Human Capital

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

A Company Where People Grow

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

Nurturing Growth for People and Company

A company is built on its people, and the Sekisui House Group's primary driver of growth is enhancing the value of our human capital. How do we cultivate this growth in our employees? We believe the relationship between employees and the company is equal, and human talent grows naturally rather than being forced to grow. Similar to plants, the potential for growth lies within each individual from the beginning. This potential unfolds through budding, rooting, leafing, and eventually flowering, driven by personal efforts and dedication. I believe it is our responsibility as leaders to carefully cultivate an environment that enables this growth.

The Company offers various opportunities for challenges and platforms for success, and employees fully utilize them to foster their own growth. In this process, we deliver happiness to our customers and society, while fostering organizational growth and enhancing corporate value. As the Company grows, it will offer greater opportunities for challenges and more platforms for success to employees. By continually investing in our people, the Sekisui House Group strives to create a virtuous cycle of growth where both employees and the Company thrive together.

Creating Value through Employee Autonomy

As we engage in business activities centered on housing, we have consistently adapted our business and human resource strategies to evolve with the changing nature of housing. The value the Sekisui House Group provides begins with ensuring the safety and security of people's lives and property. It then extends to the comfort of residents, environmental considerations, and creating homes that foster happiness through aspects such as health, connectedness and learning. To align with the diverse values of our customers and create unique forms of happiness that resonate with each person's sense of beauty, employee autonomy is essential. New value is created when employees, with a clear vision for their own life and work, bring their individualities and values. By engaging in mutual exchange and continuous improvement, they stimulate each other and generate new value.

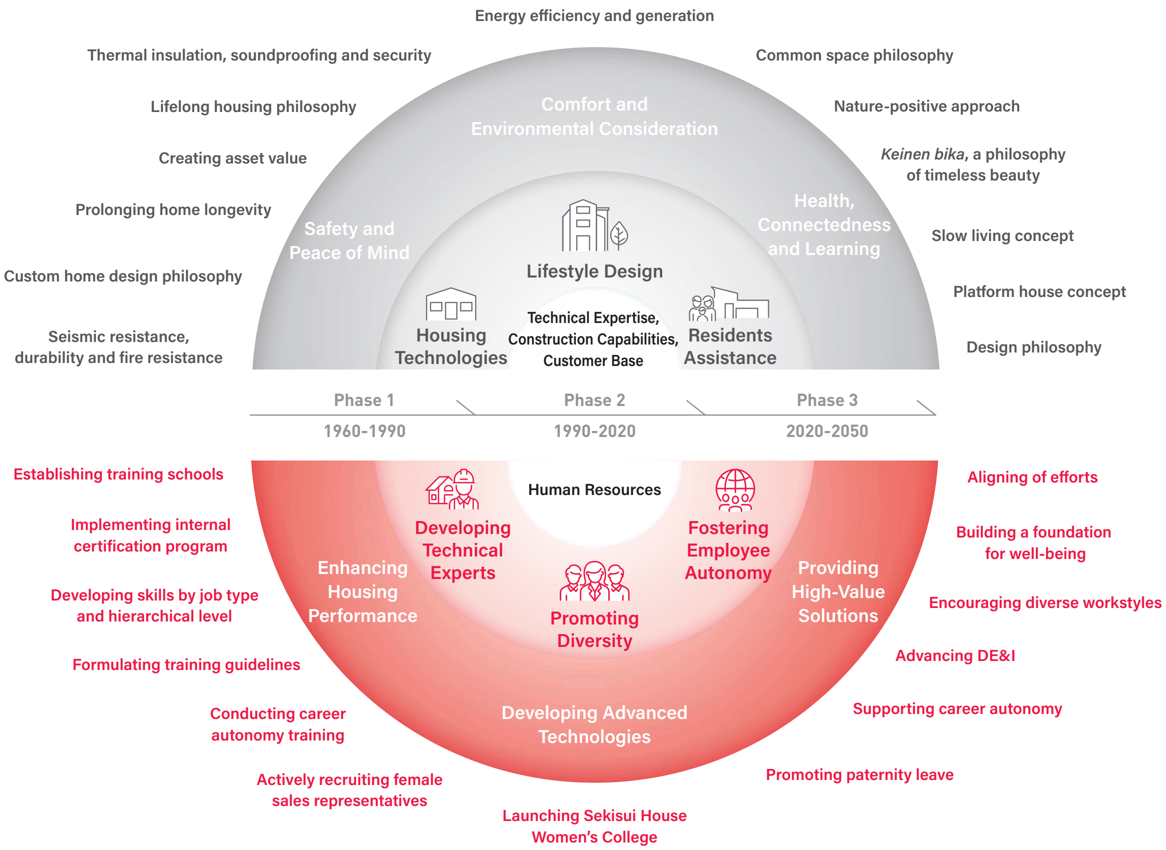
Change to "Innovation and Communication"

As a member of the Sekisui House Group, it is necessary to share our vision and strategy, aligning on the overall direction. However, what each individual aims for beyond that varies from person to person. We value a mindset that transcends conventional thinking, embraces change, and integrates new ideas. Through innovation and communication, we continually offer new forms of happiness to our customers and to ourselves. As we continue to welcome new colleagues through career hiring and domestic and international M&A, I hope that our new colleagues will quickly integrate into the Sekisui House Group. At the same time, I encourage them to maintain a healthy sense of individuality and discomfort without conforming too much to their surroundings. The interaction and collision of diverse personalities and values will spark chemical reactions that give rise to new ideas.

Making Company the Happiest Place in the World

To realize our Global Vision, "Make Home the Happiest Place in the World," it is essential to make our Company the happiest place for our employees to work. Just as each customer has their own unique form of "happiness," the same is true for each employee. The Sekisui House Group strives to support the self-directed career development of each employee and promote diverse workstyles, creating an environment where employees can thrive with confidence and reach their full potential.

Progress of Our Human Capital Value



Creating Value Through Our Human Capital Management Strategy

As the concept of housing evolves with the times, our Group's human capital management strategy continues to evolve as well.

In Phase 1, from 1960 to 1990, we focused on harnessing the latest technology and training skilled technicians in construction with the goal of driving innovation in the Japanese housing industry. Accordingly, in 1982, we established a training school and implemented an in-house certification program, along with unique education and training requirements. By maximizing the value of our human capital, we created value through housing safety and peace of mind, protecting lives and property.

In Phase 2, from 1990 to 2020, we emphasized promoting diversity in the development of advanced technologies to enhance housing performance and resident comfort. Beyond improving housing performance with energy efficiency and seismic resistance, we introduced universal design and proposed large continuous spaces with the Slow Living housing design. By recruiting diverse individuals with unique perspectives and experiences, and leveraging their distinct qualities and potential, we created value by improving the comfort of residents and becoming more environmentally conscious.

In Phase 3, from 2020 onward, we aim to offer happiness in housing tailored to the era of the 100-year lifespan. To achieve this, we are promoting initiatives to create an environment where employees with diverse personalities and values can autonomously continue to take on challenges and drive innovation.

The Group views our human capital management strategy as a key component of our overall management strategy and is dedicated to fostering an environment where everyone can thrive. In every era, the common quality we seek in our human resources is a mindset dedicated to pursuing personal happiness and acting on one's own choices. By recognizing and collaborating with each other, employees with diverse perspectives and values perform diligently, achieving sustainable personal and organizational growth alongside a strengthened competitive ability, thereby increasing corporate value.

The Sekisui House Group's Human Capital Management

Enhancement of Corporate Value

Realizing Our Global Vision to Make Home the Happiest Place in the World

↑

Human Capital Value Enhancement

Employee Autonomy ✕ Alignment of Efforts

Supporting Self-Directed Career Development

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

Promoting DE&I

- Promoting the participation of women
- Promoting the participation of global human resources
- Promoting the participation of people with disabilities
- Promoting employee understanding of the LGBTQ+ community

Fostering Diverse Workstyles

- Offering a variety of workstyle programs
- Expanding systems for fair evaluations
- Creating a workplace culture that ensures psychological safety

Caring for Our Employee's Well-Being

- Assisting the pursuit of family happiness (encouraging male employees to take childcare leave, nursing care leave, etc.)
- Supporting health improvement efforts
- Continuing the Well-Being Survey

Alignment of Efforts

- Training leaders who will promote and implement our Corporate Philosophy and strategies
- Recruiting and optimally allocating employees in line with strategies

Approach to Human Capital

Fostering continuous growth in our employees is key for the Sekisui House Group. By investing in our employees, we aim to enhance their value, making both them and the organization stronger in providing new value to customers and society. It is our employees who will make this aspiration a reality. To achieve our Global Vision, "Make Home the Happiest Place in the World," we believe it is crucial to first make Sekisui House—the professional "home" of our employees—the happiest company in the world, creating an environment where they can maximize their potential.

The Sekisui House Group believes that enhancing human capital value comes from employee autonomy and an alignment of efforts. Employee autonomy involves actively behaving based on the spirit of our fundamental Corporate Philosophy of "Love of Humanity," while alignment of efforts means that Sekisui House's vision and strategies are fully understood and embraced by employees. If employees utilize company resources to independently shape their own career paths while aligning their efforts with the Company's vision and business strategy, the value created will result in tremendous growth.

The human resources strategy of our Sixth Mid-Term Management Plan (FY2023-FY2025) focuses on four important themes: supporting self-directed career development, promoting DE&I, promoting diverse workstyles, and building a foundation for well-being. Through system revisions and creating a corporate culture conducive to these concepts, we support and facilitate employee autonomy. To accelerate an alignment of efforts, we train leaders capable of properly promoting and implementing our Corporate Philosophy and strategies as we recruit and optimally allocate employees in line with these strategies.

Unleashing the Power of Our Employees to Enhance Human Capital Value

An Equal Relationship Between the Company and Employees

At the Sekisui House Group, employees with diverse perspectives and values thrive due to changes in management and business environments, as well as initiatives to promote women's advancement and expand mid-career hiring. Following this trend, we have shifted from a relationship where the Company hires and utilizes an individual to a mutual selection process where both the Company and individuals choose each other, enabling employees to thrive and grow in such an environment. We strive to create an environment that allows individuals to authentically and securely discover opportunities for personal achievement and growth, maximizing their strengths and unique qualities. While proactively promoting diverse workstyles and implementing highly flexible work systems and operations, we foster self-directed career development and support skill improvement through our in-house certification program and expert instruction.

A Growth-Oriented Cycle to Accelerate Our Employee's Development

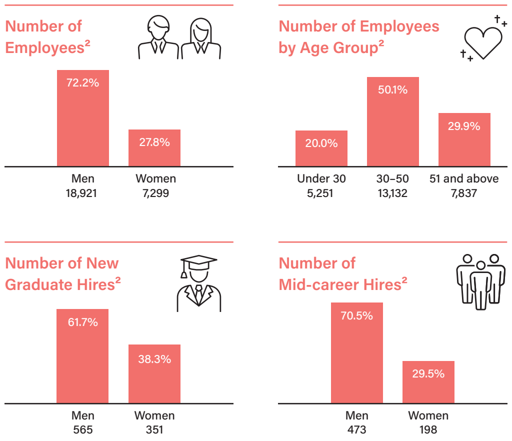
By empowering each employee to think critically, make decisions, and maximally leverage Company resources, we believe the value of human capital will be significantly increased. The Sekisui House Group creates systems and offers opportunities based on the following two mindsets.

- Individual growth cycles: An individual growth cycle is based on learning through self-directed career development courses, where employees enhance their experience and skills through education and opportunities encountered in their work.
- Organizational growth cycles: Organizational growth cycles involve employees transcending their department and joining projects that connect them with diverse talent, as well as engaging in dialogue with managers through career interviews.

Number of Employees (consolidated basis)

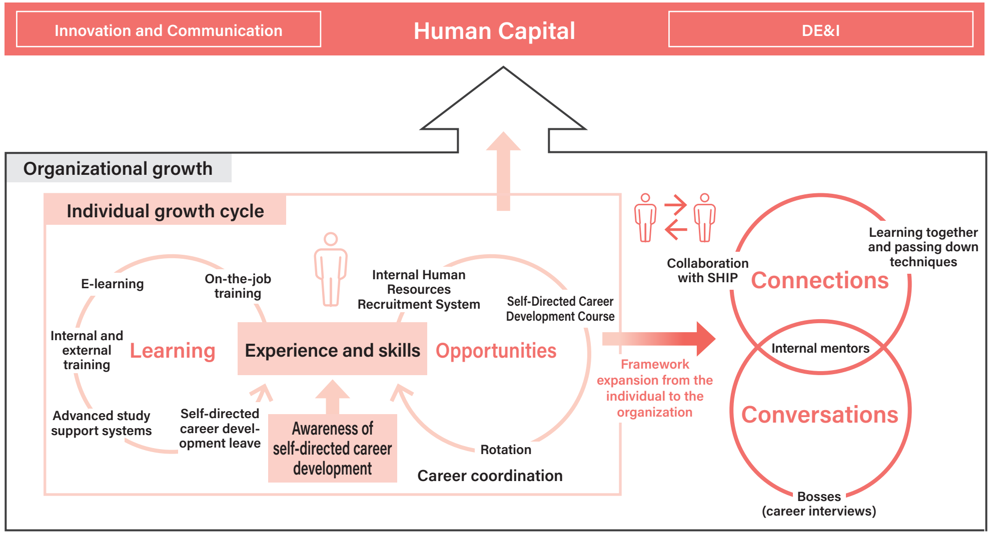
29,932 Of which, **1,323** are overseas

16,758 in the custom detached houses/rental housing and commercial buildings business
2,494 in the architectural/civil engineering business
2,289 in the rental housing management business
2,947 in the remodeling business
1,807 in the development business
1,378 in the overseas business
336 in other businesses
1,923 in corporate administrative roles[1]



1 Mainly belonging to head office departments of Sekisui House, Ltd.

2 Boundary ◇3



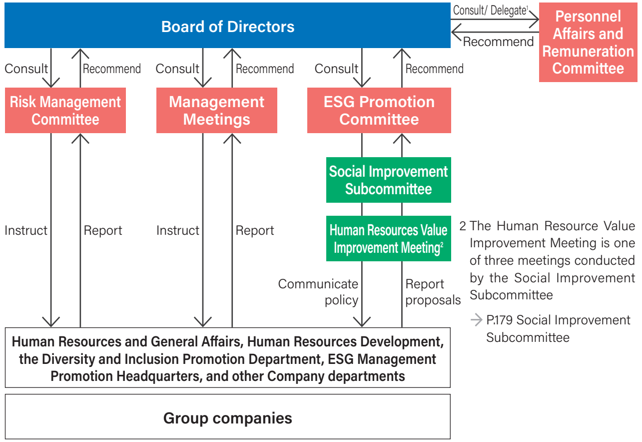
Human Capital Management Strategy

1. Governance

Important matters related to human capital policies are discussed, based on content, by the Personnel Affairs and Remuneration Committee, the ESG Promotion Committee or the Risk Management Committee, all advisory bodies to the Board of Directors. The results are then presented at Management Meetings or Board of Directors meetings, and Company-wide measures are implemented and managed. To promote our human resources strategy, the Human Resources and General Affairs Department, the Human Resources Development Department, the Diversity and Inclusion Promotion Department, and other related departments implement policies and manage KPI progress. Coordination between departments is fostered through discussions in the Social Improvement Subcommittee, which operates under the ESG Promotion Committee. We have also created a Group-wide system to receive reports regarding issues affecting the Group and KPI progress.

Promotion Structure

1 The Board of Directors delegates the authority to determine the amount of remuneration for individual directors to the Personnel Affairs and Remuneration Committee.



2 The Human Resource Value Improvement Meeting is one of three meetings conducted by the Social Improvement Subcommittee

→ P.179 Social Improvement Subcommittee

2. Strategy

Fundamental mindset

Employee autonomy relies on each individual utilizing the resources of our Group, taking proactive steps, and continuously focusing on their career development. Accordingly, we are focused on building systems and environments that support sustainable growth for both employees and the Company. We also promote the creation of environments that enable individuals to fully develop and utilize their abilities while working in their own way, regardless of age, gender, nationality, or disability. We continue to proactively implement and operate highly flexible working systems suitable for various workstyles. While systematically nurturing high-integrity leaders, we also strive to recruit the talent necessary for our business strategies and ensure they are appropriately allocated.

Fundamental policy for human resource development

To achieve the Sekisui House Group's global vision of "making home the happiest place in the world," with its policy of "maximizing the value of human capital and driving business growth through diversity and inclusion of knowledge and experience," we promote initiatives aimed at talent development.

Policy for developing working environments

Basing our mindset on the idea that it is important to make our Company, a "home" to our employees, the happiest in the world, we seek to become a company where everyone can feel their work is meaningful and satisfactory. We are developing a working environment that encourages the promotion of important measures such as support for self-directed career development, promotion of DE&I and diverse workstyles, and building a foundation for well-being.

3. Risk Management

The relevant departments analyze risks and opportunities related to human capital. The Social Improvement Subcommittee then evaluates countermeasures and holds discussions, fostering cross-department cooperation. When risks and opportunities are determined through this process to be especially important, the ESG Promotion Committee, an advisory body to the Board of Directors, reviews them before making a report to the Board in connection with our mid-term strategic plans. Each Group company monitors the Company's risk map, and after reporting on important matters to the Risk Management Committee, such as those related to securing human resources, they conduct studies and management through the Group-wide risk management structure.

For the Sekisui House Group to achieve sustainable growth, it is essential to secure excellent human resources capable of developing its existing businesses and taking on challenges in new businesses. By formulating our human resources plan, we further clarify the human resources necessary to execute our business strategies. We are proactively enhancing our branding as an employer of choice, diversifying our recruitment pipeline and selection methods, and employing human resources regardless of age, gender, nationality, or disability.

4. Metrics and Targets

In the Sixth Mid-Term Management Plan, we have set 17 individual KPIs.

→ P.60 Indicators and Progress

Human Capital Management Strategy

Talent Acquisition

New graduates

We have actively promoted the employment of new female graduates since 2005 as a business strategy amidst society's rapidly diversifying housing-related needs and changing lifestyles. By establishing an environment where diverse individuals can participate, we aim to increase our retention rate and facilitate organization-wide growth.

Mid-career and specialist talent recruitment

We are also proactively recruiting talent with specialized skills that can become immediate assets. We consider the diversity and inclusion of knowledge and experience—where individuals of different nationalities and professional backgrounds contribute new perspectives and expertise—as a crucial strategy for fostering organizational diversity and development. Various methods of onboarding are in place, along with a system and compensation structure that appropriately evaluates individual expertise and abilities. We also encourage the assignment of mid-career hires to managerial positions, creating environments where specialized human resources can maximize their potential.

(FY)

Metrics		Boundary	Unit	2021	2022	2023
Number of new graduates hired	Male	1	Persons	397	434	565
	Female			278	350	351
Number of mid-career hires	Male		Persons	—	417	473
	Female			—	186	198

→ For the boundary of the data, click here (content from page 94 will open in a new window).
1 ◇2 until FY2022, and ◇3 in FY2023

HR Programs and Processes

In addition to efforts focused on diversity and inclusion and workstyle changes, with the goal of supporting self-directed career development, we positioned 2021 as the kickoff year for reforms to our HR programs and processes and revised our grading, performance evaluation, and compensation systems. Reforms to HR programs and processes are also carried out at Group companies.

Effective communication between supervisors and their team members is essential to understanding one's own strengths and individuality. To support this, we have established a system of career interviews, in which supervisors and team members discuss careers regularly. These interviews aim to share employees' values and ideas about their careers, as well as to support their growth by providing appropriate feedback on their individual strengths and key aspects of their development.

→ P.115 Career Interviews

Implementing multiple career tracks to managerial positions

We have established two types of career courses for managers: direct managerial positions and specialist positions that contribute to the organization through high-level expertise. We implement human resources systems so that employees can choose their own future career course.

Managerial promotion system

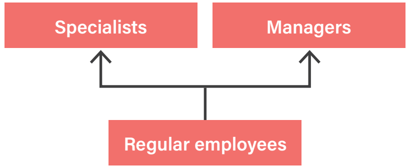
As part of the revision of our personnel system in April 2022, the number of grades for non-managers was reduced from nine levels to five, creating a system for the early promotion of talented employees to manager. Starting in April 2023, we further accelerated this process and revised the rules to allow employees to be promoted to managerial positions after a minimum of five years with the Company. This establishes promotions and appointments based on individual ability and merit, regardless of age or years of service in the Company.

Outline of New HR Programs and Processes

Key points of personnel system reform

Self-directed career development

- Career course selection
- Early creation of management opportunities
- Fair and transparent appraisal
- Career interviews with supervisors



Main features of the revised personnel system	
Courses and grades	**Double track course (managers)** • Introduction of role classes for managerial positions • Managerial (M) positions that contribute to the organization through management • Specialist (SP) positions that contribute to the organization through high-level expertise
Promotions	**Promotion according to merit (non-managers)** • Promotion decisions based on merit, not on age or years of employment • Early promotion of highly evaluated employees (promotion to manager possible in as few as five years)
Evaluations	**Fundamental revision of personnel evaluations and enhancement of job interviews** • Ability/behavior review and performance review are separated. • Ability/behavior review is reflected in class changes and salary changes, while performance review is reflected in performance bonuses. • Process for self-assessment (individual and organizational), approval and evaluation finalized, and evaluation system developed •Interview training
Training and transfer	**Career emphasis and talent management** • Self-assessment of career plan and self-emphasis of one's ability/knowledge/experience • Periodic career interviews five times a year • Human resource matching utilizing the talent management system • Human resources recruitment system

Supporting Self-Directed Career Development

Enhanced Awareness of Self-Directed Career Development

Self-Directed Career Development Course

The Group believes in the importance of initiatives that promote the continuous career development of employees through the proactive use of Company resources. Thus, in 2003, we began a self-directed career development course. We are convinced that having employees consider their own individual lives is the first step on the path to autonomy. We held our first self-esteem improvement seminar in 2006, and in 2013, we introduced mid-career training.

In 2022, we updated our self-directed career development course, originally offered in the seventh year of employment, to create the Self-Directed Career Development Course III, cultivating flexible career awareness that can accommodate societal and environmental changes with a more future-oriented, strategic mindset. In 2023, we revised the target participants and content of our mid-career training, renaming it the Self-Directed Career Development Course IV. This revised course is designed to address role changes and expanded responsibilities as careers mature, with an emphasis on developing individualized leadership. In addition, to effectively connect experiences from one's early career days to real growth, we have established the Self-Directed Career Development Course I for new employees, and the Self-Directed Career Development Course II for second-year employees. A total of 18,962 employees have attended these training courses as of January 31, 2024.

Participants in Self-Directed Career Development-Related Training (FY)

	Boundary	Unit	2021	2022	2023
Participants in self-directed career development-related training	◇1	Persons	—	16,987	18,962

→ For the boundary of the data, click here (content from page 94 will open in a new window).

Various Support for Employees' Self-Directed Career Development

Following each phase of the self-directed career development course, we offer multifaceted support to help employees take charge of their careers and engage enthusiastically in their personal development.

My Career Sheet

We introduced My Career Sheet as an important tool to further improve employee autonomy in career development and enhance human capital value. The sheet shows an employee's experience and skills, connecting them to their self-driven learning and growth. Proactively emphasizing these experiences and skills in career interviews will, we expect, lead employees to take on new challenges and be presented with new opportunities.

Advanced Education Support Program

This program provides advanced learning opportunities to employees currently involved in management who are future candidates for senior management, as well as those we expect to significantly contribute to future business performance through research or leadership in specific fields. It also supports employees obtaining MBAs or participating in Master of Technology (MOT) programs through designated schools that can be attended while working. The Company supports the cost of education for employees who pass internal examinations, and department heads can recommend temporary employment at graduate universities to foster operational growth and expansion. Since its inception in 2023, 11 people have advanced their education through this system.

Career Development Leave

Employees who seek education at approved domestic or foreign educational institutions and meet a set of standardized conditions may, as a part of autonomous career development, take a leave of absence to study at domestic institutions for a period between three months and one year, or up to two years at foreign institutions.

Understanding and Responding to Risks in Training

The following PDCA cycle for training programs helps us transfer various lessons learned in training to the workplace.

Overall

We clarify the purpose of the training, determine the quality and retention levels from participant surveys, use that as a reference for future training, and continually improve the quality of programs, textbooks, and instructors by incorporating external knowledge.

Investment in Human Resource Development (FY)

	Boundary	Unit	2021	2022	2023
Investment in human resource development	1	Millions of yen	—	886	1,526

→ For the boundary of the data, click here (content from page 94 will open in a new window).
1 FY2022◇2, FY2023◇5

Investment in Training and Ability Development (FY)

		Boundary	Unit	2021	2022	2023
Training time		◇1	Hours/person	7.6	6.7	7.2
Key training programs	Human relations training			3.0	3.0	3.0
	Compliance training			1.0	1.0	1.0
Other training programs[2]				3.6	2.7	3.2

→ For the boundary of the data, click here (content from page 94 will open in a new window).
2 Other training programs include training for managers and other staff to prevent sexual harassment and abuse of authority, as well as career autonomy courses and training for new leaders.

Supporting Self-Directed Career Development

Career Development Support Programs

Effective Workplace Training Programs

To support employees in their individual drive for self-improvement and continuous learning, we offer ability development programs for every job type, establishing education in line with our employees' specialties.

Sales Representatives

In the three-year training program for detached home sales, employees learn a customer-centric approach and a broad range of specialized knowledge and skills for housing sales. Since the program's launch in FY2018, a total of 2,044 employees have participated in the program.

Designers

Designers spend the first two years with Sekisui House in the entry-level program to acquire the necessary specialized knowledge. As of FY2023, a total of 1,136 people have participated in the training. Then, in the intermediate program, which lasts until the fifth year, they take systematic training courses to improve their expertise in their respective roles. Subsequently, employees are able to select and participate in training tailored to their expertise and acquire in-house certifications such as Chief Architect.

Construction Technicians

We have systematized the specialized knowledge and skills required onsite, providing learning opportunities centered on the acquisition of specialized qualifications and skills for crafters, including those at partner building constructors. After opening the first Educational Training Center and Training School in 1982, we now hold training at three locations across Japan. Over the past 10 years, a total of 734 trainees have participated in courses. Trainees continue to improve their skills and techniques even after completing training school by participating in training programs at education and training centers according to their work experience and level.

In-House Certification Programs

Through our in-house certification program, we recognize the skills and abilities of our employees, supporting their autonomous career development and growth. Through this system, employees receive education on the specialized skills and knowledge necessary for their positions, striving to achieve a high level of professional proficiency. This in-house certification program covers a variety of jobs and specialization fields. Certification requires not only the acquisition of practical experience and expert knowledge but also assessments through practical tests and presentations. Through our in-house certification program, employees not only receive opportunities for self-growth, but can also demonstrate their expertise and abilities, contributing to greater organizational capability.

Qualification Grant

To motivate employees to continue their self-development, improve their awareness, and strengthen their commitment to skill development, we have established a system to give cash rewards to employees who acquire qualifications through national or certification examinations. We also subsidize course fees and support qualification acquisition for employees who obtain major qualifications required for their work, such as and financial planners, first- and second-class architects, first-class building operation and management engineers, registered real estate transaction agents, and certified skilled professionals of financial planning. This support helps raise employee awareness and motivation.

Cumulative Number of Workers Who Have Acquired Major Qualifications Required for Specific Duties (FY)

KPI	Boundary	Unit	2021	2022	2023	
			Results	Results	Targets	Results
Cumulative number of workers who have acquired major qualifications[1] required for specific duties	◇1	Persons	22,940	23,608	24,100	24,566

→ For the boundary of the data, click here (content from page 94 will open in a new window).

1 Major qualifications: Eleven total qualifications (employees are counted for each qualification they hold; excluding retirees): first- and second-class building operation and management engineer; first-class building, construction and management engineer; first-class civil engineering works execution managing engineer; first-class landscape gardening work operation and management engineer; first-class plumbing work operation and management engineer; first-class electrical construction management engineer; registered real estate transaction agent; and first-, second-, and third-grade certified skilled professional of financial planning

In-house certifications (for Sekisui House (non-consolidated) as of the end of FY2023 with the exception of Renovation Chief Architects)

Design: Chief Architect Certified individuals: 319 Certification period: 2 years	The Chief Architect program was established to develop designers who support the creation of quality houses. By granting the role and qualification of Chief Architect, the program aims to further improve skills of designers.
Design: Renovation Chief Architect Certified individuals: 8 Certification period: 2 years	We promote the renovation business at Sekisui House Remodeling, Ltd. by granting the role and qualification to top-level designers who meet standardized conditions, further refining their abilities.
Design (Platinum business): Platinum Specialist Certified individuals: 45 Certification period: 3 years	To promote what we call our platinum business (housing for senior citizens, welfare buildings for children, people with disabilities and others, medical facilities, etc.), we grant the role and qualification of Platinum Specialist to employees engaged in design who have an excellent track record and advanced expertise, further improving the abilities of our platinum property designers.
Structural planning: Structural Planning Specialist Certified individuals: 214 Certification period: 3 years	This certification program was established to foster designers who play a leading role in structural planning at offices. The purpose of the program is to improve the safety and efficiency of structural planning by granting the role and qualification of a certified Structural Planning Specialist, further improving the abilities of our designers.
Onsite supervisor: Chief Constructor Certified individuals: 143 Certification period: 2 years	We have trained numerous excellent on-site supervisors who engaged in routine work aiming to acquire this certification, improving our brand power and productivity. By granting the role and qualifications of Chief Constructor to especially outstanding onsite supervisors, we aim to elevate the level of onsite supervision.
After-sales service: Customer Support Meister Certified individuals: 63 Certification period: 1 year	To increase the number of customers who choose our Company, this certification recognizes employees who excel in customer support and take the initiative in their duties with a high level of skill and abundant knowledge. This certification aims to further improve the abilities of our employees who handle customer support.

Career Development Support Programs

Career Challenge Program

Based on job type, job content and expected future duties, our employees are categorized into three groups: Sales Engineering job group (main career track), Production Skills job group, and General Clerical/Regional Employees job group (includes employees working in specified areas). Our personnel systems are operated according to the characteristics of each job group in terms of training and basic compensation.

The Career Challenge Program aims to expand these opportunities, offering employees the chance to pursue various careers. It also supports the movement of employees from the Production Skills and General Clerical/Regional Employees job groups to the Sales Engineering job group (main career track). Applicants submit a career vision sheet with their application, reflecting on their past work experience and contemplating their future career, and then take a two-day training course. Upon completion of the training, applicants clarify their career vision after job group conversion, resubmit their career vision sheets, and go through the interview process with the chief manager of the affiliated department.

Since the program began in 2006, 328 people have changed their job group. There were 98 applicants in FY2023, of whom 90 successfully changed their job group to advance their careers.

Number of Applicants and Actual Converts under the Career Challenge System

(FY)

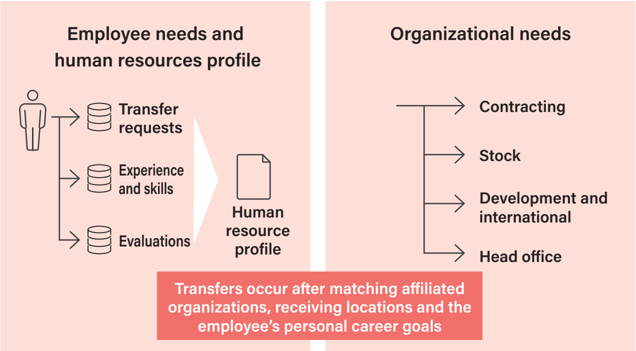
	Boundary	Unit	2021	2022	2023
Number of applicants	1	Persons	31	32	98
Number of job group converts	1	Persons	27	30	90

1 Sekisui House, Ltd., Sekisui House Real Estate Group and Sekisui House Remodeling, Ltd.

Career Coordinate for Internal Mobility

We have set up a tool to allow direct communication of career transfer-related requests to our Personnel Department, allowing our employees to individually fill out information on whether they would like to transfer, their desired transfer location, their desired transfer period, their reason for transfer, and the experience and skills they will bring to the new location. Career Coordinate, introduced in 2023, supports employees in requesting transfers beyond their current department, matching qualified human resources that meet standardized conditions with transfer locations and facilitating communication between the Personnel Department and various headquarters and departments.

Career Coordinate



Training for Employees on Environmental Initiatives

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

Green First Training

Our Green First[1] eco-friendly homes are central to our efforts to combat global warming and are at the core of our product strategy. Therefore, it is essential to have a deep understanding of the societal background and national policies, as well as technical elements, system content, and aspects that must be explained to customers, such as the economic benefits and details of public subsidy programs. For this reason, we have been conducting a group training program called the Green First Training.

In the more than fourteen years since the launch of Green First homes, our offerings have evolved into ZEH for both detached houses and multiunit housing complexes. Currently, the quality of our training has improved thanks to the use of tablets and the development of online learning environments. Training is intended not only for sales and technical staff at new construction contractor offices, but also for customer service employees involved in after-sales maintenance, as well as Sekisui House Remodeling employees in the remodeling division, and Sekisui House Real Estate employees who handle ZEH rental housing. As of FY2023, we have held training courses a total of 707 times, and more than 41,700 employees have taken these courses. In FY2023, 27 courses were held, with more than 3,700 employees participating, partly due to making videos of the courses available online for repeated viewing.

1 The name of our eco-friendly home brand launched in 2009. Each highly insulated and airtight house is equipped with a solar power generation system and fuel cells. Since 2013, we have focused on Green First ZERO, which conforms to ZEH standards.

Supporting Self-Directed Career Development

Sekisui House Innovation & Performance (SHIP) Awards

Sekisui House Innovation & Performance (SHIP) Awards

SHIP combines the former Innovation Competition held to commemorate Sekisui House's 60th anniversary with awards we have held in the past, such as those for technical development and business achievements. The program began in FY2021 with the goal of fostering employee autonomy and organizations that create continuous innovation through active communication and idea-sharing among employees. SHIP has two different categories. The first is the innovation category, which recognizes exceptional new concepts and ideas created, revised, and submitted by teams of five or more. The second is the performance category, which recognizes outstanding employee performance. In this category, entrants submit presentations summarizing initiatives and what makes them unique, as well as their current results. The program received 1,713 entries in FY2023, its third year of operation.

SHIP Sekisui House Innovation & Performance Awards

Innovation Category	Performance Category
Novel ideas related to new businesses and technologies, in-house programs, ESG, etc.	Initiatives such as business transformation and new product development that have contributed to enhance performance

Number of SHIP Idea Entries (FY)

	Boundary	Unit	2021	2022	2023
Innovation category	◇4	Cases	477	937	988
Performance category			366	559	725

→ For the boundary of the data, click here (content from page 94 will open in a new window).

Supporting idea creation with SHIP Academy

We held the online discussion seminar SHIP Academy in September 2023 to foster innovation and communication. The entry-level program covers methods of proposing ideas, and the intermediate-level program teaches ways to develop ideas. Participants share ideas prepared in advance in groups of three and give and receive advice.

SKIdea, an app to post ideas

In 2020, we developed the in-house app "SKIdea" (Sekisui House Group Knowledge & Idea). It not only allows users to view and post ideas but also enables them to join groups and post comments. 22,617 people (108% of the previous fiscal year) had registered on it in FY2023.

Idea selection and final judging: 6-month selection period

Entries are evaluated by a panel of more than 70 executives and managers from across the Group over a period of six months. The 10 entries from the innovation category and 10 from the performance category that passed the second round of judging proceeded to the final round in June. This final judgement and awards ceremony, spanning more than eight hours, is livestreamed for Group offices and employees worldwide.

Support for realizing ideas and amplifying initiatives

The entry from the innovation category receiving the Grand Prize will be expanded into new businesses and systems. For the second-place winner, top management assesses the business potential and systemization for a period of one year. In the performance category, we collaborate with relevant parties to amplify all entries.

Implementation of winning ideas from the innovation category

First annual SHIP in FY2021 – Second-place winner

Idea: A no-questions-asked leave system to facilitate "rebuilding oneself," taking on new challenges and improving health while continuing one's career.

➡ In August 2023, we established new career-supporting leave systems known as "self-directed career development leave" and "childcare leave support system" and expanded existing systems such as nursing care leave.

Second annual SHIP in FY2022 – Grand prize winner

Idea: As we continue to polish the technical and construction capabilities of the Sekisui House Group, a carpentry skills competition was proposed as a way to thank our indispensable carpentry workers, who provide high-quality housing to our customers.

➡ On November 26, 2023, we held the Sekisui House Carpentry Competition, WAZA 2023, to determine the best carpenters in the Sekisui House Association in Japan.

Diversity and Inclusion

Our Commitment to Human Resource Sustainability

The Group strives to be an organization with happy employees who work enthusiastically to achieve goals. In line with this, Sekisui House announced its Commitment to Human Resource Sustainability in March 2006. We identified the promotion of diversity as an important management issue, and separated it into three pillars: promoting the participation of women, utilizing diverse personnel, and promoting diverse workstyles. We respect the perspectives and values held by our individual employees. By respecting the perspectives and values of each employee and creating a comfortable work environment, we aim to enable our diverse workforce to maximize their performance and contribute to enhancing corporate value.

To promote the participation of women, we established the Diversity Development Team within the Corporate Management Planning Department, under the direct supervision of a representative director, in 2006. While proactively hiring female sales representatives, we also began awareness training, established the mentors programs, and created support networks.

To enable the success of diverse talent, in April 2006 we implemented systems to rehire employees who had resigned due to reasons such as childbirth, child-rearing, and nursing care; and to transfer workers from the general clerical job group to the sales and technology job groups. In April 2007, we began operating our personnel system in separate courses, such as design and technical; legal, finance, and accounting; and others, establishing a system that improved evaluation and treatment standards for human resources with diverse specialties.

To promote diverse workstyles, we expanded our childcare leave policy and our support systems for birth and childcare leave, modified working hours, shortened working time, and implemented cumulative annual leave systems starting in April 2006. We also created systems to help employees after leaves of absence and reduced the requirements for taking nursing care leave, building an environment conducive to various lifestyles.

Based on our Commitment to Human Resource Sustainability, we are building inclusive working environments and creating structures that allow our diverse employees to bring out their abilities regardless of lifestyle or life stage.

Our Commitment to Human Resource Sustainability (Japanese only)

Diversity and Inclusion

The Group has identified Diversity and Inclusion (D&I) as one of our key material issues, positioning it as an important aspect of our business strategy. D&I means respecting differences such as age, sex, nationality, values, sexual orientation, and disabilities in our organizations and workplaces, recognizing the individuality and ability of all employees while granting them equal work-related opportunities, and fostering the creation of an inclusive workplace environment and culture.

The Group believes that new value is created by practicing D&I and building new concepts and systems by bringing together diverse viewpoints and ideas. By creating an inclusive environment that respects individual identities, our employees will be able to work with peace of mind, leading to increased engagement and performance. The Group believes it is important to create conditions and environments where objectives and roles are clear, information is shared, mutual respect and trust are fostered, employees proactively participate and contribute, and organizations are leveraged effectively. Therefore, we promote the creation of workplaces where individual employees with different attributes, backgrounds, experiences, and abilities can bring out their diverse strengths in psychologically safe workplaces.

To the Group, D&I is a strategy for growth, and we further it by promoting initiatives with various focuses such as hiring and human resource development, improving workplace environments, and fostering workplace culture.

→ P.54 Diversity and Inclusion

Action Plan for the Promotion of Active Participation by Women

In February 2021, we set new targets for Sekisui House's Action Plan for the Promotion of Active Participation by Women based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We set two major targets of "310 or more female managers[1]" and "100%[2] take-up rate for eligible male employee childcare leave" (both by January 31, 2026 on a Group basis), and will continue making efforts to achieve these targets.

1 There were 346 female employees in managerial positions in FY2023 with the goal of raising that to 380 or more in FY2025.
2 100% means that all eligible employees with a child or children under the age of three (the limit under the Company's rules and regulations) take childcare leave.

Sekisui House's Action Plan for the Promotion of Active Participation by Women (Japanese only)

Structure to Promote Diversity and Inclusion

Established in 2006, the Diversity Development Team was reorganized as the Diversity Promotion Office in 2014 and as the Diversity and Inclusion Promotion Department in 2018. Its purpose is to develop Group-wide strategies and policies while managing KPI progress. In June 2020, we established the Social Improvement Subcommittee as part of the ESG Promotion Committee, an advisory body to the Board of Directors, with the Chief Manager of Diversity and Inclusion Promotion Department as its chairperson. This subcommittee includes the heads of relevant departments, who conduct regular discussions on strategies and policies related to diversity and inclusion. Policies discussed and improvement plans proposed by the Social Improvement Subcommittee are deliberated by the ESG Promotion Committee. The results are presented at Management Meetings or Board of Directors meetings, and Company-wide measures are implemented and managed. Since 2005, our top managers have made personal commitments to promote D&I, accelerating the Group-wide adoption of these concepts.

Diversity and Inclusion

Metrics

(FY)

Metrics		Boundary	Unit	2021	2022	2023
Number of employees	Male	◇1	Persons	11,222	11,315	11,573
	Female			3,795	3,617	3,754
	Male	◇2 in FY2021, and ◇3 after FY2022		16,540	18,810	18,921
	Female			6,454	7,054	7,299
Number of employees by age group	Under 30	◇1 in FY2021, and ◇3 after FY2022	Persons	2,768 (18.43%)	4,976 (19.24%)	5,251 (20.00%)
	30-50			7,941 (52.88%)	13,347 (51.60%)	13,132 (50.1%)
	51 and above			4,308 (28.69%)	7,541 (29.16%)	7,837 (29.9%)
Average years of service	Male		Years	18.12	18.43	18.56
	Female			12.36	11.73	12.02
Average age	Male		Age	45.28	44.36	44.33
	Female			37.28	38.15	38.40
Employee turnover rate		◇2	%	3.44	4.07	4.32
	Female employees			29.38	31.58	28.73
Employee-initiated turnover rate				3.24	3.98	3.92
	Female employees			29.09	31.50	27.43
Percentage of contract employees				7.9	5.7	6.4
Percentage of temporary employees				2.3	2.8	2.6
Percentage of Non-Regular Employees	Total			10.2	8.6	9.0
Average monthly work hours per person		Sekisui House, Ltd.; Sekisui House Real Estate Group; Sekisui House Remodeling, Ltd	Hours	177.64	170.73	169.58
Average monthly overtime work hours per person				23.9	21.7	21.1
Annual paid leave take-up rate and number of days taken			%	52.7	73.1	80.3
			Days	9.5	13.1	15.8
Average annual salary		◇1	Yen	7,995,230	8,342,460	8,591,177

→ For the boundary of the data, click here (content from page 94 will open in a new window).

(FY)

Metrics		Boundary	Unit	2021	2022	2023		2024
				Results	Results	Targets	Results	Targets
Number of female directors of the Board		◇1	Persons	3	3	3 or more	3	3 or more
Number of female managers		◇2 until FY2022, and ◇3 in FY2023		273 (4.31%)	302 (4.60%)	300	342 (4.34%)	350 or more
Percentage of full-time female employees		◇2	%	28.1 (6,454 Persons)	28.9 (6,743 Persons)	29.2	29.4 (6,965 Persons)	29.5
Percentage of female new graduates hired		◇2 until FY2022, and ◇3 in FY2023		41.2 (278 Persons)	44.6 (350 Persons)	40	38.3 (351 Persons)	40
Take-up rate for eligible male employee childcare leave	Company standards[1]	◇2		100	100	100	100	100
	MHLW standards[2]	◇1		—	114	—	114	—

1 Pertains to male employees who have taken leave granted under the Sekisui House program (childcare leave of at least 31 days before the child's third birthday)
2 Total number of male employees beginning childcare leave in the previous business year divided by the total number of male employees whose spouses had a new child in the previous business year

(FY)

Metrics		Boundary	Unit	2021	2022	2023
Number of female directors/ Total number	Consolidated	◇2 in FY2021, and ◇3 after FY2022	Persons	4/90 Of which, 3/4 are external	4/110 Of which, 3/5 are external	4/77 Of which, 3/5 are external
	Non-consolidated	◇1		3/10 Of which, 3/4 are external	3/10 Of which, 3/5 are external	3/10 Of which, 3/5 are external
Number of female Audit and Supervisory Board members/ Total number	Consolidated	◇2 in FY2021, and ◇3 after FY2022		2/8 Of which, 1/6 are external	1/13 Of which, 0/3 are external	1/7 Of which, 0/3 are external
	Non-consolidated	◇1		2/6 Of which, 1/4 are external	1/5 Of which, 0/3 are external	1/5 Of which, 0/3 are external
Number of female executive officers/ Total number	Consolidated	◇2 in FY2021, and ◇3 after FY2022		3/40	2/72	1/60
	Non-consolidated	◇1		1/14	2/23	1/28
Number of female general managers		◇2 in FY2021, and ◇3 after FY2022		2	7	20
Number of female managers by job type	Sales position	◇2 in FY2021, and ◇3 after FY2022		113	114	105
	Technical positions			79	88	102
	Administrative positions			79	99	115
Percentage of female managers by job rank	Senior Manager Level	◇2 in FY2022, and ◇3 in FY2023	%	0.80	1.01	1.38
	Section Manager Level			5.52	5.61	5.15
Percentage of new female managers				9.64	6.33	8.00
Percentage of female in non-managerial positions		◇3		35.9	36.9	37.8
Returning rate from childcare leave	Male	◇1 in FY2021, and ◇3 after FY2022		99.9	100	100
	Female			97.1	95.8	95.6
Retention rate per year after returning from childcare leave	Male			99.9	98.7	97.0
	Female			98.9	97.6	96.0
Number of employees who have taken childcare leave	Male	◇2 in FY2022, and ◇3 in FY2023	Persons	549	517	592
	Female			270	313	288

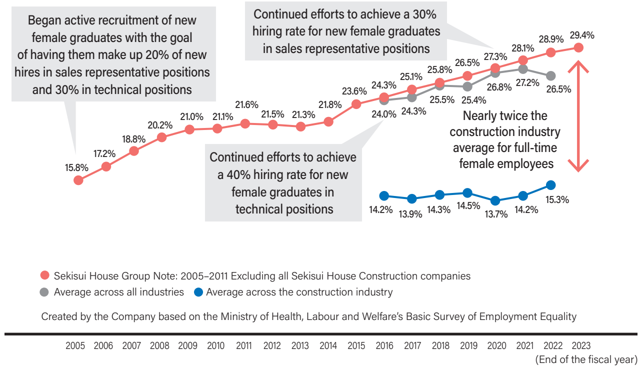
Promoting DE&I

Promoting the Participation of Women

The Participation of Women as an Important Management Strategy

Since diverse values and perspectives are needed when building houses, the Group believes that the participation of women in all spheres of its business activities is crucial. Thus, the Group is focusing on the participation of women as a top management priority. To begin with, the ratio of female employees in the construction industry is low compared to other industries. Some reasons for this include male-dominated leadership, heavy workloads, lack of career advancement opportunities, and the working environment in general. The Group works seriously to solve these issues and, since 2005, has made efforts to actively recruit more women, provide suitable environments and career advancement support specific to different job types (sales representatives, technical personnel, etc.), and focused on development and retention, as well as training and appointment of female candidates to managerial positions. Through this, we are working to create a more inclusive workplace and corporate culture that allows women at all stages in their lives to actively participate. By the end of FY2023, the percentage of female employees was 29.4%, nearly twice that of the average in the construction industry.

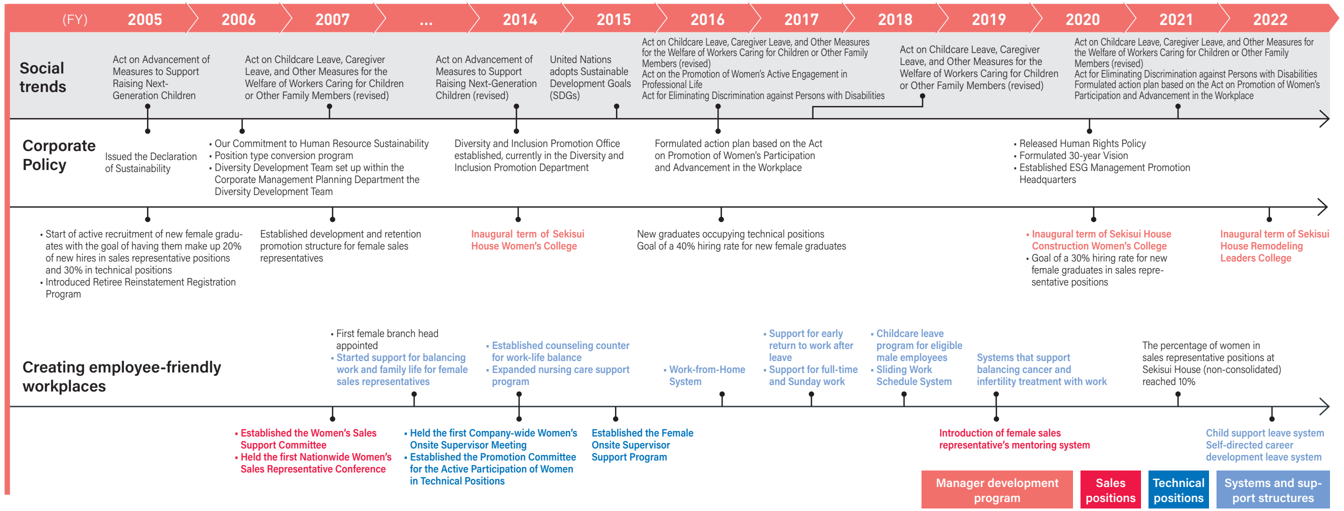
Ratio of the Group's Full-time Female Employees



● Sekisui House Group Note: 2005–2011 Excluding all Sekisui House Construction companies
● Average across all industries ● Average across the construction industry

Created by the Company based on the Ministry of Health, Labour and Welfare's Basic Survey of Employment Equality

Progress in Promoting the Participation of Women



Major Initiatives to Promote the Participation of Women

Interview and mentoring system

We conduct individual interviews and provide support and advice regarding worries in everyday life to young female employees.

Seminars and conferences

We provide women in technical positions and female sales representatives with the opportunity to deepen connections, share information and establish their networks.

Career development and managerial position promotions

We conduct a two-year training program for women who are candidates for managerial positions to foster management capabilities and problem-solving ability.

Position type conversion and internal recruitment program

We provide opportunities for female employees to broaden the scope of their work duties and challenge themselves by testing out various career paths of their choosing.

Improvements in the workplace environment

We have designed uniforms to maternity specifications and made improvements to restrooms in response to the opinions of female employees.

Women-specific health challenges

We provide women-specific health checkups and are expanding leave and systems that allow for career continuation despite health challenges.

Expanding career path opportunities

We support flexible work styles that allow women to change job types in response to life events and in accordance with different life stages.

Expanding our support system for balancing work and life

We have introduced various systems that help employees balance child rearing, nursing care and medical treatment and that can be utilized regardless of gender.

Support for those rejoining the workforce or returning from leave

We support female employees coming back from maternity or childcare leave and do not hesitate to employ women wishing to return to work under the same circumstances.

Promoting the Participation of Women

Actively Hiring Women

Since diverse values and perspectives are needed when building houses, the Group believes that the participation of women in all spheres of its business activities is crucial. Thus, since 2005, the Group has worked to actively hire female sales representatives. The Group strives to eliminate any prejudice or bias in the hiring process and makes decisions based on individual ability and potential, regardless of gender. We also actively implement career seminars and disseminate information to middle, high school, and college students that will inspire them to pursue a career in the construction industry.

In 2020, we set the goal of having female employees make up 30% of all sales representatives and 40% of all those in technical positions for Sekisui House (non-consolidated). For all new graduates hired in FY2023, women made up 27.7% and 38.4% of all hires for sales representative positions and technical positions, respectively.

We also actively work to hire women for mid-career positions and support them in creating career paths and developing leadership skills. Through this, we promote gender diversity as well as diversity among employees in decision-making roles. Women made up 29.5% (198 employees) of all mid-career hires in FY2023.

Number of New Graduates Hired (FY)

	Boundary	Unit	2021	2022	2023
Male	1	Persons	397	434	565
Female			278	350	351
Percentage of female sales representatives	◇1	%	30.1	31.6	27.7
Percentage of female employees in technical positions			38.0	41.7	38.4

For the boundary of the data, click here (content from page 94 will open in a new window).
1 ◇2 until FY2022, ◇3 in FY2023

Retention and Development of Female Sales Representatives

By the end of FY2023, there were 438 female sales representatives working for Sekisui House (non-consolidated) nationwide. Following our 2005 decision to actively recruit female sales representatives, we observed a high turnover rate among these female employees during their first three years of employment. To address this issue, in addition to on-the-job training, we introduced interviews with the Diversity and Inclusion Promotion Department for all female sales representatives during their first three years of employment. Through this, we provide close individualized support and work to identify problems faced by female sales representatives early and make improvements as necessary.

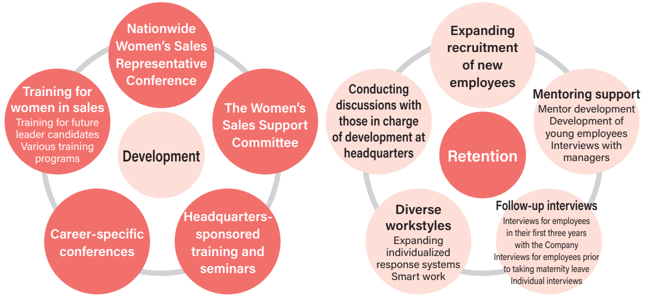
We have held an annual Nationwide Women's Sales Representative Conference since 2007 with the goal of retaining and developing female sales representatives by providing them the opportunity to create a network that goes beyond their workplace. At this conference, female sales representatives from across the country gather together to receive performance awards, listen to talks by top management, watch case study presentations by top performers, network with various role models, and conduct group discussions. These activities contribute to skill enhancement, career development, and increased motivation among participants. Since FY2022, these conferences have been conducted in person at five different locations nationwide, with female area sales leads participating online.


Recognition of outstanding performers based on criteria unique to women in sales at the Nationwide Women's Sales Representative Conference


Discussion between outstanding female sales performers and representative directors of the Board

We have developed 10 positive action measures (five for retention and five for training) aimed at resolving the concerns and problems faced by female sales representatives. For retention, the Diversity and Inclusion Promotion Department works with each business headquarters in implementing assignment plans that take into account the retention environment from the time of employment. We have also established a mentoring system that aims to solve women-specific concerns, and created a support system that provides close support through interviews with female employees in their first three years with the Company. For development, with the focus on career advancement of female sales representatives, we hold the previously mentioned Nationwide Women's Sales Representative Conference, attended by top management, senior managers and area sales leads, share information through the Women's Sales Support Committee members, and hold seminars at different headquarters. In addition, the Diversity and Inclusion Promotion Department provides logistical support for the development of future leaders training, creating opportunities to deploy best practices nationwide.

10 Positive Action Measures



Promoting the Participation of Women

Retention and Development of Female Technicians

The Group has been hiring women for technical positions since before the implementation of the Equal Employment Opportunity Law. Our important themes regarding women in technical positions center on balancing child-rearing and strengthening professional expertise and leadership development. Thus, we support skill enhancement and the improvement of leadership capabilities by offering career development programs and specialized training aimed at the development of female employees in technical positions. We are also working to expand the pool of candidates for managerial positions by developing plans for young female employees in each job field.

We are promoting flexible workstyles, making it easy to balance work and life, as well as enhancing the workplace environment, with the goal of retaining female employees with specialized skills in technical positions. Currently, the number of female managers in technical positions is increasing in every department, leading to a more robust management layer. Moreover, in FY2023 we established the Support Committee for Women in Technical Positions within the Technical Executive Committee, which consists primarily of top technical managers from each area of the Company. We have also established a framework aimed at creating employee-friendly workplaces and fostering long-term career development for members of the aforementioned committee for each job field through initiatives such as career planning support and information sharing regarding the balance between child-rearing and work.

Since 2012, we have held the Female Designer Conference, aimed at the retention and development of female designers, and providing opportunity for these employees to come together from across Japan to discuss career development and tips related to balancing child-rearing and work. As of the end of FY2023, the percentage of women in designer positions exceeds 30%. Among these are women holding in-house certifications, including: 24 Chief Architects, who possess advanced design skills, four Platinum Specialists, with highly specialized design skills for elderly housing and welfare facilities, and 16 Structural Planning Specialists, with advanced skills in architectural structural design.

We also promote the thoughtfully planned appointment, retention and development of female onsite supervisors. Since 2014, we have held the yearly Company-wide Women's Onsite Supervisor Meeting for women in such roles with the goal of sharing information regarding the workstyles of these female onsite supervisors who have diverse experiences and job responsibilities as well as expanding their networks. Through these meetings, information is provided on various systems and exchanged regarding topics of interest. Since 2015, we have held the Female Onsite Supervisor Support Program and are working towards improving workplace culture and communication.

To create a comfortable environment for all those working onsite, we have developed the Orihime toilet[1] and improved temporary toilets at construction sites, thus responding to employee needs and enhancing the workplace environment. We have created new construction and maternity uniforms based on the opinions of our female employees as well as a guide on working while pregnant for expecting mothers and those rearing children. By supporting the career continuation of female employees through initiatives such as information sharing between these employees and their managers, we are working to improve retention rates. Currently, we employ 116 female onsite supervisors with the number of female onsite supervisors in their twenties reaching about 30% as of the end of FY2023. Moreover, one woman has been appointed to the managerial position of site superintendent, two women have been appointed as assistant design directors, roles that support the corresponding manager, and nine women have been certified as Chief Constructors, an in-house certification program for onsite supervisors.

1 The city of Sendai and Sekisui House jointly developed a temporary portable toilet that is friendly to women and children based on the lessons learned from the Great East Japan Earthquake. The Orihime toilet was the winner of the Japan Toilet Award in 2015 and the Kids Design Award in 2014 and 2016. On the back of this success, we are working to make all temporary toilets more comfortable, including those for men.


Women's meeting to exchange opinions regarding construction uniforms


Maternity uniform


Orihime toilet

Guide to Working during Pregnancy


2023 Company-wide Women's Onsite Supervisor Meetings

Expanding the Participation of Women in the Remodeling Business

Sekisui House Remodeling, Ltd., which is in charge of our proprietary remodeling solutions for homes built by the Company, actively recruits women with families and experience in child-rearing. The number of female deputy office sales leads has been increasing due to the Leaders College, a development program aimed at promoting leading employees to higher positions. Additionally, we are actively working to promote diverse workstyles through initiatives such as allowing employees to choose a four- or five-day workweek. Sekisui House Remodeling, Ltd. has two female executives, 609 female sales representatives (58% of remodeling sales representatives), two female office sales leads, five female deputy office sales leads, and 81 female area sales leads as of the end of FY2023.

Promoting the Participation of Women

Training Female Candidates for Managerial Positions

The Group's action plan, based on the 2021 Act on Promotion of Women's Participation and Advancement in the Workplace, sets the goal[1] of having at least 310 female employees in managerial positions by FY2025. The Sekisui House Women's College, serving as training for managerial candidates, was inaugurated in 2014 as a pipeline for the appropriate promotion of women to such roles. The program, which lasts approximately two years, selects 20 employees each year based on self-endorsements or recommendations from their managers. The first year focuses on learning the essence of management through developing skills from a management perspective. In the second year, employees strengthen their problem-solving abilities through experiential learning to address workplace challenges. They also work to develop the proper management perspective and ability through on-the-job training and practical experience. At the end of the program, they present the results of their achievements regarding organizational challenges to management. This strengthens innovation organization-wide through a diversity of perspectives and approaches and also allows us to provide suitable training and promotions that match the individual goals of our employees.

Since the inaugural lecture in 2014, a representative director of the Board has personally conducted annual direct dialogues with employees in the program. Since 2018, a female outside director of the Board has also participated in these sessions, further increasing motivation among participants to advance into managerial positions.

1 There were 346 female employees in managerial positions in FY2023 with the goal of raising that to 380 or more in FY2025.

Sekisui House Women's College 10th class

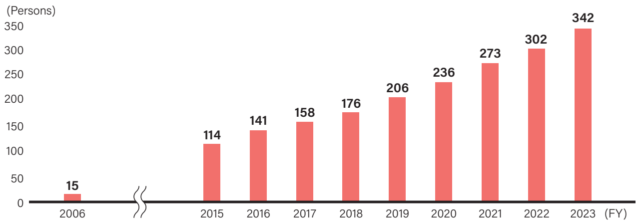
Progress of Women in Managerial Positions

Female employees in managerial positions in the Sekisui House Group increased from 114 in FY2015 to 342 in FY2023. For Sekisui House (non-consolidated) the increase was from 37 in FY2015 to 158 in FY2023. To support this growth, we established the Sekisui House Women's College in 2014, which supports women in building career paths and creates an environment where they can freely exercise their leadership abilities. Of the 156 female employees who have graduated from the Sekisui House Women's College, 98 are currently working in managerial positions. We also hold an annual conference for these graduates, providing networking opportunities, reflecting on the two-year curriculum, and confirming their career visions.

We are raising awareness internally through gender bias training for women, their managers and other colleagues in the workplace. We are also working to create an organizational culture that takes diversity and inclusion seriously as well as introducing flexible work arrangements. With the increase in role models, the motivation among female employees to take on managerial positions has increased. This motivation stems not from the directions of the Company but from a personal desire to challenge themselves.

We launched Sekisui House Construction Women's College in 2020, and Sekisui House Remodeling Leaders College in 2022. Group companies are also involved in training aimed at female candidates for managerial positions.

Progress of Female Employees in Managerial Positions in the Sekisui House Group



Initiatives to Promote the Participation of Women

Top management commits personally to actively promote the participation of women and regular discussions are held by the Board of Directors and at Management Meetings. Since committing to actively hire women in sales representative roles in 2005, the number of women in these roles has increased from 127 to 438 by the end of FY2023, and the number of women with experience as branch heads and area sales leads has also increased.

In FY2013, there was a 20% difference in the turnover rate between men and women for employees in their first three years with the Company, highlighting a problem regarding the female turnover rate. We analyzed the causes of this difference and worked to strengthen support systems and improve workplace environments to facilitate better career paths for women. Close individual support was provided through measures such as implementing a mentoring system led by employees responsible for developing young talent, conducting follow-up interviews with the Diversity and Inclusion Promotion Department for female employees in their first three years with the Company, taking appropriate measures regarding diverse workstyles, and holding conferences and seminars. Through these efforts, the turnover rate difference between men and women in their first three years disappeared in FY2018, and in FY2020, the turnover rate for men was higher.

We decide promotions based on fair evaluations that consider the employee's individual goals, their abilities, and performance. Thus, we support the career advancement of women and actively work to promote leadership development. Moreover, we strive for transparency in the promotion and advancement of our female leaders, with the goal of providing equal access to opportunities for all employees. The number of women in managerial positions in the Group was 342 as of the end of FY2023, already surpassing our goal for FY2025 of 310. That being said, we are still aware of challenges regarding diversifying our leadership at the organizational level. Increasing the number of women responsible for organization-wide decision making will enable the Group to leverage a more diverse range of perspectives, experiences and values, leading to increased corporate value. Therefore, we will actively implement initiatives that maximize the abilities of diverse personnel, strengthen our competitive advantage, and continue promoting the participation of women throughout the Company.

Promoting DE&I

Gender Wage Gap

Gender Wage Gap

Gender Wage Gap[1, 2, 3, 4, 5] (FY2023)

	Total workers	Regular workers	Non-regular workers
Sekisui House, Ltd.	55.2	59.3	41.0
Sekisui House, Ltd. and Major Group companies[6, 7]	52.0	53.8	39.4

1 Calculated based on provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015) .
2 The applicable period is the fiscal year under review (February 1, 2023–January 31, 2024).
3 Seconded employees are calculated as employees at the company they have been seconded to.
4 The breakdown of wages includes items such as base salary, remuneration for overtime work, and bonuses, while excluding commuting allowance.
5 Non-regular workers are temporary employees (rehired employees, contracted employees and part-timers). Figures for part-timers are calculated based on the wages actually paid and not converted into the equivalent for full-time employees.
6 When the fiscal year of a domestic consolidated subsidiary differs from that of Sekisui House, Ltd., figures are aggregated using each subsidiary's respective fiscal year.
7 More information on the gender wage gap based on the Act on Promotion of Women's Participation and Advancement in the Workplace for each domestic consolidated subsidiary is available in the Sekisui House ESG Data Book.

SEKISUI HOUSE ESG DATA BOOK

Supplemental Explanation of the Gender Wage Gap

The gender wage gap for all of Sekisui House Ltd.'s workers is 55.2% and the gap for regular workers is 59.3%. The ratio of regular workers among total workers is around 90%. The ratio of main career track employees is over 70%, which has a significant impact on the gender wage gap. Therefore, the following details primarily concern main career track employees.

1. Wage Gap for each job grade

Wages for individuals in the same job grade are equal. The Company sets wage standards for each occupation and job grade. The gender gap in base monthly salary for main career track employees is as detailed below, but there is no gap within each job grade.

(FY2023)

	Managerial positions	Non-managerial positions				
		P5	P4	P3	P2	P1
Average female base salary/ Average male base salary	97.9%	96.5%	100.3%	99.7%	99.8%	99.5%

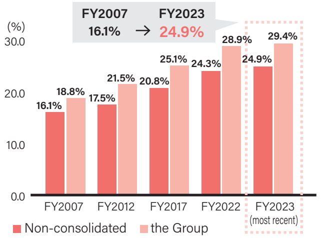
There are five job grades for regular employees (P5–P1).

2. Current initiatives and progress

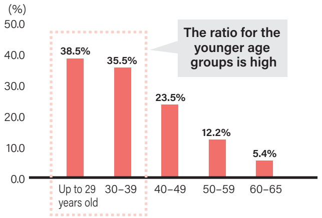
We have been aware of issues related to promoting the participation of women in the workplace for the past 20 years. Since 2005, we have actively hired women for main career track positions, and established a specialized department, now the Diversity and Inclusion Promotion Department, to promote the development and retention of female employees. Additionally, we have improved various support systems such as enhancing flexible work arrangements to help employees balance work with child-rearing and nursing care.

These initiatives have been successful, resulting in a 220% increase in the average years of service for women (4.6 years to 9.9 years), and a 120% increase for men (15.8 years to 19.7), from 2007 to 2023. The percentage of full-time female employees has also been growing by year: 16.1% in FY2007, 17.5% in FY2012, 20.8% in FY2017, 24.3% in FY2022, and 24.9% in FY2023. The breakdown of full-time female employees in FY2023 by age group is as follows: 38.5% in their 20s, 35.5% in their 30s, 23.5% in their 40s, and 12.2% in their 50s. This indicates an increasing ratio of younger female employees in their 20s and 30s.

Changes in the Ratio of Full-Time Female Employees (FY2023 and every five years since FY2007)



Ratio of Full-Time Female Employees by Age Group in FY2023



3. Future outlook based on analyzing differences and successes

Since the average term of service for women and men in the main career track differs by about ten years (9.9 for women, 19.7 for men), the number of female candidates for managerial positions is small compared to their male counterparts. As a result, only 3.3% of the Company's managerial positions are held by women (as of January 31, 2024), revealing a significant gender gap in managerial positions. This gap contributes to differences in treatment between men and women and, therefore, also exacerbates wage differences.

To address this issue, we are implementing measures such as training programs for female managerial candidates, in addition to actively promoting female employees to managerial positions. We also revised our qualification and grading systems in 2022 and, since then, have conducted evaluations based on 9–10 indicators, creating a system where employees can become managers in as little as five years after joining the Company. Additionally, among the five job grades for regular employees set by the Company, P4 and P5 are considered future managerial position candidates. In FY2023, the number of female candidates for managerial positions was 507, making up 14.6% of the total. As the pool of female candidates for managerial positions among younger employees gradually increases, the ratio of female employees in managerial positions will also increase over time.

The ratio of non-standard wages (such as performance bonuses) to total wages is especially high for sales representatives and the ratio of women among sales representatives is low at 10%. This also factors into the wage discrepancies between men and women employees. However, we believe this wage gap will decrease as the ratios mentioned above improve.

Promoting DE&I

Empowering Diverse Talent

Participation and Employment of People with Disabilities

The Company employs people with disabilities at business offices nationwide. As of the end of FY2023, the employment rate of people with disabilities at Sekisui House, Ltd. was 3.00% on a non-consolidated basis, and the rate at the 28 domestic Group companies legally mandated to hire people with disabilities (including the Company) was 2.97%, exceeding the legally mandated 2.5% (which was raised from 2.3% as of April 2024). We will continue to actively promote the employment of people with disabilities, aiming to achieve the legally mandated employment rate at each headquarters of Sekisui House, Ltd. (non-consolidated) and the legally mandated hiring figures for each Group company.

Since 2015, we have held annual diversity meet-and-greet events for employees with disabilities and their supervisors to establish a network that transcends departmental boundaries, build relationships that facilitate mutual communication and consultation, and improve our work environments. Following the previous year's online format, we held a meet-and-greet event in December 2023, wherein any Group employee could participate, regardless of whether they have a disability, with 239 participants. In the first part of the event, participants, both with and without disabilities, were divided into five themes based on individual preference: "discussing the work environment," "a society where people with and without disabilities can live together," "about the Sekisui House Universal Design Service Handbook," "important points for learning sign language," and "how to succeed in the workplace with mental or developmental disabilities." These participants then attended lectures and engaged in discussions based on their respective themes. The second part involved in-depth conversations among individuals with disabilities, grouped by type of disability.

Employment Rate of People with Disabilities (FY)

	Unit	2022	2023
Non-consolidated	%	2.97	3.00
The 28 domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company)	%	2.86	2.97

At this year's Human Relations Training, attended by all Group employees at each business office, the main theme was "a society where people with and without disabilities can live together," in preparation for the April 2024 revisions to the Act for Eliminating Discrimination against Persons with Disabilities. Through this training, employees were able to deepen their understanding of both customer service and the workplace environment.

We have participated in the Accessibility Consortium of Enterprises (ACE) since its establishment in 2013. ACE was established to create an employment model for individuals with disabilities that contributes to corporate growth and provides society with the human resources needed by companies. As of March 2024, a total of 41 major companies have joined ACE. We are developing a variety of activities, including awards for exemplary activities, inter-company collaboration activities, internships, and career seminars for school officials and students with disabilities.

In October 2020, we became a member of The Valuable 500[1], an international initiative promoting the active participation of individuals with disabilities, and established three commitments.

Sekisui House Group's Valuable 500 Commitment

1 The Valuable 500 was launched at the World Economic Forum Annual Meeting held in Davos in 2019, based on the idea that inclusive business creates inclusive societies. 500 major companies around the world have joined in the initiative with the aim of sparking reforms by business leaders that enable persons with disabilities to unleash their potential value in business, society and the economy. The Sekisui House Group, which aims to become a leading company in ESG management, has endorsed the objectives of The Valuable 500 and established the following commitments.

Encouraging the Employment of Senior Citizens and Promoting Their Advancement

Sekisui House previously had a mandatory retirement age set at 60 years old and a program for re-employing retired workers up to the age of 65. In April 2015, the retirement age was raised to 65 so all employees of the Group could work more enthusiastically, capably, and energetically for a longer period. Additionally, in April 2020 we introduced a post-retirement re-employment program for employees aged 65 to 70 to support their active participation.

Promoting Understanding of LGBTQ+

The Sekisui House Group strives to create a corporate culture that encourages all employees, with their diverse characteristics, to accept one another regardless of differences, thereby allowing everyone to reach their full potential. This initiative paves the way for building a society where all individuals can feel secure and free to work in their own manner. Since 2014, we have incorporated LGBTQ+-related themes into our annual Human Relations Training, continuing our education and discussions of the topic. In November 2019, a new system was established for registering opposite-sex common law marriages and same-sex partnerships, making these relationships eligible for benefits and protection under internal rules, equivalent to spouses in opposite-sex marriages. We additionally established a consultation desk exclusively for matters related to LGBTQ+. Furthermore, we hold regular seminars and events, and the number of allies who understand and support this community is increasing within the Company. In March 2023, we established the Sekisui House Ally Circle (S-Ally Circle), an internal community for information exchange and networking. Our initiatives aimed at customers and suppliers include updating gender and spouse entry columns on forms as well as conducting training for rental brokerage sales and affiliated distributors.

In recognition of these efforts, we became the first major housing manufacturer to receive the Gold certification in the PRIDE Index for six consecutive years. The PRIDE Index is Japan's first index for evaluating corporate efforts concerning the LGBTQ+ community. Formulated in 2016 by a private organization, work with Pride, the objective of the PRIDE Index is to create a workplace where sexual minorities, such as LGBTQ+ individuals, can work with pride. We were certified as Silver in 2016 and 2017, and Gold from 2018 to 2023. For the last two consecutive years, we have also acquired the Rainbow Certification, which was added to the existing PRIDE Index in 2021 and is available only to companies awarded Gold. The Rainbow certification encourages companies to make medium- to long-term commitments to build communities and workplaces where LGBTQ+ individuals can work openly.

LGBTQ+ Initiatives

Promoting Diverse Workstyles

Offering a Variety of Workstyle Programs

Promoting Diverse Workstyles

The Group aims to revitalize communication by reforming its work environment, upgrading the ICT infrastructure, and optimizing systems and rules. To ensure that each person can work to their fullest potential, we promote diverse working styles that allow for flexibility and autonomy, free from constraints of time and place.

In promoting diverse workstyles, it is crucial to eliminate long working hours and create an environment where everyone can work enthusiastically. Thus, after examining the Company's working hours situation, we began by implementing initiatives focused on compliance with hours established in the "three-six agreement" under provisions set forth in the Labor Standards Act. Accordingly, we have worked to improve and preserve employee health through initiatives such as decreasing overtime hours under the Industrial Safety and Health Act. Since FY2021, average monthly employee work hours have been used as an ESG management indicator to calculate Performance Share Units (PSU), a form of compensation for directors of the Board (excluding outside directors). Setting this KPI as 175 monthly average working hours per person is propelling us towards a reduction in total working hours.

We have set targets for annual leave usage rate and days used of 70% and 14 days, respectively, and encourage planned leave-taking. Additionally, we are promoting autonomous workstyles through the introduction of various systems that reduce restrictions on where and when employees work. Particularly for those employees facing time restrictions due to child-rearing and nursing care, we must have systems that enable them to work with peace of mind while balancing work and life without compromising their careers.

Furthermore, starting from March 2023, regardless of years of employment, all employees are immediately granted 20 annual days of paid time off. (Employees previously acquired additional paid leave with each year of tenure until reaching a maximum of 20 days under the conventional paid leave system in Japan.) This initiative is part of our support for employees to realize healthy and autonomous workstyles while finding balance in their professional and personal lives. The annual paid leave usage rate for the Group[1] in FY2023 was 80.3%.

1 Sekisui House, Ltd.; Sekisui House Real Estate Group; Sekisui House Remodeling, Ltd.

Working Hour Arrangements: Sliding Work Schedule

Since April 2018, to encourage work-life balance and efficiency while maintaining standard working hours, we have promoted flexible workstyles that allow individuals to adjust their start time in 15-minute intervals between 7:00 a.m. and 11:00 a.m. Each employee is mindful of their working hours and actively engages in discussions with their supervisors to make the most of this system.

Work from Home

Starting in February 2017, we implemented our Work-from-Home System to allow employees who need flexible working hours due to matters such as child-rearing to actively contribute more effectively. The temporary implementation of a Company-wide remote work initiative due to the COVID-19 pandemic made working from home and even mobile work a possibility for all employees. Employees are now able to choose their work locations accordingly. Although the standard number of days one can work from home per month is seven, it can be increased to eight or more under special circumstances.

Supporting Our Employees' Work-Life Balance

We have introduced various programs that can be utilized by both men and women to help employees balance work with child-rearing and nursing care.

Shortening / Changing Working Hours for Childcare

Employees who care for children up to the third grade of elementary school can apply for a reduction in their standard working hours. This can be set for each day of the week, up to two hours per day, in 15-minute increments.

Additionally, until their children enter sixth grade, these employees are permitted to adopt a sliding work schedule, enabling them to start or end their work day earlier or later between 7:00 a.m. and 8:00 p.m., provided they work the standard number of hours.

Support for Nursery School Hunting

For employees who are planning to enroll their child into a childcare facility within one year after birth, we provide individual support from pregnancy to the decision on a facility by providing information on activities, expertise, and childcare-related topics according to the individual's circumstances, such as the child's birthday and their place of residence.

Nursing Care Support

Employees can take paid leave of five days per year (10 days for two or more care recipients) on an hourly basis (legally permissible in half-day increments) to care for their children when they are sick or to provide nursing care for other family members.

Childcare Leave

Outside of our existing systems for child-rearing and nursing care, we support career continuation for employees with children under the age of 18 who require additional attention due to medical conditions or absence from school. We allow these employees to take leave for up to two years, shorten their working hours or working days, and utilize other similar measures.

Additional Support for Our Employees

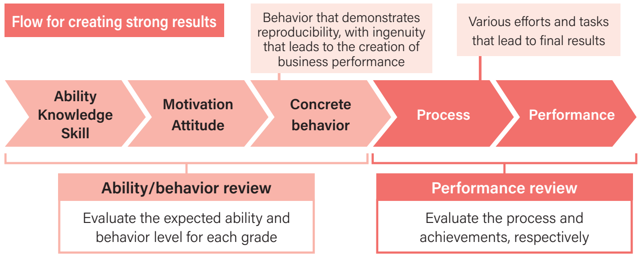
We support employees undergoing cancer or infertility treatment in balancing such treatment with work by enabling the use of programs to shorten standard working hours and/or days, change working hours and make other similar arrangements. Furthermore, we are always open to consulting with employees regarding working arrangements for those suffering from other illnesses, injuries, or disabilities.

Promoting Diverse Workstyles

Systems for Fair Evaluations

The Group emphasizes fair and objective employee evaluations. Accordingly, since FY2010, we have been sharing evaluation results with employees and conducting interviews to discuss individual strengths and areas for improvement. Additionally, in FY2021, we revised our evaluation system in alignment with the introduction of our new personnel system. Evaluations are conducted from two perspectives: an ability/behavior review and a performance review. The primary aim is to appropriately assess each employee's abilities and achievements, while also maintaining their motivation to continue working. In the ability/behavior review, we evaluate the employees' abilities, knowledge, and skills; motivation and attitudes; and the resulting concrete behaviors. In the performance review, we assess the process used to achieve final results using management by objectives (MBO), as well as the resulting performance.

Grading System Overview



In addition to quantitative results, our new evaluation system incorporates qualitative assessments such as the willingness to take on new challenges, the level of contribution, and demonstrated creative abilities. This approach enables a more comprehensive evaluation of each employee. Furthermore, we have established certification criteria and competency standards for specialists who contribute to the Company through their high degree of expertise. This clarifies our ideals and expectations for each specific job position. Evaluations are conducted following careful deliberation and scrutiny through multi-perspective discussions among evaluators. Opportunities for promotion and remuneration are then offered based on fair evaluations that reflect each individual's achievements, regardless of their tenure or age, in relation to their fulfillment of requisite abilities and roles.

Evaluation results are reflected in promotions, pay raises, and retirement allowances through the ability/behavior review, and in performance bonuses through the performance review. Additionally, the sales divisions are provided with monthly performance allowances based on individual performance. To ensure the appropriate implementation of the new evaluation system introduced in FY2021, and to enable employees to properly demonstrate their individuality and abilities, we have established e-learning modules for all evaluators and evaluatees. This initiative enhances understanding of goal setting, evaluations, and feedback.

Risk Management Regarding Human Resources

Risk management regarding engagement

We conduct an annual Governance Awareness Survey for all domestic Group employees to monitor current conditions within the Group regarding our corporate philosophy, code of conduct, vision and strategy, employee autonomy, workplace culture, and compliance. Based on the survey results, we encourage department heads to identify and resolve issues in their departments, and to reflect organization-wide issues in Company policies and training programs, working to retain human capital by improving employee engagement. Key initiatives in FY2023 were as follows.

(1) We established certification criteria and competency standards for specialists (SP positions) who contribute to the Company through their high degree of expertise and clarified our ideals and expected roles for such positions.

(2) We conducted MBO e-learning for evaluators and evaluatees. Participants learned how to set goals to achieve growth through their work, handle evaluation results, and use those results in the future. Sharing growth challenges through mutual communication will lead to more understandable and transparent grading, resulting in higher motivation, personal growth, and organizational success.

Results of the Governance Awareness Survey

The development of human resources is one of the items included in the workplace culture category of the Governance Awareness Survey. This item measures whether our workplace culture fosters the development of human resources by confirming various measures such as whether evaluations are clear, interviews are conducted thoroughly, and feedback is provided in a timely manner. As an example, the score for development of human resources increased from 71.1 points in FY2010 to 77.9 points in FY2023 for Sekisui House branch stores, showing that our fair evaluation system is steadily improving.

Changes in the Governance Awareness Survey's Score for Development of Human Resources

(FY)

	Unit	2010	2023
Scores for Sekisui House branch stores	Points	71.1	77.9

→ P.227 Governance Awareness Survey

Promoting Diverse Workstyles

Creating a Workplace Culture that Ensures Psychological Safety

Career Interviews for Creating A Workplace Culture that Ensures Psychological Safety

Establishing a workplace culture that provides peace of mind and safety based on a relationship of trust is crucial in promoting diverse workstyles and building strong relationships between supervisors and team members. This commitment is evident in our personnel measures, which include holding career interviews five times per year.

The Group's career interviews are characterized by listening carefully to the opinions of our employees. During these interviews, employees openly discuss the challenges they face, their strengths, accomplishments, and goals, with supervisors listening and responding thoughtfully. This practice extends beyond a top-down work progress check; it is an opportunity for employees to clarify their personal goals and articulate their career plans. Supervisors take the opinions and wishes of employees seriously, and after thoroughly understanding each individual's situation, they provide appropriate advice and pose relevant questions, thereby encouraging behavioral change and growth. These career interviews facilitate open dialogue between supervisors and employees, contributing to the creation of a psychologically safe workplace through trust and effective communication. Furthermore, they enable employees to collaborate in identifying solutions to problems, thereby enhancing employee engagement and overall organizational performance.

The Group conducts an awareness survey biannually for supervisors and team members who participate in these career interviews. The analyzed survey results are shared with employees, along with best practices and techniques for optimizing the career interviews.

Survey results for the second half of FY2023 indicate a career interview satisfaction rate of 7.2 out of 10, an increase of 0.2 from the first half's results. Additionally, 43.6% of employees felt that their supervisor listened attentively to their concerns (up 4.1% from the first half's results) and 37.6% felt that their supervisors appropriately acknowledged their strengths (up 3.8% from the first half's results).

We also provide opportunities for supervisors to enhance their coaching and listening skills. Through these interview skill-related improvements, we strive to foster thorough communication and relationships of trust between supervisors and team members.

ESG Dialogue for Equal Communication

As an initiative to help employees take ownership of and internalize ESG considerations, the Group has been conducting ESG dialogues since October 2020. These dialogues are conducted in groups of four to five, regardless of position or job titles, on a theme selected independently by employees.

These ESG dialogues emphasize "dialogue," rather than "debate." Instead of opposing viewpoints and debating on a single theme, dialogue based on common goals and values is conducted, encouraging mutual respect and positive acceptance of different standpoints and perspectives. To ensure that all opinions are properly considered, we create a calm atmosphere where employees can candidly express their thoughts and opinions in their own words.

Furthermore, with the goal of having each employee take independent and proactive actions based on insights gained from these dialogues, employees are encouraged to propose and lead dialogues on themes that interest them. Through these initiatives, we are creating a workplace culture that ensures psychological safety by fostering an environment where employees can freely express themselves.

Diversity Management Training

We believe that leaders play a crucial role in creating workplace environments where diverse workstyles are possible. Thus, we held forums on successfully balancing work and child-rearing for relevant employees and their supervisors from 2015 to 2021. This forum was transformed into the Diversity Management Forum in 2022, and is now offered to all leaders (primary evaluators[1]). Through this change, it has become a training program for developing leaders who promote the participation, work-life balance, and flexible workstyles of employees. This forum supports these leaders by presenting a diversity of challenges not only related to child-rearing but also nursing care and medical treatment. The creation of a psychologically safe workplace is linked to the development of leaders who can leverage the talents of our diverse employees.

1 Supervisors whose priority is providing consultations on flexible workstyles for achieving a work-life balance

Utilizing the Well-Being Survey to Measure Effectiveness

The annual Well-Being Survey for all employees includes a section on workplace happiness covering the "willingness to recommend current workplace," "atmosphere of workplace trust," and "culture of safety and security." We verify the progress and outcomes of promoting diverse workstyles through these indicators.

Workplace Happiness[2] (Well-Being Survey) (FY)

	Boundary	Unit	2021	2022	2023
Workplace happiness	2	Points	66.19	66.37	66.59

→ For the boundary of the data, click here (content from page 94 will open in a new window).
2 From ◇4, excluding Konoike Construction and all domestic consolidated subsidiaries

Caring for Our Employees' Well-Being

Supporting the Pursuit of Family Happiness

Paternity Leave Program

In September 2018, the Group launched a male employee childcare leave program to encourage male employees with a child or children under the age of three to take one or more months off work to focus on childcare[1]. The leave is paid for the first month for all employees, reducing financial concerns for them and their families. To accommodate individual circumstances, leave can be divided into as many as four increments as needed until the child reaches their third birthday. This not only supports employees immediately after childbirth, but also allows for a variety of childcare leave patterns, enabling fathers to coordinate their schedules while their partners reacclimate to work during the nursing period.

Since February 2019, when full-scale operation was implemented, all of Sekisui House's 1,933 male employees, whose children reached their third birthday (the deadline for taking childcare leave) by January 2024, have taken at least one month of childcare leave, maintaining a 100% take-up rate. We have also maintained this rate of 100% across all Group companies since 2021. Additionally, the rate of spousal satisfaction with male employees who took childcare leave has grown to 96.8%[2], proving that this program contributes to the happiness of families.

1 In the childcare leave system in Japan, in principle, employees may take leave for one year until their child reaches one year of age, during which time childcare leave benefits are paid. In addition, we allow employees to take childcare leave, which is paid for the first month, until their children turn three years old.
2 From the answers of partners on our post-childcare leave survey

Usage Rate for Eligible Male Employee Childcare Leave and Average Days Taken

(FY)

	Boundary	Units	2021	2022	2023
Take-up rate for eligible male employee childcare leave	3	%	100	100	100
Average days of leave taken	◇1	Days	31.08	31.18	32.32

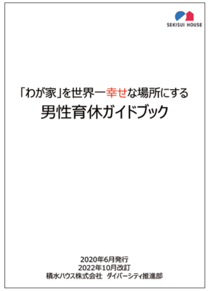
→ For the boundary of the data, click here (content from page 94 will open in a new window)
3 ◇1 in FY2021, and ◇2 after FY2022

Expansion of the paternity leave program

Starting in April 2021, we implemented a more flexible program for taking childcare leave. There were numerous requests from partners in our post-leave survey indicating a need for more flexible leave options. Because of this, and recognizing the importance of husbands staying close to their wives during the critical eight weeks after childbirth—a period of significant physical and mental strain for mothers, with a high risk of developing postpartum depression—we aimed to facilitate this supportive presence. Thus, we expanded the program to allow husbands to take leave more flexibly, including options such as taking leave in one-day increments as many times as necessary.

Continuous awareness

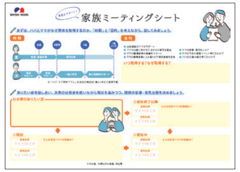
To encourage the taking of paternity leave, we published examples from employees, their families, and supervisors online. In 2020, we released the Paternity Leave Guidebook to consolidate information related to paternity leave. Since 2015, we have also held annual forums on balancing work and child-rearing, initially catering to female employees raising children and their supervisors. This initiative was expanded in 2018 to include male employees raising children. In 2022, we revised the Diversity Management Forum, attended by all leaders (primary evaluators[4]), to address not only child-rearing but also nursing care and medical treatment, as we strive to create work environments inclusive of all circumstances.



4 Supervisors whose priority is providing consultations on flexible workstyles for achieving a work-life balance

Family Meeting Sheet

To improve the quality of childcare leave, we developed the Family Meeting Sheet to facilitate communication between spouses on issues such as determining when to take the leave, the purpose of the leave, how to share childcare and housework during the period of leave, and other typical family challenges. The sheet is available on our website for use by anyone, not just Group employees.



Paternity Leave Planner

We have created a tool for workplace communication among those who take childcare leave, known as the "Paternity Leave Planner." This tool allows employees to coordinate the leave periods determined in the Family Meeting Sheet and discuss who will cover their work duties with their supervisors. This planner also includes a column for partners to sign. This allows the document to be used to receive approval from employees, supervisors, and families, ensuring approval and anticipation of childcare leave.

Initiatives with society

In 2019, we designated September 19 as Childcare Leave Awareness Day. Since then, we have been hosting the annual Paternity Leave Forum on that date to promote awareness of paternity leave in business, government, and education. We have also been issuing the White Paper on Paternity Leave to help make paternity leave the norm in society. Starting with the fourth forum in 2022, we began inviting companies and organizations that share our vision of making paternity leave the norm in Japan. In 2023, the fifth year, we shared information together with 119 companies and organizations that support our initiatives. We believe that encouraging paternity leave will help address social issues such as promoting women's participation and tackling declining birth rates.

Normalizing childcare leave for men in Japan (IKUKYU.PJT) (Japanese only)

Caring for Our Employees' Well-Being

Supporting Health Improvement Efforts

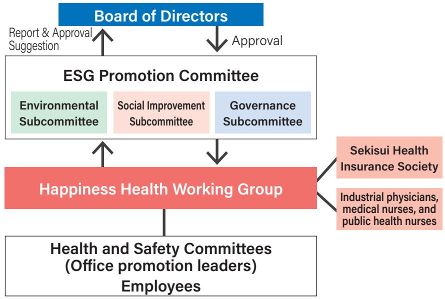
Happiness Health Management

The Group seeks to support both the physical and psychological health of our employees. We strive for employee happiness at the workplace and in daily life, promoting fulfilling lifestyles through Happiness Health Management.

The ESG Promotion Committee, under the Board of Directors, promotes methods related to Happiness Health Management based on approved fiscal year targets and plans. Happiness Health Working Groups in relevant Company departments, such as the Human Resources and General Affairs Department and the Diversity and Inclusion Promotion Department, formulate Company-wide policies, promote each individual measure, and verify their effectiveness. These groups cooperate with health insurance unions and external advisors, strengthening cooperation among all business offices and promoting employee awareness.

For five consecutive years since 2020, the Sekisui House Group has been selected by Nippon Kenko Kaigi as a Health and Productivity Management Outstanding Organization (White 500).

Promotion Structure



2024
健康経営優良法人
Health and productivity
ホワイト500

Goals and Progress of Happiness Health Management

We utilize the results of our employees' medical checkups to encourage them to improve their lifestyle habits, using indicators such as exercise, diet, sleep and smoking rate to recognize urgent health issues and prevent lifestyle-related diseases. Furthermore, to maintain mental health and improve levels of happiness, we set indicators for initiatives related to improving mental health and viewing health subjectively, using these to promote happy lifestyles.

To realize happiness and health in mind and body, we have set the following five goals: I. Reducing the number of employees at risk of lifestyle-related diseases (including metabolic syndrome and pre-metabolic syndrome risk), II. Reducing the percentage of smokers, III. Boosting the happiness of employees and workplaces, IV. Improving productivity (reducing presenteeism), and V. Preventing mental disorders (decreasing long-term absenteeism and leave-taking). We have also established indicators based on the rate of employees opting for secondary medical checkups and average employee total working time per month.

(FY)

Metrics	Unit	2021	2022	2023
I. Percentage of people with obesity risk[1]	%	38.1	37.9	37.0
II. Percentage of smokers[1]	%	24.0	23.9	22.8
III. Well-Being Circle total score[2]	Points	65.75	65.86	65.98
IV. Presenteeism (productivity)[1]	%	106	106	106
V. Rate of absence due to mental health issues[1]	%	0.79	0.86	0.97
Rate of employees opting for the secondary medical checkup[3]	%	97.8	98.7	88.1
Average monthly work hours per person[4]	Hours	177.64	170.73	169.58
Subjective health assessment[2] (difference from general average)	Points	+1.12	+0.84	+0.72

Boundary:
→ For the boundary of the data, click here (content from page 95 will open in a new window)
1 ◇1
2 Excludes Konoike Construction and its subsidiaries from ◇4
3 Only the sales department of Sekisui House Ltd. until FY2022, and all of Sekisui House Ltd. from FY2023
4 Sekisui House, Ltd.; Sekisui House Real Estate Group; Sekisui House Remodeling, Ltd.

Main Initiatives

In June 2021, employee volunteers created the Health Project and started the Happiness Health Challenge 6 as a way to support employee happiness and enhance their health. Using an AI-based service that utilizes medical checkup results and Well-Being Surveys, employees register a personal My Happiness Health Declaration based on individual issues. 21,852 people, including top management, had registered by the end of March 2024. We also hold regular seminars and events, allowing employees to proactively engage in activities chosen from six fields, as we strive to build consciousness and desire for improvement in happiness and health. We have held 50 seminars since February 2022, with total participants growing to 17,959 people by the end of FY2023.

In addition to this, we launched the Walking Challenge in February 2019, with the goal of encouraging healthy lifestyle habits through regular exercise. 21,163 people joined in FY2023, with an average daily step count of 6,652. The program not only builds health consciousness, but also strengthens interactions and teamwork among employees. The Happiness Health Working Group has been spearheading and promoting these initiatives since August 2023.

Who Chose What for the Challenge 6 Initiative

- Moderate exercise: **Steady exercise challenge**
- Balanced diet: **Balanced meal challenge**
- Moderate drinking: **Moderate drinking challenge**
- Quality sleep: **Good sleep challenge**
- No smoking: **Quit smoking challenge**
- Mentally healthy and happy: **Smiling heart challenge**

Walking Challenge
Participants
21,163
(+347 from last year)
Average step count
6,652
(+52 steps from last year)

Caring for Our Employees' Well-Being

Continuing the Well-Being Survey

Well-Being Survey

Since November 2020, the Group has conducted the Well-Being Survey for all employees in pursuit of their individual happiness. Under the supervision of Professor Takashi Maeno, a professor of System Design and Management at Keio University Graduate School, dean and professor at the Department of Well-Being at Musashino University, and a leading expert in business administration focused on employee well-being, we became the first company in Japan to undertake and analyze the multilateral measurement of employee and workplace well-being.

The Well-Being Survey consists of 72 questions related to an individual's happiness, known as the "Well-Being Circle," and 42 questions related to workplace happiness, known as the "Worker's Happiness and Unhappiness Diagnosis." The results of the Well-Being Circle are quantitatively measured across 34 items in 11 categories, and in the Worker's Happiness and Unhappiness Diagnosis across 14 items in 12 categories. By using this method to visualize well-being, we can connect the survey's results to concrete plans toward pursuing happiness for individual employees.

The total value of our employees' Well-Being Circle was higher than the nationwide average each year for all four of our survey results since 2020, trending upward each year. The total value for FY2023 of 65.98 points was 3.06 points higher than the nationwide average.

Total Well-Being Circle Happiness Score (points)

65.51	65.75	65.86	65.98
FY2020	FY2021	FY2022	FY2023
22,907 respondents	22,516 respondents	22,828 respondents	23,117 respondents
+2.59 over nationwide average	+2.83 over nationwide average	+2.94 over nationwide average	+3.06 over nationwide average

We were rated much higher than the nationwide average in the categories of Well-Being and Gratitude according to the FY2023 survey. Our high Gratitude score reveals the successful promotion and implementation of our fundamental Corporate Philosophy of "Love of Humanity." We were also notably higher than the nationwide average for the willingness of employees to recommend their workplaces to others, showing the faith our employees have in their workplaces as well as in our products and services. We believe this result comes from deepened employee understanding regarding the performance of our products and services due to internally sharing exemplary initiatives, business reforms, and new product developments from the performance category of our Sekisui House Innovation & Performance (SHIP) Awards.

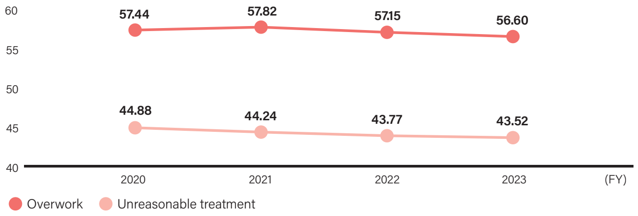
Well-Being
60.69
+4.71 over nationwide average

Gratitude
67.81
+3.57 over nationwide average

The issues of overwork as well as the heavily correlated feelings of being subjected to unfairness were first noted in FY2022. These issues have been improving due to the continuation of ESG dialogues and career interviews, both being conversations that revolve around interpersonal communication, as well as the implementation of training related to these dialogues and interviews.[1]

1 The survey results indicate that items highly correlated with overwork are more related to feelings of unfairness as opposed to long working hours. Therefore, lower scores on these items reflect higher employee well-being.

Changes in Overwork and Unfairness (points)



We added questions to the FY2023 survey related to employee autonomy, a crucial measure for increasing the Group's human capital value. The results revealed the strong relationship between employee autonomy and happiness.

Initiatives Utilizing the Result of Well-Being Survey

Visualizing the Well-Being Survey

An individual's results on the Well-Being Survey are shared only with them, whereas Group-wide results and those of affiliated offices are shared with employees via the intranet. We hold group discussions that include comparisons to past years and the results of the Well-Being Survey to help each employee with individual and workplace well-being.

Discussions on Well-Being

We hold discussions in small groups of 4-5 people on the individual and workplace happiness of each employee based on the results of the Well-Being Survey. 15,756 employees attended ESG dialogues exploring happiness in FY2023.

Branch initiatives

Guided by the strong aspirations of branch heads, our branches have continuously implemented training and workshops since November 2020. Focusing on the Thank you! (connection and gratitude) factor of happiness, employees utilize a platform where they can exchange praises for one another, improving the well-being of individuals and workplaces. Business offices with high well-being and those that increased their well-being scores were also shared on the intranet.

Alignment of Efforts

Nurturing Leaders Capable of Promoting and Implementing Our Corporate Philosophy and Strategies

Building Our Leadership Pipeline

The Group places importance on nurturing leaders capable of promoting and implementing our Corporate Philosophy and strategies, and is therefore undertaking initiatives aimed at developing future leaders who can creatively respond to change and drive innovation.

SHINE! Challenge Program

Since October 2019, the SHINE! Challenge Program (Sekisui House Innovators and Entrepreneurs Challenge Program) has trained future business leader candidates under the age of 35. As of FY2023, 60 participants have completed the course. In FY2023, during the program's fifth term, 18 new leader candidates were selected to learn leadership skills and abilities, as well as issue identification and project design skills through the approximately nine-month specialized program. By offering employees the opportunity to develop their qualities as business leaders through this program, we are building our leadership pipeline.

Keiei-juku

We have held the *Keiei-juku* management training program since 2018 to develop future candidates for important positions and roles. We identify potential top management candidates and provide opportunities for them to advance their skills and experience by nurturing insight, character, management skills, and leadership. Through a series of ten lectures, assessments, and presentations to top management, participants gain experience in independently considering the direction of organizational management. As of the fifth term in FY2023, there have been a total of 184 participants in the program.

Leadership Development and Management Training

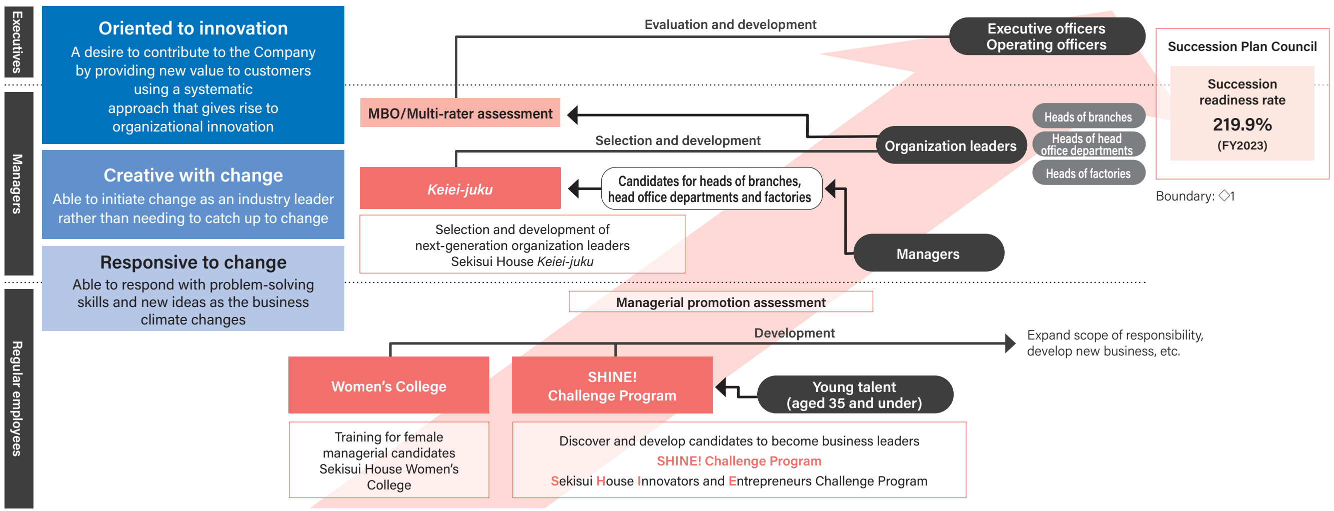
Sekisui House conducts various training courses for management-level employees. Training for new managers is divided into sections: risk management, career interview training, evaluation training, and problem-solving reinforcement. This encourages managers to acquire skills and knowledge in each area. We also conduct integrity management training for newly appointed branch heads and general managers, aimed at strengthening the management and human resource development capabilities of every branch and team, as well as revitalizing the organization.

Succession Planning

Since 2021, we have held the Succession Plan Council to identify candidates for executive officers, operating officers, and others in key positions. The council aims to deliberate the nomination of these candidates in a highly transparent manner from a diverse, Company-wide perspective. Specifically, the council prepares individual training plans for all candidates, conducts periodic progress checks to further enhance our leadership pipeline, and monitors the succession readiness rate.[1] We expanded this plan to several companies in 2023.

1 Succession readiness rate = (number of candidates ÷ number of leadership positions) × 100

Leadership Pipeline for Cultivating the Next Generation of Business Leaders



Alignment of Efforts

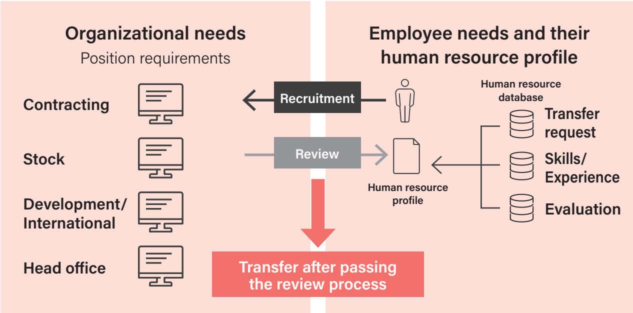
Recruiting and Allocating the Right People in the Right Places

Development and Allocation of Our People - Right People in the Right Places

Based on the outlook for future business, we make and execute strategic recruitment plans while considering data related to increases and decreases in personnel. Regarding the human capital required for future business promotion (e.g., DX talent), we aim to create a system that allows us to compile pipeline information inside and outside the Company and promotes business proposals from the Personnel Department.

In February 2021, we introduced a talent management system that allows each employee to see a real-time visual representation of their goals and skill levels. For transfers and development, we have built a dashboard in the talent management system that allows organizational leaders to check the status of their organizations at a glance, and have established a data environment that is useful for decision-making. The introduction of this shared system among Group companies contributes to maximizing the abilities of our human resources and allows us to centrally manage personnel information for over 27,000 employees.

Utilizing Human Resource Data in Personnel Recruitment



Internal Job Posting Program

We revamped our internal job posting program in September 2022 to better support our employees in realizing their desired careers. This program is applicable to a wide range of positions, including those at Group companies. Employees apply based on their own preferences, go through a selection process, and then transfer to new positions. This process provides an environment that allows each employee to showcase their individual abilities. To encourage self-directed career development and to respond flexibly to changes in management environments, business strategies, and organizational structure, we aim to place the right person in the right role throughout the entire Group.

We clearly state the personnel sought and required skills on the Company intranet when internally recruiting. Additionally, we ensure all employees are aware of available positions through emails from our secretariat. We have also made it possible for employees to view the business activities of each Group company as well as departments in the head office through each department's homepage on the Company intranet.

In FY2023, 294 employees applied for 26 positions, resulting in 58 internal transfers.

Number of Applicants and Transfers in the Internal Job Posting Program (FY)

	Boundary	Unit	2021	2022	2023
Applicants	1	Persons	— (pre-implementation)	81	294
Internal Transfers			— (pre-implementation)	12	58

→ For the boundary of the data, click here (content from page 94 will open in a new window).
1 From ◇4, excluding Konoike Construction and all domestic consolidated subsidiaries

Utilization and Management of Human Capital Database

To support self-directed career development and strengthen the leadership pipeline, we manage a human capital database through our centralized talent management system. In addition to performance evaluations, career ambitions, multi-rater assessments, and the results of external assessments, we store information such as records on career interviews and skills. This data is used in succession planning and human capital management meetings for appointing directors and officers. Consequently, we have improved conditions, enabling upper and middle management to make data-based decisions. When recruiting new graduates, we analyze and extract the requirements for outstanding employees and, after careful deliberation, hire those who meet these requirements. This approach helps us acquire talents with great potential. In selective training after employees join the Company, we use various types of human capital data, including aptitude tests, to select employees.

Utilization and Centralized Management of Human Capital Database