goes beyond mere scrap-and-build. Through the urban redevelopment of rental and for-sale condominiums, offices, hotels, commercial facilities, and complexes incorporating these property types, we aim to create buildings accommodating to all and that will be passed on to future generations, thereby creating value for society as a whole with focus on people, communities and the future.

When planning urban redevelopment projects, we always consider the impact of our operations on the environment and community, referencing relevant laws, regulations, and internal rules.



Grand Maison Misonoza Tower (Nagoya City)

Conceived as a project to rebuild and redevelop the Misonoza kabuki theater, the tower incorporates a theater with new functionality as well as high-rise housing and shopping with the aim of invigorating the surrounding community and creating a lively townscape.



Hommachi Garden City Terrace (Osaka City)

Directly facing Midosuji Street, Hommachi Garden City Terrace arose as an office building reconstruction project in March 2023. Designed based on the living office concept, it allows workers to feel connected to nature and the changing seasons. Workers can experience ginkgo tree-lined Midosuji Street, which will become even more pedestrian-friendly in the future, through an atrium that extends from below ground to above ground, and green balconies that unify the building with the city.

Initiatives for tenants and local communities

Sekisui House is engaged in business centered on the residential domain that goes beyond just housing. Protecting the lives and assets of residents and tenant employees from increasingly severe natural disasters is a significant social issue and part of Sekisui House’s mission. We therefore develop properties with attention to not only environmental and social issues, but also local communities.

Regional Revitalization Businesses

Public Private Partnership (PPP) and Private Finance Initiative (PFI) Efforts

Japan actively promotes PPP and PFI initiatives to achieve efficient, effective and high-quality public services by utilizing private funding and creative ingenuity in the maintenance and management of public facilities and similar establishments. PPP is a general term for initiatives conducted through the collaboration of the public and private sectors. PFI, on the other hand, falls under PPP as a representative method of using private sector funding and expertise in the maintenance and management of public facilities.

Through active participation in PPP and PFI initiatives, the Sekisui House Group aims to resolve social and regional issues. Specifically, the Sekisui House Group leverages its unique knowledge and expertise to propose various solutions mainly related to public facilities, public rental housing, town development, medical care, nursing care, childcare and parks. We have also been selected as a partner in the Ministry of Land, Infrastructure, Transport and Tourism's PPP Agreement and will help to promote and increase awareness of PPP and PFI.



Exterior of Promoting Permanent Residency Housing in Yamato Town, Kumamoto Prefecture

Platinum Business

An initiative, known as the platinum business, is being undertaken by the Sekisui House Group. This construction business provides service-equipped housing for senior citizens, group homes, medical facilities such as clinics, facilities for persons with disabilities, and childcare facilities, among others.

From children to adults, the elderly, and persons with disabilities, we are responding to the desire to “live here forever” by creating places that meet all the needs of the diverse life stages of each person and the region itself.

Through comprehensive planning, technical and construction capabilities, we have developed buildings that feel like home and are easy to use, safe and comfortable; not only for visitors, residents and patients, but also for doctors and other staff. By leveraging the Company's unique universal design and environmentally-friendly technologies, we are creating a design that is comfortable for people from the perspectives of both residents and workers.

Cumulative Buildings Constructed in our Platinum Business (FY)

	Boundary	Unit	FY2021	FY2022	FY2023
Elderly and nursing care facilities	◇1	Buildings	1,407	1,511	1,556
Medical facilities			3,700	3,775	3,865
Facilities for people with disabilities			468	561	623
Childcare facilities			402	424	441

→ For the boundary of the data, click here (content from page 177 will open in a new window).

Highly Specialized Organizations

In advancing business that contributes to coexistence with local communities, it is important to understand local issues, maintain relationships of trust with business owners, and ensure compatibility with the property operator. In recent years, regional issues have become more complex, with simultaneous needs to promote the influx of younger people while increasing the number of maternity hospitals.

Based on its nationwide business presence, the Sekisui House Group leverages its relationship with property owners as well as experts, specialized departments, and networks from various fields to collaborate with external experts and others. In doing this, we work toward creating an organizational structure capable of solving regional and social issues.



Okazaki International House, Kyoto University

Regional Revitalization Businesses

Promoting Permanent Residency Housing Project, a PFI initiative in Yamato Town, Kumamoto Prefecture

In Yamato Town, there is a sense of impending crisis regarding the increasing loss of young people. As a result, the town has put out a public appeal for a PFI project to promote permanent residency through a system that provides rental housing above the regional standard. The Company proposed the project *Yamatokainaka* Living, a concept named after the combination of the Japanese words for mountain, “yama,” city, “tokai,” and countryside, “inaka.” This concept, aimed at allowing young people to live as if they were in a city despite actually being in the mountains, was adopted by Yamato Town. From the perspective of local production for local consumption, our proposal included study and reading spaces where residents can converse with each other, areas where children can play at any time regardless of the weather, and the creation of an atrium common space with pillars and benches made from locally procured wood, serving as a symbol of the entire space. By designing a space where residents can interact with each other and be around nature, we have created housing where families raising children can live worry-free.

The building has successfully promoted permanent eco-friendly living by adopting ZEH-specifications, fitting for a SDGs Future City like Yamato Town. Outside of the building, we have built the Welcome Common Park, which has become both a place for viewing regional festivals and a space fostering interactions between residents and locals. We have received comments from residents as “I couldn’t help but worry when leaving my child alone at home at our previous residence, but now, since security is so tight, I feel much more reassured” and “since every resident here has children, there’s a mutual understanding and support even when children get a bit noisy.”



Communal space of Promoting Permanent Residency Housing in Yamato Town, Kumamoto Prefecture

Famile Maternity Clinic Arida, a PPP project

Famile Maternity Clinic Arida opened in April 2024, with the aim of being a childbirth facility rooted in the community, allowing mothers to give birth and raise children worry-free in their own town. Alongside a rapidly declining population, the collapse of regional healthcare due to insufficient medical services and physicians is a social problem shared across Japan. This project was made possible precisely because it was a PPP initiative, utilizing public and private cooperation. Famile Maternity Clinic Arida was constructed by converting a former nursery school owned by Arida City in Wakayama Prefecture into an outpatient clinic, through reduction of floor space and overall renovation. A new in-patient delivery clinic was also built on the adjacent site. The clinic aims to provide mothers with a joyful childbirth experience that makes them say “I’m so glad I gave birth here.”

Utilizing the private proposal system of Arida City, this project was submitted and selected as a private proposal by a consortium of three companies: Sekisui House, Ltd., Medical Corporation Mother Key, and Konoike Building Technology Co., Ltd. The quality of dialogue between Arida City and members of this consortium was enhanced through logical proposals based on data analysis. Thorough dialogue made it possible to simultaneously realize cooperation between the public and private sector and broader regional cooperation through collaboration between the Arida regional healthcare municipalities. This is a leading public-private initiative that has successfully offered seamless child birthing services in the Arida healthcare region through the strong desire of those involved to solve regional issues, supported by the understanding and execution capabilities of the regional municipalities.



Famile Maternity Clinic Arida

Obayashi Maternity Clinic: Making motherhood a more fulfilling time

Obayashi Maternity Clinic was planned under the integration of its management philosophy of making mothers, babies, staff, the community, and all those involved smile with the concept of establishing a maternity and gynecology department, where new lives are born, that connects the community with society. In response to the “Coexist with COVID-19,” a government policy that aims to balance reducing the spread of the virus with continuing economic activity, we have designed areas where mothers can communicate without feeling isolated, such as café-like open waiting rooms with outdoor terraces that are lushly green and not crowded. To make hospital visits, childbirth, and child-rearing loving and happy experiences, we have designed open areas that make it easy to connect with each other. These spaces include hospital rooms where families can stay together, beauty treatment rooms for mind and body, family dining rooms with virus prevention methods in place, and multipurpose rooms that can be used for activities like baby massages and maternity yoga classes.

To alleviate the anxieties of expecting and nursing mothers and make them feel happy, we believe it is necessary to exchange and share up-to-date medical information in addition to providing medical care. As a result, we have created a photo spot to encourage these mothers to share photos online so that even friends and relatives who are far away can share in their joy. We have received positive feedback and support from locals expressing great joy that, amidst decreasing access to obstetrics, a local maternity clinic where they can give birth has been opened. The Obayashi Maternity Clinic received the Kids Design Award in 2023.



Obayashi Maternity Clinic Okurumi Photo Spot



Obayashi Maternity Clinic Outdoor waiting space

Regional Revitalization Businesses

■ Fuji Toranomon Children's Center under one roof

Children are a mirror that reflects society. What can we leave behind for the children who will shape the future? The Social Medical Corporation Seikokai considered how to address various frequent issues such as child abuse, bullying, truancy, pediatrician shortages, and child development disorders. In doing so, they realized that they wanted to create a paradise for children, where each child, no matter how small, can have their own charming dreams. Thus, Fuji Toranomon Children's Center was established in Gotemba City, Shizuoka Prefecture.

This is the nation's first private initiative that acts as a one-stop shop offering child development support, afterschool services and clubs, and outpatient medical care for children. The management company, which has been providing regional medical care for 37 years, responds to the important needs of the region such as addressing problems of guardians related to child-rearing through collaboration with consultation support and local education institutions. This children's center is becoming a place where children with and without disabilities can come together and play, putting their mental and physical development into practice naturally.

The facility, with over 6,000 annual visitors, remained open during the COVID-19 pandemic, welcoming the community with open arms. By 2023, after five years of operation, the activities of the children's center have permeated the entire community, transforming the entire town into a supportive place for children. We submitted this initiative to the Kids Design Awards with the hope it would spread nationwide, and it received the Minister of State for Policies Related to Children Award.



Courtyard of the Fuji Toranomon Children's Center

■ The Dai-no-mori Project: Creating a center of interaction to pass on local resources to the future

The *Dai-no-mori* Project in Sendai City, is a project to create a symbiotic community that preserves memories of daily life from times gone by, along with a forested property, wells passed down through generations, fruit-bearing trees, and a zelkova tree over 300 years old, recognized as a valuable local resource.

The Company proposed a place open to the community where a group home for people with disabilities, pottery workshop, café, gallery, and restaurant all coexist together. Based on the lessons learned from the Great East Japan Earthquake, we felt that it was important to build face-to-face, multi-generational relationships. Therefore, we interviewed 90-year-old residents about their childhood memories, exchanged opinions with residents, and developed a plan to create a place where people can spend time and grow attached to and involved with the area.

The warehouse gallery (constructed by Mitsu Woodworking Studio), and the interiors of the café, restaurant and other spaces were built using leftover *Itakura*, storehouses made from thick wooden planks. Business operators, their families, local volunteers and children all came together and experienced lending a hand in the construction process. The project's development process received high praise as a potential model for children's participation in community development and was awarded the Kids Design Association President's Award in FY2021. The area will continue to grow as a sustainable gathering spot, with residents delighted that it has become a park-like place where they can spend time.

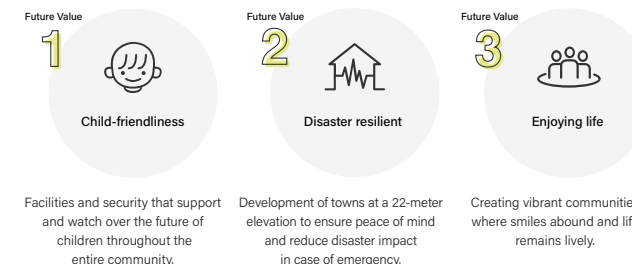


Dai-no-mori Project

Miramachi, a Large-Scale Development Complex

Created on a 27-hectare redevelopment project on a former factory site in Toyohashi City, Aichi Prefecture, *Miramachi* was developed with the aim of solving local issues and realizing a compact city. The complex focuses on three future values based on the concept of creating a town connected to the future. These three values are: child-friendliness, disaster resilience, and enjoying life. The first value of child-friendliness is a town-wide endeavor focusing on supporting the future of children through child support centers, parks where families can make lasting memories, and the installation of crime-prevention cameras. The second value of disaster resilience prevents flooding from worsening typhoons and heavy rains by elevating the entire town and setting up parks that also serve as reservoirs. The last value of enjoying life leverages the Company's expertise to create a community using both advanced technologies and lifestyle design. Driven by the belief that fostering a community is imperative for creating a pleasant living environment, we have established a management association aimed at resident-led town management. Through these efforts, we are creating a place where both residents of the town and visitors can interact more deeply.

Moreover, this project was the first in Japan to use smart electric meter communication technology to read electric, gas, and water meters. Making usage visible helps improve convenience for residents and promotes environmental conservation.



S Customer Initiatives

Structure for Responsible Quality Management of Products and Services

The Company works to ensure the quality of its products and services to provide customers with housing where they can live safely with peace of mind and enjoy good health and comfort over their entire lives. For cases where serious quality problems occur due to unexpected human errors or other factors during our long support period, we have established a Quality Management Committee under the Risk Management Committee, which itself acts as an advisory body to the Board of Directors. This committee deliberates over risk identification and response measures through the specialized perspective of its members. Under the Quality Management Committee, we have also established study groups covering the five areas of products, design, production, construction and customer satisfaction. Meetings are held once every two months with representatives from each Group company to effectively manage quality-related risks and to implement preventive measures when necessary.

Product Quality Management Initiatives

Quality management of products designed, developed and produced by the Company is an important initiative tied to offering safe products to our customers. Thus, we have established specific quality standards for the products we develop. Through the accumulated knowledge gained from our corporate activities and research, we design products based on a wide range of quality standards. After thorough verification, we develop safe, high-efficiency and high-quality products and components. At all domestic and overseas Company factories, where production and manufacturing take place, we have established a quality management system in line with ISO 9001 standards while also conducting production and manufacturing in strict adherence to the Company's own quality standards. In the construction phase, on-site supervisors from Sekisui House, construction managers from all Sekisui House Construction companies and partner building constructors, as well as crafters all work together to continuously improve and maintain construction quality. In doing this, we have established a quality inspection framework based on the individual responsibilities of each group above.

Product safety risk assessment in the design and development phase
We have established design reviews in which relevant departments involved at each stage of the process—from planning and concept to basic design—discuss design details using a special format ensuring that there are no oversights relating to verification items. With specific regard to safety, we use prototypes to confirm the validity of designs. We also manage requests from relevant departments such as those regarding improvements related to product specifications and information on past issues through a dedicated database which is leveraged in creating new designs and improving existing ones.

Product quality management initiatives in the production and manufacturing phase

To ensure sufficient design quality at the Company's production factories, we manage the four M's related to production (man, machine, means, material), and produce and manufacture products accordingly. We also continuously observe manufacturing conditions through monitoring devices, conduct daily checks and quality inspections performed by inspectors from the Manufacturing Division, and have the Quality Control Division periodically confirm the efficiency of key structural elements such as welding, adhesion and paint coating. We then make the progress and results of the above accessible to all factories. In these inspections, we are promoting automation and DX technologies, ensuring inspectors have sufficient qualifications, automating pass/fail determinations, preventing omissions, and utilizing inspection records. Moreover, periodic mutual audits between factories are put in place to protect against discrepancies and ensure quality is maintained at a high level.

Quality Management Certification

In 1998, our entire Production & Procurement Division, including all domestic consolidated Group factories¹ was the first in the industry to acquire certification under the ISO 9001 international quality management system standard, and we continue to maintain this certification.

¹ The Tohoku Factory, Kanto Factory, Shizuoka Factory, Hyogo Factory and Yamaguchi Factory

Product maintenance and improvement initiatives in the construction phase
Sekisui House onsite supervisors undergo inspector certification training, and construction managers of Sekisui House Construction companies undergo construction manager inspection training in order to learn inspection skills used in quality control in the course of ordinary work. We implement periodic renewal tests to maintain inspection skills. The Sekisui House Construction companies also regularly hold training for construction managers in an effort to enhance their inspection skills. In addition, chief inspectors monitor worksite construction quality, management systems and inspection capabilities while providing training and support for the inspections carried out by onsite supervisors and construction managers. In this way, we seek to consistently provide high-quality buildings to customers all across the country.

Program for maintaining and improving quality	Boundary	Unit	2023
Participants in chief inspector training	◇1	Persons	6
Participants in inspector certification training, construction manager inspection training (individuals were counted for each course they took)	◇1 Sekisui House Construction Group		980
Participants in supervising technician training (inspector certification course) (individuals were counted for each course they took)	◇1		434
Participants in construction manager training	Sekisui House Construction Group		1,078

→ For the boundary of the data, click here (content from page 177 will open in a new window).

Regular product safety training

Based on the experiences of Company designers nationwide and customer satisfaction surveys, we conduct Planning Standard System (PSS) training, our unique training aimed at further improving housing-related design standards. Additionally, practical construction training is implemented based on years of experience and level. Lastly, training is regularly held for all technical employees aimed at increasing awareness regarding laws and regulations, as well as deepening understanding of compliance with certification and accreditation systems.

Customer Initiatives

Emergency response procedures to ensure product safety

When a product-related crisis occurs, we respond appropriately in line with our Crisis Response Manual, which serves as a guideline in such circumstances. We aim to minimize crisis-related damage done to the Company's social credibility and trust, while limiting losses to corporate management and business operations. We respond to crises in relation to their perceived impact and in the event of a major crisis, a crisis countermeasures headquarters is assembled to collect information, determine appropriate responses, decide on whether to issue public announcements, and promptly enact a first response.

Customer Service Promotion Structure

Even after handing over a house to a customer, Sekisui House continues working to further improve customer satisfaction based on an approach of always being there for customers and continuing to look after their homes for a lifetime. Thus, we have established the CS Promoting Department as a division dedicated to enhancing customer satisfaction. The department manages the Customer Service Centers, which provide support and service for homeowners, and comprehensively plans, develops and executes quality control measures. The CS Promoting Department also serves as the contact point for customer inquiries and complaints, which are then handled by either its internal Customer Service Center Supervisory Office or Customer Support Office. Furthermore, the department monitors and provides support related to customer service at Group companies.

Centralization of customer inquiries through the Customer Service Center Owner Desk

We work to protect the value of buildings through such efforts as establishing relationships with new customers after a change in occupants so that quality housing can continue to be used over the longer term.

Sekisui House's customer support framework centers on roughly 80 Customer Service Centers (based in 29 offices) nationwide. After buildings are delivered, these centers provide customer support, such as regular inspections

and maintenance, in coordination with the rest of the Group, including Sekisui House Remodeling and the Sekisui House Real Estate companies.

However, since customer inquiries had not always been consistent due to varying responses of the individual staff members providing service, we opened the Customer Service Center Owner Desk in August 2020, establishing a system to accept customer inquiries 24 hours a day, 365 days a year. Through this, we were able to centralize customer inquiries, convert the details of responses into data, and create a system to manage this data Company-wide. Moreover, to strengthen our responsiveness, we also started operating a system for handling inquiries that utilizes a chatbot and other automated communication tools.

Creating a Structure Aimed at Product Quality Improvement

To supply customers with homes where they can live safely with peace of mind and enjoy good health and comfort over their entire lives, the Company constantly strives to improve quality, and has set up a system for preventing flaws and ensuring that they do not recur. In order to improve and enhance the quality of our housing, we place great importance on customer satisfaction surveys and feedback from customers received at our Customer Service Centers and consultation desks. We investigate and analyze services and products based on homeowner feedback and share the results with the relevant departments. In addition, based on such feedback obtained from defect and related data, we confirm whether improvements are being made and strive to further improve customer satisfaction.

Management responsibility for the safety of products offered

If there are defects in the Company's products after delivery, we use our Customer Service Centers as points of contact and collaborate Group-wide to implement preventive measures to stop recurrence. Furthermore, after discussing preventive measures, properties involved, the implementation period and other related topics with the appropriate departments at the head office, the CS Promoting Department informs relevant departments and manages subsequent progress.

Accident investigation and preventive measures for products offered

In the event of a fire or similar accident affecting a Company-provided building, reports from Customer Service Centers nationwide are sent to the CS Promoting Department. In the case of a fire, we confirm whether it was caused by a Company product or during construction, and ultimately determine the cause after verification done by a fire department. We investigate whether the accident was caused by a Company product or during construction for accidents resulting in personal injury as well. If both parties are at fault, we implement preventive measures to stop recurrence. If the incident is deemed to reach the crisis threshold, we immediately report it to the Risk Management Committee.

Customer satisfaction surveys

Sekisui House conducts customer satisfaction surveys in which homeowners rate its housing products and services. We ask customers of detached houses to complete a survey on the homebuilding process. A survey upon move-in allows customers to rate their satisfaction level with each phase of the process, from preliminary discussions to the handing over of the house, and with the staff they worked with at each step. A survey one year after moving in lets customers rate the success of the design proposal and their satisfaction in terms of ease of use, after-sales service and other factors. Owners of our rental housing are asked to fill out a survey two years after closing with questions covering overall satisfaction, the workmanship of the building, the customer's willingness to recommend Sekisui House, satisfaction with various parts of the building and satisfaction with the power generation system. These surveys are regularly aggregated and analyzed, feedback is given to relevant departments, and the results are utilized for improvements in daily operations, enhancing service structures, and in the development stages of new components and products. Thus, these surveys are beneficial for improving the safety and comfort of our customers.

Customer Initiatives

Respondents who Answered Customer Satisfaction Surveys with “Very Satisfied,” “Satisfied” or “Fairly Satisfied” (FY)

Segment		Boundary	Unit	2021	2022	2023
Built-to-order business	Custom detached houses	◇1	%	96.0	96.3	96.0
	Rental housing			94.0	94.3	95.4
Development business	Condominiums for sale			87.8	89.9	91.5
	Ready-built detached houses			96.7	98.9	95.1

→ For the boundary of the data, click here (content from page 177 will open in a new window).

Survey overview:

Custom detached houses, ready-built detached houses and condominiums for sale: Survey one year after moving in

Rental housing: Survey two years after closing

Implementation method: since FY2023, we have been conducting online-exclusive surveys for customers living in custom detached houses. For all other customers, surveys are conducted either online or on paper.

Choice of seven levels: Very satisfied, satisfied, fairly satisfied, neutral, slightly dissatisfied, dissatisfied and very dissatisfied

Initiatives Aimed at the Extended Useful Life of Housing

Certified as long-life quality housing

The average lifespan of houses in Japan is said to be about 30 years, making houses that last longer the key to effectively utilizing resources and improving asset value. Society is facing calls to transition from a consumption-based model of building and demolition to a supplied housing model of building high-quality structures, properly maintaining them, and using them with care over the long term.

Under the Act for the Promotion of Long-Life Quality Housing that went into effect in June 2009, the Japanese government established the Long-Life Quality Housing Certification Program, which aims to build up a stock of high-quality, long-lasting housing. Houses that are built according to set standards for structure and facilities are certified as “Long-Life Quality Housing” and are eligible for various tax benefits. To realize our goal of creating high-quality housing stock, the Company actively works to acquire “Long-Life Quality Housing” certifications.

Since the start of the program, our certification rate has remained high.

As a specific initiative regarding our detached houses, we also operate Le-Log, a regularly updated database of historical data about each residence, ranging from such basic building information as homeowner information to the design plans, inspection results and repair records.

Sekisui House also offers an initial 30-year warranty program (for contracts signed on or after April 1, 2018) that covers the structural framing and any parts used to prevent rainwater leakage. This program provides 20 years of warranty on top of the 10-year defect liability period required under the Housing Quality Assurance Act. In addition, all other parts are under warranty for varying periods of time. Even after the initial warranty period has expired, homeowners can take advantage of the unique Company-managed U-trus System to extend warranties in 10-year intervals any time they pay for inspections or repairs not covered by active warranties.

KPI	Boundary	Unit	2021	2022	2023
Percentage of Sekisui House detached houses certified as Long-Life Quality Housing	◇1	%	93.4	92.1	92.3

→ For the boundary of the data, click here (content from page 177 will open in a new window).

SumStock quality housing stock system

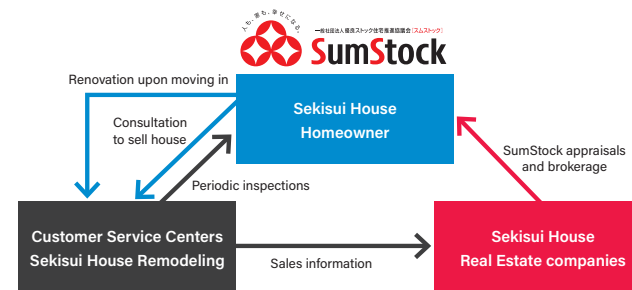
Ensuring that high-quality housing be passed on to the next generation as a social asset is an important initiative contributing to the formation of a sustainable society that effectively utilizes supplied housing. Sekisui House’s Customer Service Centers are promoting SumStock in collaboration with the Sekisui House Remodeling, Sekisui House Real Estate companies and other Group companies.

SumStock is a circulation system for high-quality existing housing stock. It is run by the Provision of Quality Housing Stock Association, a general incorporated association founded in 2008 that comprises 10 major housing manufacturers including Sekisui House, and is chaired by Yosuke Horiuchi, Sekisui House’s current Representative Director of the Board, Vice Chairman and Executive Officer. Under this integrated circulation system for existing homes, members carry out all steps from value appraisal and certification through to

resale. To be more specific, a house’s basic structure (“skeleton”) and its interior furnishings and fixtures (“infill”) are appraised separately by years of depreciation, and the value of the building and the land are indicated separately in this proprietary circulation system. Each house supplied by member companies must fulfill three requirements to qualify: has a database of residential data; has been on a 50-year-plus maintenance program; and has seismic resistance that exceeds recent standards.

We are working to firmly establish the SumStock brand as a circulation system for high-quality existing housing, promote the spread of such housing, and create a society rich in housing stock. Thus, through SumStock, the industry is working to increase quality housing stock and invigorate the resale market.

SumStock Promotion through Collaboration within the Group



KPI	Boundary	2021	2022	2023 ¹
Contracts reached in SumStock housing for the Group’s existing home transactions Note: This figure was a ratio until FY2022	Sekisui House Real Estate Group	70%	63%	718 Cases

¹ Beginning in FY2023, this indicator has been changed from a ratio to the number of contracts reached.

Customer Initiatives

Smart Universal Design Provides Safety, Peace of Mind, Ease of Use and Comfort

Since the 1980s, based on the lifelong housing concept, we have consistently pursued safety that takes into consideration the changing physical characteristics of people over time as well as the construction of houses that are convenient for everyone over their entire lifetime, including the elderly and those with disabilities.

In 2002, we were ahead of the curve in establishing the proprietary Sekisui House Universal Design (SH-UD) standard, based on the concepts of safety, peace of mind and ease of use. Furthermore, since 2010 we have been pursuing smart universal design, a conception of universal design that extends to comfort. We apply internal rules when planning and designing all buildings, including outdoor landscaping. Moreover, in addition to these initiatives, we have established guidelines regarding access to train stations, bus stops, public and commercial facilities, and other essentials for the design and development of all real estate, including lots for sale and condominiums. By applying these guidelines, we ensure that our housing design incorporates barrier-free and other such considerations. These smart universal design efforts have been well received by the public and won Good Design Awards and numerous Kids Design Awards. In the area of safety, in particular, we apply internal rules for safety enhancement from the research and development of housing components onward. This process has received Child Safety through Design (CSD) Certification from the NPO Kids Design Association.

Initiatives for the Act for Eliminating Discrimination Against Persons With Disabilities (Revised, Effective From April 2024)

To review customer service as well as facilities and equipment for the elderly, persons with disabilities, those rearing children and other customers requiring special considerations, we set up a working group consisting of ten employees with disabilities in October 2022. We conducted discussions and reviews based on this experience and insights gained from the research and development process as well as interactions with various customers. The Sekisui House Universal Design Service Handbook, response guidelines for onsite customer service, and the Company Facility Design UD Guidelines, design standards for customer-facing facilities and workplaces (including display homes), were both completed in July 2023.

Since August of the same year, we have been working on raising awareness among all Group employees. Accordingly, to foster such a mindset amongst all employees, we made the main theme of our annual Human Relations Training “a society where people with and without disabilities can live together.” A total of 13,582 employees participated in our e-learning course for customer service personnel with 3,627 of them doing so voluntarily, and post-training survey results showed a high level of interest. In addition to training for senior management and similar programs, the Detached Housing Business Department conducted customer service training at all facilities, including at display homes. The status of each facility’s universal design responses is published on our website. To improve the accessibility of our website, we have also established the Web Accessibility Policy and have incorporated subtitles (closed captioning) in our TV commercials.

Through these initiatives, we are creating a structure befitting for a leading company in ESG management.

S Occupational Health and Safety

Health and Safety Management Structure

Sekisui House has established the Health and Safety Management Regulations based on occupational health and safety laws and regulations and its Rules of Employment. These regulations set out the Company's fundamental tenets of health and safety management and are designed to help create a pleasant work environment and ensure health and safety at workplaces.

To prevent occupational accidents, we provide relevant instruction for employees. The Health and Safety Management Regulations lay out a health and safety management structure headed by the President (Yoshihiro Nakai, Representative Director of the Board, President, Executive Officer and CEO). For employees, the director of the Board responsible for the Division of Administration and Human Resources (Satoshi Tanaka, Representative Director of the Board, Executive Vice President and Executive Officer) is assigned to oversee the system, and the Human Resources and General Affairs Department administers system operations.

A health and safety committee meets monthly at each workplace, working to increase occupational health and safety awareness and improve related initiatives at workplaces. The committee members are diverse in terms of grade, qualifications, age and gender. Matters discussed by committees are shared with employees through email and notices. Furthermore, every year, each division and worksite selects a non-managerial employee as a worker representative to engage in dialogue with management.

For partner building constructors and construction workers that Sekisui House engages as a specified principal employer, the officer in charge of the Division of Technology and Production (Masaru Noma, Senior Managing Officer) is assigned to oversee the system, and the Construction Strategy Department administers system operations. We formulate Company-wide annual health and safety plans for partner building constructors and construction workers and draw up occupational accident prevention measures as needed. To improve the level of operational safety, we provide partner building constructors and construction workers with guidance and support regarding their health, safety and employment management training.

Employee Occupational Health and Safety Initiatives

If an occupational accident involving an employee occurs, the workplace where it took place promptly contacts the Human Resources and General Affairs Department, and shares the data Company-wide through the Health and Safety Committee or by other means. The Health and Safety Committee, a committee mandated by the Industrial Safety and Health Act and other laws, thoroughly analyzes the causes of occupational and commuting accidents and shares its findings, thereby raising awareness of health and safety, preventing unsafe behavior, and discouraging long working hours that lead to accidents and illnesses.

Since we make considerable use of Company vehicles for work-related activities, the risk of traffic accidents is high so safe driving management and education are imperative. The Company has established the Safe Operation of Work Vehicle Management Standards, which put in place a vehicle management supervisor at each workplace as well as a manager at the head office responsible for comprehensive supervision. Through this, we are implementing thorough vehicle operation management, safe driving instruction and education at each workplace. We also conduct annual traffic safety training for all employees.

Promoting traffic safety

In concert with the National Traffic Safety Campaign organized by the Cabinet Office, we implement annual traffic safety promotion activities for all employees. At worksites, employees watch videos of traffic accidents and safe driving instructional videos as well as hold group discussions to learn about diverse hazard prediction approaches and techniques, providing an opportunity to think about actions individuals can take to promote safety. We are also implementing an initiative in which employees sign pledges to prevent drunk driving. Through such initiatives, we are encouraging all employees to obey traffic rules and strive to drive safely in order to reduce the number of accidents they are involved in.

Occupational Health and Management System Certification

One of our overseas bases, Sekisui House Australia, has acquired certification under ISO 45001, an international occupational health and safety management standard, for its offices and factory (the Ingleburn Manufacturing and Quality

Control Centre). The company undergoes annual external audits to maintain this certification. This is our only ISO 45001 certified production facility (out of five domestic factories and one overseas), giving us a certification rate of 16.7%.

Occupational Health and Safety Management System for Construction Departments

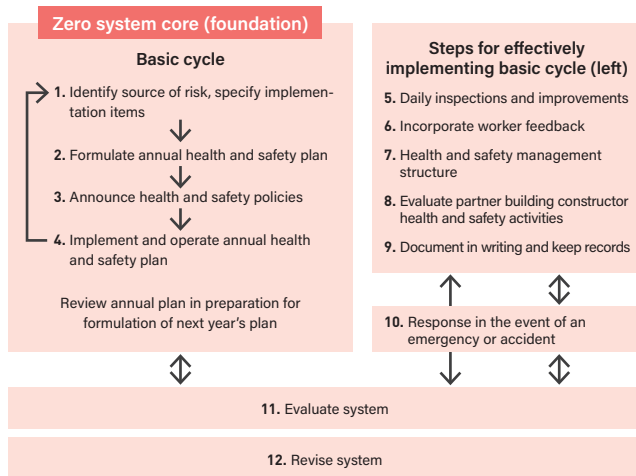
Occupational health and safety management system for construction departments
In our construction departments, in addition to the Occupational Health and Safety Management System recommended by the Ministry of Health, Labour and Welfare, we have incorporated the Sekisui House Zero Hazard System, which we developed ourselves to take into account the characteristics of construction sites. Using these systems together, we implement health and safety management activities. In order to reduce occupational accidents, it is important not only to take steps to prevent legal action and the recurrence of past accidents, but also to identify and evaluate sources of risk through risk assessment, as well as formulate and execute annual plans for implementation items. By building and improving our management tools while respecting and passing on the knowledge we have accumulated over many years, we are working to raise the overall standard, and intend to maximize the benefits of efforts to ensure health and safety at construction sites.

We are systematizing safety management to improve the efficiency of analyzing trends in accidents and incidents throughout the Company. In addition, we have digitized the reporting of accidents to enable prompt reporting, information sharing and more efficient information management. This enables us to digitize information and analyze accident trends more accurately and thoroughly.

In addition, in order to make the safety management system more efficient and reliable, we have developed and operate a Safety Promotion App that runs on smart devices. This app makes it possible to quickly confirm and report on findings and corrections issued to partner building constructors and construction workers, and keeps records of findings during safety patrols of construction sites. Through such initiatives, we are working to reduce occupational accidents at construction sites. If an occupational injury or accident occurs at a construction site, the site informs the Construction Strategy Department, which shares the information with the entire Company.

Occupational Health and Safety

Outline of Sekisui House Zero Hazard System



Construction site priority accident prevention themes and plan outline

After reflecting on occupational accidents that occurred at construction sites the previous fiscal year, we set the priority themes for FY2023 as “elimination of falling accidents,” “elimination of tripping and stumbling accidents” and “prevention of accidents that affect the public” and created a Company-wide annual plan. We will continue to thoroughly practice basic safety activities and establish effective measures to realize safe and secure construction sites.

Outline of annual construction health and safety plan for FY2023

- Further intensify our focus on countermeasures against serious accidents (accidents that could potentially be fatal), such as falls.
- Work to eliminate tripping and stumbling accidents by securing safe walkways and using the Safety Promotion App to promote worksite tidiness.
- Thoroughly implement Company-wide standard health and safety policies and safe construction standards to prevent recurrences of events that could lead to injury, such as falling objects and contact with heavy machinery.



Occupational health and safety activities at construction sites

We made efforts based on our priority themes for FY2023: “elimination of falling accidents,” “elimination of tripping and stumbling accidents,” and “prevention of accidents that affect the public.”

Elimination of falling accidents

Since falling accidents can lead to serious injury or death, we strengthened training and instruction of construction site personnel. We created and started distributing educational videos on eliminating stepladder accidents as a form of instructional material. Going forward, we will increase the variety of these educational videos and make them available for construction workers to view at any time.

Elimination of tripping and stumbling accidents

We continued efforts to thoroughly ensure worksite tidiness, in particular, check items during site patrols. For example, we advanced and strengthened the securing of safe walkways and the designation of tidiness. We also created educational videos on eliminating tripping and stumbling accidents as well as strengthening training and instruction of construction site personnel.

Prevention of accidents that affect the public

We designated “elimination of third-party personal injury,” “elimination of self-inflicted accidents,” “prevention of objects falling,” and “prevention of accidents involving heavy machinery” as priority themes and took thorough measures to prevent recurrences of past accidents. Although the number of overall accidents has decreased, it is not yet zero, making this an ongoing challenge for 2024.

Construction-related health and safety training

The elimination of falling accidents is one of the important disaster prevention themes of the Group's construction sites, and the appropriate use of full harness safety belts is an important preventive measure.

Due to amendments to the law, on January 2, 2022, we completed our transition to the use of equipment compliant with new standards for fall prevention devices (safety belts), which are worn when working at high places. To fully understand the current situation, we implemented surveys to determine how many of the individuals engaged in such work had equipment that met the new standards and how many had completed special training for work with full harness safety belts. Since FY2022, we have implemented training held by the head office for newly appointed staff and others needing to be qualified (there were 537 participants in FY2023).

We conducted Safety Manager Initial Training for relevant employees at business sites, Customer Service Centers and Sekisui House Construction companies, with 20 participants in FY2023. To support this training, we helped create an environment where employees can easily obtain required certifications through measures such as online lectures and hands-on training in small groups. We will continue to provide situation-relevant assistance and support for training aimed at construction site health and safety education.

Checking safety risks at construction sites

Sekisui House's business operations entail the use of heavy machinery and work performed in high places, and as such there is a significant possibility of a fatal accident occurring. We therefore carry out site inspections at each business site for all new projects for which we receive orders. In addition to planning construction in accordance with manuals and checking risks related to the safety of construction workers, in accordance with Japanese laws, we consider the impact on local residents from the planning stage.

Occupational Health and Safety

Onsite safety patrols (including contractor sites)

To prevent accidents, Sekisui House conducts regular safety patrols at worksites. These patrols check that construction is being carried out in accordance with our safety standards and are performed not only by Sekisui House's onsite managers, but also by contractors. By involving construction contractors, we aim to go beyond merely issuing one-sided corrections and directions to foster a more substantive understanding of our health and safety standards.

Health and safety management initiatives

As a form of internal occupational health and safety audits, Sekisui House conducts special safety audits of individual worksites. When deemed necessary by the head of the Construction Strategy Department, these audits are conducted at worksites where the number of accidents has reached a level requiring attention or where accidents or infractions defined as significant by the Company have occurred.

While we did not conduct any special safety audits in FY2023, the Construction Health and Safety Committee conducted safety audits at headquarters Company-wide to raise awareness of health and safety management at different business locations. We conducted one audit at each headquarters for a total of 17, confirmed that the annual construction health and safety plan is being implemented, and gave corrective instruction when deviations were identified.

(FY)

	Boundary	Unit	2021	2022	2023
Special safety audits conducted	◇1	Cases	0	1	0

→ For the boundary of the data, click here (content from page 177 will open in a new window).

Occupational health and safety initiatives at Konoike Construction

Group company Konoike Construction has maintained certification under the Construction Occupational Health and Safety Management System (COHSMS) since FY2014 at all its offices as an initiative for occupational health and safety. Striving to eliminate accidents, Konoike Construction conducts regular internal audits of construction sites, safety patrols, as well as education on health and safety for its workers and the management and workers of partner companies.

Occurrences of Occupational Accidents

Lost Time Injury Frequency Rate (LTIFR)/ Frequency Rate of Occupational Illness (Resulting in One or More Days of Lost Worktime) (FY)

Targets	Boundary	Lost time injury frequency rate (resulting in one or more days of lost worktime)			Frequency rate of occupational illness (resulting in one or more days of lost worktime)		
		2021	2022	2023	2021	2022	2023
Employees							
Production	Sekisui House	1.30	0.44	0.00√	0.00	0.00	0.00√
	Sekisui House	0.32	0.07	0.26	0.00	0.03	0.07
Administration	Sekisui House Real Estate Group	—	0.54	0.00	—	—	0.26
	Total for employees (Administration)	0.32	0.16	0.21√	0.00	0.03	0.11√
Total for employees		—	0.18	0.20	—	0.03	0.10
Contractors							
Production	Sekisui House	0.61	0.31	1.63√	0.00	0.00	0.00√
	Sekisui House	2.69	2.82	2.87	0.22	0.48	0.53
Construction	Sekisui House noie	6.98	4.48	6.32	1.74	0.00	1.58
	Konoike Construction	1.72	1.89	1.10	0.07	0.07	0.13
Total for contractors (Construction)		2.49	2.57	2.37√	0.20	0.35	0.42√

Calculation standards:

Lost time injury frequency rate: Number of fatalities and injuries per million working hours due to lost worktime injuries

Frequency rate of occupational illness: Number of occupational illnesses per million working hours

Targets:

Employees, excludes part-time workers.

Construction department contractors, includes sole proprietors and employers.

Boundary:

Employees of Sekisui House Real Estate Group and employees of its 11 Group companies, and employees of Sekisui House Trust, Ltd. and Sha Maison SAST Insurance Ltd. (excluding part-time workers)

Total working hours:

Calculated based on actual working hours of employees and contractors (in the Production and Procurement Division).

Calculated as eight hours per person per day for construction department contractors of Sekisui House and Sekisui House noie.

Calculated as nine hours per person per day for construction department contractors of Konoike Construction.

Indicators marked with √ have been assured by KPMG AZSA Sustainability Co., Ltd.

Industry Average Rates of Occupational Accidents (FY)

Occupational accident rate		2020	2021	2022'
General contractors		1.30	1.39	1.47
Contracted amount of business	¥1 billion or more	1.29	1.42	1.22
	¥500 million to less than ¥1 billion	1.70	1.59	2.49
	Less than ¥500 million	0.97	1.12	1.89

Source: Ministry of Health, Labour and Welfare, "Survey of Industrial Accidents"

1 Data is presented up to FY2022, as figures for FY2023 have not yet been released as of the publication of this report.

The number of Sekisui House employee fatalities over the past three years was zero. The number of contractor fatalities due to occupational accidents in Sekisui House construction departments over the past three years was one in FY2021, one in FY2022 (due to heat stroke), and one in FY2023.

Number of Deaths (FY)

Targets	Boundary	Unit	2021	2022	2023
Employees	◇3 until FY2022 and ◇4 in FY2023	Persons	0	0	0
Construction department contractors ²	◇1		1	1	1

→ For the boundary of the data, click here (content from page 177 will open in a new window).

2 Boundary: Contractors of Sekisui House (including sole proprietors and employers)

Occupational Health and Safety

Occupational accidents at construction sites and responses

- The number of occupational accidents in FY2023 resulting in one or more days of lost worktime at construction sites was 97, a decrease to 96% of that in the previous fiscal year.
- The number of falling accidents (including those not resulting in lost worktime), which can lead to serious injury and were a FY2023 priority theme, increased to 111% of that in the previous fiscal year.
- Falling accidents, tripping and stumbling accidents, and accidents involving lacerations or punctures accounted for 70% of all accidents, with the first two categories typically resulting in prolonged time off from work. Thus, we will continue to prioritize the elimination of falling, tripping and stumbling accidents. We will implement measures that directly address construction site frontline dangers such as through distribution of videos of common accidents such as falling from ladders, slipping, tripping or losing one's footing as well as putting up posters.
- After surveying and analyzing occupational accidents, we found that, by job type, accidents were common among carpenters and erectors. As such, to raise awareness among front-line workers, we coordinated with newly appointed safety representatives at each headquarters to implement training for job types with high accident rates.
- Although the number of incidents of heat stroke (including those not resulting in lost worktime) rose to 112% of that in the previous fiscal year, all of these incidents resulted in three days or less of lost worktime.
- There were also reports of accidents involving third parties, such as pedestrians tripping over equipment set up outside of construction sites as well as vehicles moving when unmanned. We will therefore reinforce preventive measures by thoroughly investigating the causes of such accidents, ensuring rigorous risk management at the planning stage, and confirming the implementation of measures to prevent recurrence.
- To raise awareness of health and safety management at different business locations, we selected one business site for each headquarters and conducted safety audits. In FY2023, we performed 17 of these audits.
- In FY2023, there was one fatal accident.

Occupational Accidents at Construction Sites¹

(FY)

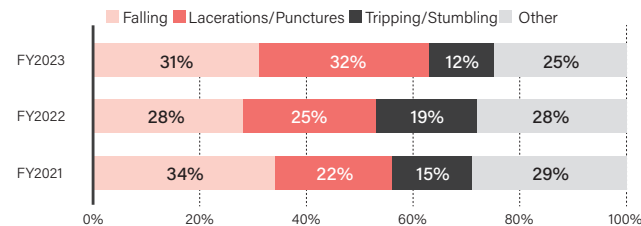
Number of Cases	Targets	Boundary	Unit	2021	2022	2023
Construction site accidents (excluding heat stroke)	Construction department contractors ²	◇1	Cases	99	101	97
Heat stroke				8	17	18

→ For the boundary of the data, click here (content from page 177 will open in a new window).

¹ Total numbers of accidents resulting in one or more days of lost worktime.

² Contractors of Sekisui House (including sole proprietors and employers)

Occupational Accidents at Construction Sites by Type (including those not resulting in lost worktime, excluding heat stroke)



Initiatives With Partner Building Constructors

Collaboration with Sekisui House Association

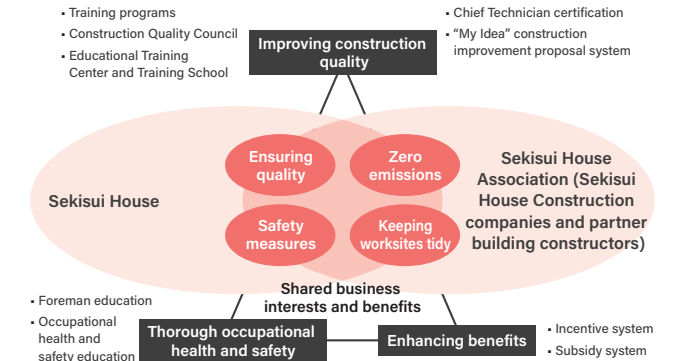
The greatest strength of the Group is the Sekisui House Association, which consists of Group companies involved in construction and partner building constructors. As of February 1, 2024, the association includes eight Sekisui House Construction companies that are part of Sekisui House Construction Holdings, Ltd. (an intermediate holding company for the Sekisui House Construction Group) and approximately 7,000 partner building constructors throughout Japan (including the partner building contractors of Sekisui House Construction companies, which are members of the Sekiwa Association).

From its very start, Sekisui House has pursued "design-build" construction.

As such, our partner building constructors are irreplaceable, and we hold them in high regard, fostering relationships of trust and mutual interest to work together over the long term in the spirit of a "community with a common destiny." To realize customer satisfaction, the Sekisui House Association cooperates with each Sekisui House office to pursue initiatives aimed at implementing safety measures, improving construction quality, providing solutions for customers and neighbors, achieving zero emissions, keeping construction sites tidy, developing human resources and improving working conditions. Moreover, the association serves as a venue for information exchange that allows individual construction sites and partner building constructors to share issues they face and study possible solutions. The association also offers training and study opportunities to improve work processes and construction quality. The Sekisui House Association is a tremendous driver of action in times of natural disaster, such as when an earthquake or flood strikes, from the initial response to restoration and reconstruction.

We will continue working with the association to strive for customer satisfaction and raise the value of the Sekisui House brand, aiming for coexistence and co-prosperity as "a community with a common destiny."

Achieving Customer Satisfaction with the "Community with a Common Destiny" Mindset



Occupational Health and Safety

Thorough occupational health and safety

→ P199 Occupational health and safety activities at construction sites

Enhancing benefits

Collaboration with the Sekisui House Association

We also run various benefit programs to support partner building constructors and construction technicians who work on our construction sites across Japan. The Sekisui House subsidy system is designed to support improvement in workforce management at partner building constructors and to expand benefits for construction workers. The system granted subsidies amounting to approximately ¥1.4 billion in FY2023.

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

Improving construction quality

Sekisui House Chief Technician certification

The Sekisui House Chief Technician certification, established in 1983, is a self-certification system run by the Sekisui House Cooperation Association. In April 1985, this certification became the first of its kind in the construction and housing industry to obtain ministerial authorization as being in line with national certifications. Sekisui House supports the administration of certification examination.

The examination is held once a year, and in FY2023, 110 people passed. Certified individuals now number 6,574, and the certification is helping onsite work leaders to maintain and improve construction quality.

The purpose of the certification is to evaluate the skills of technicians fairly and accurately, and to maintain and improve quality. To be eligible to take the certification exam, one must have three years or more experience doing the relevant type of technical work onsite for Sekisui House and complete a short



The blue construction helmet is worn by certified Sekisui House Chief Technicians

course. The three types are: foundation work, framing/exterior work and interior finishing.

Technician and team compensation system

Newly revised from FY2024, this system rewards carpenters as well as skilled framing and exterior workers based on fair evaluations of their production and skills according to their own technician level rating (from 1 to 4). This system aims to increase the production and skill level of technicians while improving the quality of construction site work, promoting safety management and enhancing customer service. In framing and exterior work, rewards will be determined at the team level to increase team productivity and ensure quality and safety.

Target individuals are crafters engaged in framing, exterior and interior carpentry work at new house construction sites. They must also be registered in our construction workers database.

The requirements for partner building constructors are that they have a basic construction contract with Sekisui House and have completed the signing of a memorandum regarding the Sekisui House subsidy system. Accordingly secondary partner building constructors and beyond must sign a written agreement regarding the Sekisui House subsidy system with the partner building constructor that exercises direct supervision over them.

Each evaluation takes into account construction capabilities at the start of the fiscal year, attendance records and other information in the construction workers database. Level 4 determinations are made by confirming onsite working attitude and construction quality, with eligible individuals (or teams) receiving monetary rewards.

Sekisui House Remodeling Meister System

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

Initiatives to improve worksite productivity

With the total number of construction workers on the decline, we are working to ensure ongoing, reliable construction capacity by strengthening our technologies while also taking steps to make the most of our existing construction capabilities. We have launched two working groups to improve productivity—one to focus on solutions employing physical resources and the other to focus on solutions involving systems and people. Through these efforts, we seek to reduce person-hours and the burdens of construction work. We have organized a Technical Directors' Council, Construction Committee and Worksite Productivity Improvement Working Group, consisting of deputy heads and deputy branch heads representing locations around the country, as well as staff from the head office and factories. These groups have successfully promoted initiatives to improve productivity, such as developing the SHAWOOD large-scale fixed sash combined construction method.

We also have in place the "My Idea" construction improvement proposal system, through which construction workers across the country can make suggestions based on the creative ideas or items they are using onsite. We select submissions that can help improve productivity and work to spread them among construction workers, mainly through the Chief Constructors of each area.



The SHAWOOD large-scale fixed sash combined construction method

Occupational Health and Safety

Educational training centers and training schools

Sekisui House has established educational training centers and training schools where we conduct training that allows technicians from our Group to learn techniques and acquire skills. These facilities also teach proper conduct to facilitate interaction as professionals and prepare trainees for the working environment. Our educational facilities are unique in that they do not merely provide the opportunity to acquire technical skills and knowledge necessary for construction with Sekisui House, but also the opportunity to study our Corporate Philosophy, which is indispensable for achieving customer satisfaction.

In FY2023, three trainees completed the foundation construction course, 33 finished the framing/exterior course, and 56 completed the interior finishing course, for a total of 92 newly minted technicians. These technicians are now working as construction technicians and construction managers around Japan. After the training courses end, we hold a variety of training offerings at each educational facility, working continuously to improve technical knowledge and skills.



Framing/exterior course: completion test



Interior finishing course: completion test

Overseas technical training centers

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

We have a service agreement with the JIC Kyodo Kumiai Support Association to help local organizations prepare recruits. These technical trainees are able to study practical Japanese while remaining in familiar surroundings in

their home country for at least six months so that they can smoothly start their lives in Japan. Moreover, we provide an environment where trainees can work with peace of mind by providing extensive support such as conducting hands-on training at domestic training facilities before actual work begins.

In January 2020, the six trainees who went through the foundation course in Hanoi came to Japan. However, the spread of COVID-19 prevented us from conducting subsequent education or training as planned. In 2021, we began online support for recruitment interviews, technical training lectures Japanese language study and other activities. We also hired more local staff and established a system that enables us to conduct training at any time in preparation for resuming the entry of technical trainees into Japan.

In April 2022, most border restrictions related to COVID-19 were lifted, and we resumed education and training as originally planned.

Since February 2024, through hands-on training conducted at domestic facilities, we have created an enriched environment to provide these recruits with the same training a Japanese employee would receive. We will also work to strengthen practical Japanese learning done prior to arriving in Japan.

■ FY2023 results: 95 new arrivals



Local fundamental training



Local exterior training



Online interviews



Online Japanese studies

Recruitment and Assignment Schedule (Requires a minimum of 10 months from application acceptance to assignment)

Acceptance Application	Recruitment	Interview/Pass	1st month	2nd month	3rd month	4th month	5th month	6th month	7th month	8th month	9th month	
	Local recruitment One month		Preliminary education (Japanese, etc.)	Six months						Entry into Japan Technical training (fundamental course)	Assignment	
Explanatory meetings	Acceptance process	Hiring interview, explanatory meeting for families	Preparation of immigration documents Confirmation of placement availability		Technical training plan approval application		Certification of enrollment qualifications Issuance of application Application	Visa application at local office	Immigration training Joining the company	Working onsite		

S Supply Chain Management

CSR Procurement Promotion Structure

We are committed to socially and environmentally responsible CSR procurement with the aim of contributing to a sustainable society, including the supply chain, based on a purchasing policy that combines providing the best quality, robust delivery, and reasonable prices while also incorporating ESG considerations.

Specifically, the ESG Promotion Committee has designated social and environmental issues in the supply chain as priority issues, of which human rights, labor and other issues are discussed at a human rights due diligence meeting under the Social Improvement Subcommittee, and issues such as decarbonization and timber procurement are discussed and promoted by the Environmental Subcommittee. Supply chain management is being addressed on the basis of mutual cooperation by all related departments under the supervision of the officer in charge of the Division of Technology and Production. The department in charge of procurement is working to improve suppliers' understanding and awareness of key ESG issues and business continuity planning (BCP), such as quality and supply, by holding annual activity policy briefing sessions and various study sessions.

QDC plus ESG

Strive to procure materials of the highest quality in order to earn customer trust and satisfaction	Best quality Q	Robust delivery D	Promote supply chain resilience, ensure stable delivery, and prepare for delivery constraint risks
Work with suppliers to improve value and achieve reasonable costs	Reasonable costs C	ESG	Proactively address social issues such as respect for human rights and decarbonization in the supply chain

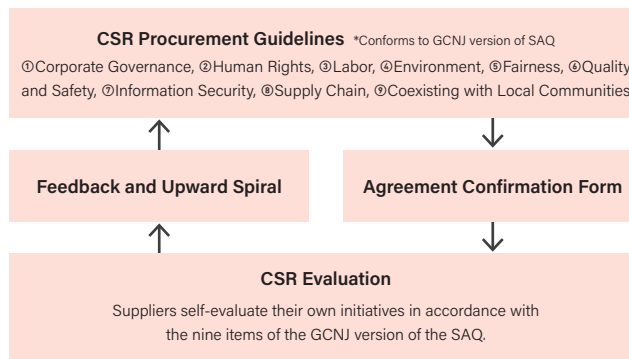
Procurement staff can refer to the guidelines and other regulations at any time. In addition, related departments use seminars and working groups to keep efforts up to date with the latest laws and social issues.

PDCA Practice for CSR Procurement

Upon signing the United Nations Global Compact in 2018, we joined the supply chain subcommittee of the Global Compact Network Japan (GCNJ). We established the CSR Procurement Guidelines for our suppliers, which are compliant with the GCNJ's self-assessment questionnaire (SAQ).

Since then, we have asked suppliers to submit a signed agreement to confirm their understanding and compliance with the purpose and content of the guidelines, as well as cooperation with periodic checks or audits regarding their efforts, and we explain the significance and importance of CSR procurement to our suppliers at our annual action policy briefings held each February. In addition, at the end of each year, we conduct a CSR evaluation using a self-assessment check sheet based on the GCNJ's SAQ, in order to confirm

CSR Procurement flow



compliance with the guidelines. By implementing the PDCA cycle for CSR procurement with these initiatives, we are raising awareness of social responsibility among our suppliers and deepening CSR procurement.

Even when commissioning new suppliers, we perform evaluations based on internal regulations to confirm the company's suitability in terms of ESG and other factors. In addition, we require a signed agreement confirming their understanding of the purpose and content of the CSR Procurement Guidelines before any transactions are conducted.

[CSR Procurement Guidelines](#)

Conducting annual action policy briefings for suppliers

We hold an annual action policy briefing for our suppliers to ensure the best quality, robust delivery and reasonable price while promoting ESG in procurement. The purpose of the briefing is to deepen the understanding of suppliers regarding our procurement activities, and approximately 150 major suppliers participate. In addition to explaining specific procurement initiatives, we share examples of improvements that suppliers have made and honor outstanding suppliers. We also provide feedback on CSR evaluations and hold lectures by external lecturers to raise awareness of ESG issues.

Strengthening policy-based action and partner relationships

We are strengthening policy-based actions and our partner relationships to promote a common understanding of priority issues with key suppliers, align the directions of activities, and promote major reforms and improvements. In FY2023, we carried out activities in these areas with 10 companies.

Supply Chain Management

Supply chain policy on social issues

We recognize “human rights and labor” as one of the most important social issues in our supply chain. The Sekisui House Group Human Rights Policy applies to all officers and employees of the Sekisui House Group. We also expect our business partners, including partner building constructors and suppliers, to understand and support this policy. The Sekisui House Group Human Rights Policy is available on the online information-sharing platform we maintain with our suppliers and we promote compliance with the policy.

The CSR Procurement Guidelines prohibit discrimination based on nationality or race, inhumane treatment, forced or compulsory labor, and child labor. They also require appropriate management of employee health and safety. We obtain signed agreements from our suppliers indicating that they understand the purpose and content of the guidelines.

 Sekisui House Group Human Rights Policy

Initiatives respecting human rights in the supply chain

In order to promote respect for human rights in the supply chain, it is essential to expand the circle of engagement from our suppliers to their suppliers. To this end, in February 2022, we held a study session with external lecturers at which approximately 150 suppliers participated with the aim of raising awareness and acquiring basic knowledge. Furthermore, in September that same year, in response to the establishment of the Guidelines on Respecting Human Rights in Responsible Supply Chains by the Japanese government, we surveyed 360 of our suppliers about their efforts to establish human rights policies, publish these, and promote awareness throughout their supply chains in order to understand current conditions.

Based on the survey's results, in February 2023, we held a study session with 157 suppliers and Sekisui House procurement staff where participants shared information about leading initiatives and deepened their understanding of the Japanese government's guidelines. Furthermore, in October of the same year, we held a study session with external lecturers on practical points of the guidelines, at which 279 suppliers and Sekisui House procurement staff participated and improved their practical knowledge. We will continue to make efforts to respect human rights in the supply chain and hold study sessions as training

opportunities concerning environmental and social issues for Sekisui House procurement staff.

Supplier monitoring

The CSR evaluation is conducted using a self-assessment checklist based on GCNJ's version of SAQ. Suppliers are asked to self-evaluate their own initiatives in nine areas, including corporate governance, human rights, and labor, from five perspectives @awareness of laws, @policies, @systems and responsibilities, @confirmation of results of initiatives, and @corrective actions. The results are then scored and evaluated.

In the event that risks are found in the results of the CSR evaluations of existing suppliers in areas such as the environment or human rights, we conduct monitoring to understand actual conditions by visiting the individual suppliers in question and providing advice on the evaluation criteria and achievement levels. In this way, we practice due diligence. In the event that a significant risk is discovered, the Company will take appropriate action in consulting with relevant departments and stipulating measures such as reduction of transactions depending on the supplier evaluation score.

As of the end of 2023, we conducted CSR evaluations of 163 suppliers and determined that four suppliers should be monitored in terms of human rights, three in terms of labor, and one in terms of the supply chain (with overlap). We are monitoring each company to promote improvement. In serious cases, we work with the department concerned to determine the proper response and stipulate measures to be taken, which might include cutting back on transactions, depending on the score in the supplier assessment.

As a construction company, we consume a large volume of lumber and recognize the need for especially strict lumber procurement. For this reason, we implement an annual wood procurement risk survey of about 60 major wood building material suppliers.

Furthermore, when necessary, we conduct onsite inspections in Japan and overseas, including visits to logging areas at the most upstream portion of the supply chain. In FY2023, we surveyed 63 companies, as well as conducted additional field checks of logging areas and timber suppliers in Vietnam.

→ P134 Wood procurement risk survey

Risk assessment of social issues

Since FY2021, we have been requesting suppliers to report violations of laws and regulations in addition to answering each question in the CSR evaluation. This complements the results of the CSR evaluation and allows us to identify high-risk suppliers who may be in violation of compliance and take prompt action.

In FY2023, there were 10 reported cases, all of which were appropriately resolved in accordance with guidance from governmental authorities with no compliance violations being identified. Additionally, no high-risk suppliers were identified.

(FY)

KPI	Boundary	Unit	2023	
			Targets	Results
CSR procurement human rights and labor supply chain scores ¹	◇1	Points	85.8	88.3

→ For the boundary of the data, click here (content from page 177 will open in a new window).

¹ In light of the establishment of the Guidelines on Respecting Human Rights in Responsible Supply Chains by the Japanese government, we have adopted this item as a new KPI with the aim of promoting respect for human rights not just among primary suppliers, but throughout the supply chain, including secondary suppliers, tertiary suppliers and beyond.

Supply Chain Management

Enhancing Sustainable Procurement

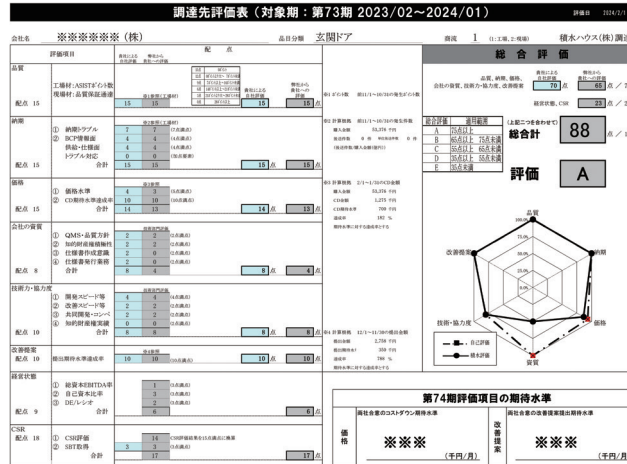
Promoting business continuity planning (BCP)

We have long worked with our suppliers to establish an initial response communication system for use in the event of natural disasters and conduct associated drills. In recent years, however, previously unfathomable procurement risks have become more frequent, including not only natural disasters and industrial fires, but also risks including global semiconductor and raw material shortages, supply-demand imbalances caused by expanding infectious diseases and rapidly recovering demand, geopolitical risks, and cyberattacks. To address a broad range of these risks, we held the Supply Chain Resilience Promotion Conference online with approximately 160 suppliers participating in September 2021 and approximately 260 participating in September 2022. In order to strengthen the supply chain, it is necessary to expand the circle of engagement from our primary suppliers to secondary and tertiary suppliers. At the conference, we explained our activities to strengthen BCP and shared specific examples of our suppliers to raise awareness. We aim to build a more robust supply chain based on the three pillars of delivery, specifications and information. Furthermore, in FY2023, we have analyzed and illustrated the risks and impacts to strengthen specific measures. In addition to raising the awareness of those in charge of procurement operations, we are promoting activities with clearly defined targets.

Process improvement through supplier assessments

To ensure fair and impartial transactions, we conduct supplier assessments for our suppliers in order to evaluate such factors as quality, delivery and cost (QDC) as well as technical capabilities. CSR evaluation is one of the supplier assessment criteria. We disclose the assessment results to the concerned suppliers so that they can use them to improve and strengthen the structures within their respective companies. In carrying out these assessments, the focus is on process management to encourage reforms, rather than uniform evaluations of the results of such efforts.

Supplier assessment chart



An overall rating is assigned from A to E, based on the evaluated areas. Results are presented on a spider chart to identify both positive points and issues.

The FY2023 supplier assessments covered 110 companies representing 74.2% of total procurement spending. Going forward, we plan to implement highly transparent supplier assessments and continue to support the strengthening of suppliers' frameworks while maintaining fair and impartial transactions.

1 Percentage of suppliers covered by assessments to all suppliers (by purchased value; trading companies are not included in these assessments)

Declaration of Partnership Building

In November 2022, Sekisui House joined the Declaration of Partnership Building system set up by the Japanese Cabinet Office. Under this system, the representatives of companies that contract out work make a Declaration of Partnership Building in which they commit to coordinating and promoting coexistence and co-prosperity with business partners and value-creating contractors in the supply chain to build new partnerships. Nearly 48,000 companies have made declarations. Each company posts the following information regarding this declaration on a dedicated portal site.

- Coexistence and co-prosperity throughout the supply chain and new partnerships that transcend scale and business affiliation
- Compliance with preferred business practices between contractors and subcontractors (a "promotion standard" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises)

[Declaration of Partnership Building portal site \(Japanese only\)](#)

[Full text of Sekisui House's declaration \(Japanese only\)](#)