



For the year ended January 31, 2021

Sustainability Report 2021

SEKISUI HOUSE, LTD.

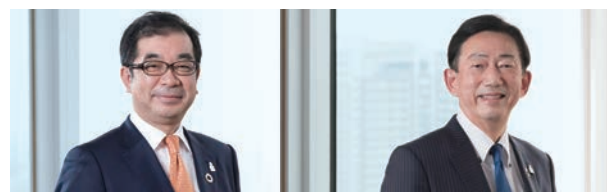
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Editorial Policy

Editorial Policy

Sustainability Report 2021: Key Editorial Concepts

This report is intended as an engagement tool for informing our various stakeholders. We hope our readers find it useful for learning about our efforts to promote the emergence of a society committed to sustainability through environmental, social, and corporate governance (ESG) initiatives.

The purpose of ESG management is to identify and address material issues. The first half of this report reveals our approach to these issues, while the second half presents our ESG Data, which serves as a medium of ESG information disclosure.

In an effort to enhance our digital presence and contribute to the environment, we are publishing this report first as an online digital document. We are re-examining the need for a printed edition and are placing more importance on online disclosure.

The following publications were used as references for identifying and compiling the information presented in this report.

- Environmental report: The Environmental Reporting Guidelines 2018 published by the Ministry of the Environment
- CSR report: Guidance on Social Responsibility ISO 26000




Moreover, this report complies with the GRI Core Standards by including general disclosures (those whose publication is required to ensure compliance with the Core Standards) as well as the material disclosures required under the standards.

[Content of Report and Applicable Scope]

In principle, this report encompasses Sekisui House, Ltd. and its 280 consolidated subsidiaries. Any instances of departure from this scope are indicated as such in the text.

- Period covered: FY2020 (February 1, 2020 to January 31, 2021)
Note: Some activities undertaken in FY2021 are covered in this report.
- Date of publication: Published annually as an annual report; for 2021, the English-language and Japanese-language editions were published in June.

Summary of Information Communicated

	Financial information	Non-financial information
Dialogue	<ul style="list-style-type: none"> • Release of financial results • Management plan briefing • Meetings with analysts and institutional investors • General meeting of shareholders 	<ul style="list-style-type: none"> • ESG management briefing • Stakeholder meeting
Reports	<ul style="list-style-type: none"> • Securities Report • Business Report <div>  <p>• Integrated Report A report that integrates important financial and non-financial information; it also incorporates TCFD Report section.</p> </div>	<div>  <p>• Sustainability Report</p> </div> <ul style="list-style-type: none"> • Corporate Governance Report
WEB	<div>  <p>Information for Shareholders & Investors</p> </div>	<div>  <p>Sustainability and ESG Information</p> </div>

Third-Party Assurance

To enhance the credibility of the information in this report related to our environmental and social performance indicators, we received third-party sustainability report assurance from KPMG AZSA Sustainability Co., Ltd. that this information complies with ISAE 3000 and ISAE 3410, the International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board, as well as with the Sustainability Information Examination Practice Guidelines issued by the Japanese Association for Assurance Organizations for Sustainability Information.

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Corporate Profile

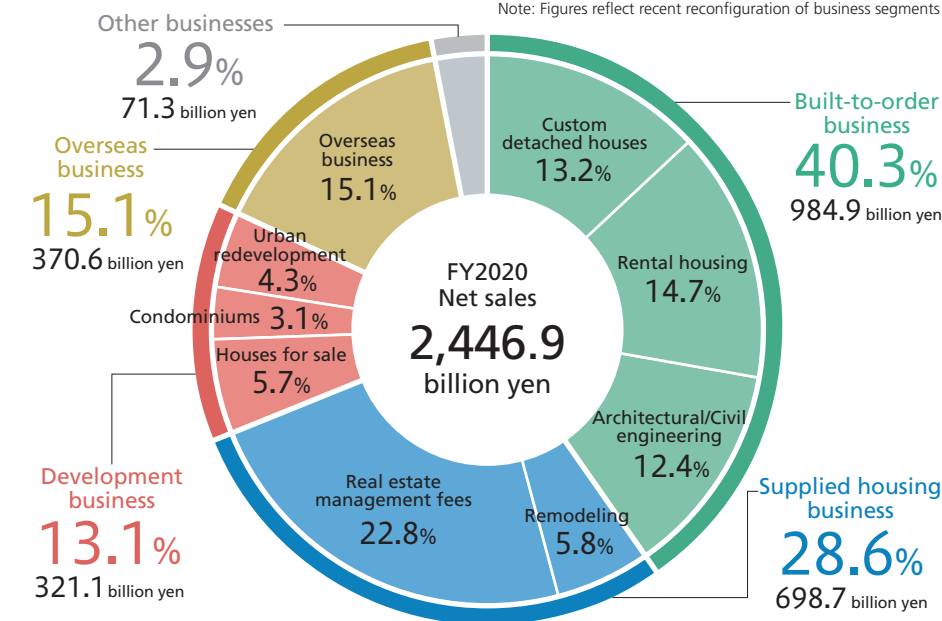
Sekisui House makes possible the lifestyles that our customers desire in safe, secure, and comfortable homes built with design freedom and advanced technology. In addition to offering innovative R&D, novel designs, quality construction, maintenance services, and opportunities for remodeling, the members of the Sekisui House Group provide customer support with products and services of consistently high quality. With the technology and expertise we have gained from our years of experience in the industry, we provide enhanced living environments in the form of rental housing and condominiums while also engaging in town planning, urban development, and international business projects.

(As of January 31, 2021)

Corporation Name	Sekisui House, Ltd.
Head Office	1-1-88 Oyodonaka, Kita-ku, Osaka 531-0076, Japan
Date of Establishment	August 1, 1960
Capital Stock	¥202,591.20 million
Number of Employees	15,071 (28,362 on a consolidated basis, comprising 27,310 in Japan and 1,052 outside Japan) Authorized 1st Class Architects: 3,283 (consolidated)
Factories	Tohoku (Miyagi), Kanto (Ibaraki), Shizuoka, Hyogo and Yamaguchi factories
Laboratories	Comprehensive Housing R&D Institute and Human Life R&D Institute
Offices	Branches & Sales Offices: 119 (117 as of February 1, 2021) Customer Service Centers: 30 Display House Locations: 333
Group Companies	280 consolidated subsidiaries (54 in Japan, 226 outside Japan) Sekisui House Real Estate Group: 6 companies Sekisui House Remodeling, Ltd. Sekiwa Construction: 17 companies (15 as of February 1, 2021) Sekisui House noie Limited Konoike Construction Co., Ltd., and others. 33 companies accounted for by the equity method (10 in Japan and 23 outside Japan)

FY2020 Sales by Segment (consolidated)

Note: Figures reflect recent reconfiguration of business segments



Built-to-order business

Custom detached houses

Contracted design and construction of custom detached houses

Rental housing

Contracted design and construction of rental housing, commercial buildings, and others

Architectural/Civil
engineering

Contracted design and construction of building projects and civil engineering projects such as rental housing and commercial buildings of reinforced concrete

Supplied housing business

- Remodeling

- Housing extension and renovation

Real estate management fees

Real estate subleasing,
management, operation
and brokerage, and others

Development business

Houses for sale

Sale of housing and residential land; contracting of design and construction of houses to be located on the land

Condominiums

Condominium sales

Urban redevelopment

Development of office buildings, commercial facilities, and others; management and operation of real estate holdings

Overseas business

- Overseas business

Contracting of custom detached houses; sale of ready-built detached houses and residential land; and development and sale of condominiums, commercial facilities, etc. in overseas markets

Business regions:
United States, Australia,
United Kingdom, Singapore
and China

Other businesses

- Exterior business, etc.

A Decade of Financial and Non-financial Highlights

10-year Trend in Typical Financial and Non-financial Indicators

Contributing to business progress by improving representative ESG non-financial indicators

(millions of yen)

(FY)	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net sales	1,530,577	1,613,816	1,805,102	1,912,721	1,858,879	2,026,931	2,159,363	2,160,316	2,415,186	2,446,904
Operating profit margin (%)	4.6	5.3	7.3	7.7	8.1	9.1	9.1	8.8	8.5	7.6

Sales by segment

Note: A segment of "Architectural/Civil engineering" was added beginning in FY2020; the figures for 2019 have been reconfigured to include this segment as well.

Built-to-order business

Custom detached houses	475,330	465,149	517,691	427,044	393,786	383,129	371,171	357,944	390,995	323,332
Rental housing	289,027	303,712	356,202	398,483	400,601	440,312	442,845	416,062	360,026	358,745
Architectural/Civil engineering	—	—	—	—	—	—	—	—	120,986	302,837
Subtotal	764,358	768,862	873,894	825,527	794,388	823,442	814,017	774,006	872,008	984,915

Supplied housing business

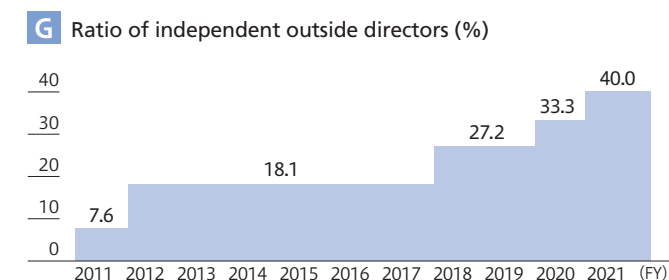
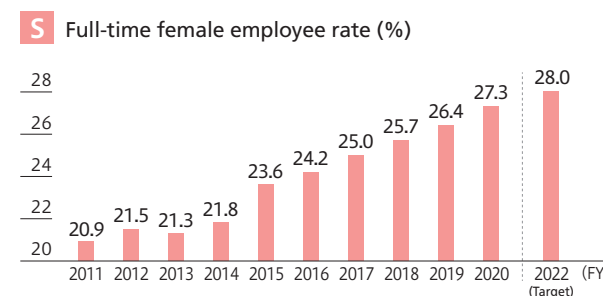
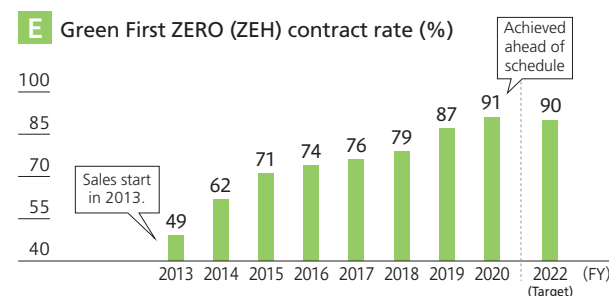
Remodeling	102,180	111,548	125,046	134,166	134,458	133,498	136,843	141,416	152,729	141,090
Real estate management fees	378,247	393,978	408,403	428,227	448,751	469,132	489,891	514,035	534,876	557,632
Subtotal	480,427	505,527	533,450	562,393	583,210	602,631	626,735	655,452	687,606	698,722

Development business

Houses for sale	127,123	127,810	133,405	118,730	137,484	142,014	155,481	148,880	151,268	139,151
Condominiums	39,681	52,538	63,083	56,699	81,470	66,125	77,497	89,581	103,984	77,091
Urban redevelopment	37,720	45,528	42,428	178,344	93,038	130,491	103,777	173,391	131,920	104,953
Subtotal	204,524	225,877	238,917	353,774	311,993	338,631	336,756	411,853	387,173	321,195

Overseas business

Overseas business	24,264	54,844	85,392	79,835	89,522	182,127	306,716	245,953	389,866	370,686
Other businesses	57,002	58,704	73,447	91,190	79,764	80,099	75,137	73,050	78,531	71,384



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ESG Initiatives / Vision & Policy

Building on our 60 years of history and a customer base that is the world’s largest, the Sekisui House Group aims to consolidate its status as a global enterprise committed to providing quality housing. We remain focused on addressing the importance of value creation as well as our long-term vision for the company while fully upholding our social mission.

In accordance with our Global Vision, we are determined to invest our management resources efficiently, create shared value, and survive and grow as a company committed to sustainability.

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Yoshihiro Nakai

Representative Director
President & Executive Officer, CEO

Making Home the Happiest Place in the World through ESG Management Initiatives with Full Employee Participation

What the COVID-19 pandemic has revealed

On April 7, 2020, a state of emergency was declared following the emergence of the COVID-19 pandemic. This event has significantly affected the lives of all of us individually as well as collectively across society and has even impacted the global economy. Even after a year has passed, the situation remains unpredictable. We must offer our deepest condolences to those who have lost family and friends to this terrible pandemic, and we extend our sincere best wishes to all adversely affected in myriad ways by this difficult situation. And to all those who have been making personal sacrifices for many months to help sustain society as essential workers, we express our deepest gratitude and appreciation.

The Sekisui House Group remains determined to make a significant contribution to the ongoing development of society while continuing to implement the necessary measures and initiatives to minimize the further spread of this infection. Our top priority remains the safety of our customers, business partners, employees, and all other stakeholders.

In March 2020, the Sekisui House Group introduced our 30-year Vision titled “NEXT SEKISUI HOUSE” as well as our 5th Mid-term Management Plan. Just as we were taking the first steps toward becoming a global company that offers integrated proposals of technologies, lifestyle design and services based on the “Home,” we suddenly faced the upheaval created by the emergence of the COVID-19 pandemic. Immediately after the government announced the state of emergency, we had to impose limits on some of our sales activities, but we soon developed and expanded the IT expertise that we had developed to that date. This allowed us to create a flexible environment that enabled our employees to telecommute from their homes and elsewhere efficiently. Moreover, in order to maintain contact with our customers, we quickly launched the “At-home Housebuilding,” a tool we use to communicate with our customers via phone and video-conference. In response to requests from the field, we

produced commercials in just three days, including one featuring our own employees as performers. In February 2020, we began developing a next-generation indoor environmental system called SMART-ECS. Launched in December, it is the industry’s first system to integrate ventilation, air purification, and floor plan and to enable visualization of these systems through video simulations.

We are very proud of our employees in all departments and at all our worksites for responding to the COVID-19 pandemic crisis with agility, creativity, and ingenuity. Their collective dedication was underpinned by our objective, as stated in our corporate philosophy, to constantly develop products that meet the needs of our customers with the highest quality and technology. This is our driving spirit, a quality that can be said to be part of the corporate DNA that has been passed down in our company across the generations.

The key focus of the Sekisui House Group’s business operations is to provide the value inherent in happiness. The first theme of the Platform House Concept, which positions the home as a platform for happiness, is “health.” Unexpectedly, people worldwide have suddenly faced the prospect of a threat to their own health, so our approach proved to be rather prescient. We thus remain committed to that direction and to the pursuit of a “happy living” by promoting the concept of the home as security envelope, anticipating the features and roles that will become the standard of the new era.

Promoting ESG management initiatives that encourage full employee participation

The issue of climate change—much like that of the COVID-19 pandemic—calls for an urgent response on a global scale. In 2020, Japanese Prime Minister Yoshihide Suga issued the 2050 Carbon Neutral Declaration, signaling that the Japanese government was taking a major step toward promoting the emergence of a society committed to decarbonization. Sekisui House, which has

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Yosuke Horiuchi

Representative Director
Vice Chairman & Executive Officer
Finance & ESG Division
TKC Project

Promoting Our ESG Management Initiatives to Become a Company Welcomed in the Society of the Future

Encouraging all employees to engage in “emergent ESG behavior”

The Sekisui House Group pursues its Global Vision of “making home the happiest place in the world” while also seeking to become a leader in ESG management as a means of achieving that vision. This declaration aligns all our business activities with our environmental, social, and governance goals, and the entire company and all our employees are encouraged to support our ESG commitment and contribute to the emergence of a society focused on sustainability.

In June 2020, we established our ESG Management Promotion Headquarters, which serves as the flag bearer of our ESG initiatives. We also established an ESG Promotion Committee staffed by external committee members, internal directors, and managers with special expertise. These individuals exchange views on the progress and challenges of our ESG initiatives in an effort to improve their effectiveness. Three subcommittees targeting environmental, social, and governance initiatives, respectively, have been established under this framework to formulate and review policies and to ensure thorough implementation at all business sites and all group companies. It should be emphasized that the Sekisui House Group exists within the ESG framework, and not vice-versa. Because we now have an important mechanism in place as a “weighted formation” with an internal and external structure that is sufficient to motivate the entire group, we have listed three specific actions: taking on the challenge of advanced initiatives, obtaining external evaluations of these initiatives, and encouraging the participation of all employees, which is the most important and indispensable issue for becoming a leading company.

In order to ensure substantial employee involvement, it is essential to impart a clear understanding of the meaning of our Global Vision. The ESG approach must be “made personal.” So, over the past year, we have held ESG Dialogue with managerial employees on the theme of “happiness.” How can we manage

our business to ensure greater happiness for all stakeholders, who include our customers, family members, employees, and business partners? Although this is an abstract concept, we took the approach of “dialogues” among four or five people rather than discussions. This framework avoids clashes of opinion; instead, it welcomes all views in a positive atmosphere. Since there are no correct answers, all participants can ask questions and speak up in their own words. The goal is for each employee to acquire a sense of belonging to the mission and to personalize their own participation in promoting our ESG initiatives.

The day-to-day behavior of each employee—or broadly speaking, the way we live—is also closely tied to our ESG initiatives. These are not activities that can be imposed with a top-down approach or compelled through rules. Imparting them through education, training, and verbal communication is also not enough. It is therefore important to create an environment in which all employees can initiate their own actions and act voluntarily in a natural way. We call this approach “emergent ESG behavior.” Currently, we are taking steps to encourage this sensibility among our stakeholders.

Linking materiality with key performance indicators

We aim to become a global leader in ESG management initiatives. To achieve this goal, we have had to consider which issues to focus on, what value to create, and how we should deliver this value to society. Through this effort, we have identified five material concepts that provide a roadmap to our goal.

Sekisui House formulated its first Sustainability Vision in 2005. Since then, we have been pursuing business operations with sustainability positioned as a core concept. In 2008, we introduced Vision 2050, which aims to achieve zero CO₂ emissions from all homes throughout their service life. In addition, our spirit of service—which is highlighted in

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our corporate philosophy as “love of humanity” and which represents a fundamental tenet—demonstrates our wish for the happiness of others, our sense of joy in the joy of others, and our willingness to act in good faith and with a spirit of service. This is firmly rooted in the corporate DNA of Sekisui House, along with our focus on the customer. As we continue to preserve our achievements and assets for posterity, we are reconfirming and reconstructing our mission from a contemporary ESG perspective. Once again, we are clarifying our actions on this issue as a means of addressing materiality.

The material issues have been discussed and reviewed internally, addressed by the ESG Promotion Committee, and finally approved by the Board of Directors. To ensure this effort does not end in merely lip service or a slogan, we will also identify key performance indicators to evaluate our progress for a predetermined period. We plan to disclose the extent of our progress on a regular basis in the future. Clearly, we remain aware of the importance of just such an approach in expanding our adherence to ESG management principles as an essential part of our corporate social responsibility.

With regard to executive compensation, we have reformed the system to adopt a performance-linked approach associated with ESG management indicators. Instead of simply working on ESG issues, we are committed to taking the lead. We will work together with everyone from top management to employees of group companies inside and outside Japan in order to achieve further progress. Indeed, for the Sekisui House Group, bringing together diverse capabilities remains the best and most direct route to becoming a leading company in ESG management.

Creating a new green marketplace

The Japanese government's announcement of its policy goal of achieving a decarbonized society by 2050 has triggered a variety of changes in Japanese society. In the housing sector, discussions are already under way on early mandatory compliance with energy-efficiency standards. Against this background, Sekisui House, with a track record of building 90% of its new detached houses to the net-zero energy house (ZEH) standard and having built the largest

cumulative number of buildings in the world, has started a full-scale shift to constructing ZEH rental housing. Our Sha Maison ZEH rental housing currently accounts for about 40% of the total number of ZEH rental buildings in Japan. Once Sekisui House, the market leader, shifts into high gear in this area, the industry will respond with greater activity. Clearly, this achievement will help Japanese society meet its target of carbon neutrality. Companies that own idle land in urban areas will now be able to propose the use of their land from an ESG stance and investment-efficient perspective. The use of such land for employee dormitories has not been considered a conventional employee benefit, but this new framework is also linked to the concept of increasing employee occupancy in net-zero energy housing as an advantage in terms of our ESG initiatives. This represents the birth of a new green marketplace, as the occupancy rate of our Sha Maison net-zero energy housing is almost 100%, and wait lists for vacancies continue to grow. We are confident that the growing environmental awareness of prospective residents and owners, mainly among the younger generation, represents a tailwind for the prospects of market growth.

The underlying policy of the Sekisui House Group's Mid-term Management Plan is to continue expanding our core businesses while simultaneously taking on the challenge of new businesses. Reflecting the trends of the times, the points of contact between our business operations and society at large are growing broader, deeper, and more multifaceted.

In recent months, telework and working from home have become commonplace as measures to help minimize the spread of COVID-19 infections, and “health management” has further increased in importance. Going forward, it seems likely that the home will serve as a center of economic activity as well. We therefore have a responsibility to address global challenges such as climate change and pandemics and prepare an appropriate response. As a housing manufacturer chosen by our customers, our most important duty is to increase the lifelong happiness of our customers’ families, and to continue achieving healthy and sustainable growth as an enterprise on which our society relies.

Becoming a worthy company by remaining ahead of the times

We must also remain sensitive to external evaluations. Since the start of 2021, we have been evaluated positively by both domestic and international entities. This includes being selected in the “Nadeshiko Brand” list, which is compiled by the Ministry of Economy, Trade and Industry of Japan to identify companies that excel in promoting women’s advancement; and receiving a Gold Class assessment, the highest recognition offered under S&P Global’s Corporate Sustainability Assessment. Our goal of becoming a leader in ESG management is not necessarily to be a “major corporation”; it is to be recognized by all as a worthy company. We desire to stand as a corporation that takes responsibility for the future and thus gains the acceptance of tomorrow’s society. Therefore, we will remain forward-looking and adopt pioneering initiatives that will lead to changes in society. Can there be any error in such a commitment? Looking ahead, we will closely monitor all such evaluations from an objective standpoint and review our management methods on a daily basis.

Beginning with this edition, we are publishing our annual *Sustainability Report* on our website first. We are taking this step in response to reader feedback, specifically that our readers seek information that is detailed and up to date, easy to understand, and readily accessible. In this vein, the Sekisui House Group is implementing reforms under our slogan “Innovation & Communication.” Even in promoting our ESG management initiatives, we are determined to incorporate a wide variety of innovations in every circumstance. This effort, encompassing active communication and information dissemination, will address our corporate structure, our decision-making processes, and various other initiatives.

Group Overview (Our corporate philosophy and history of value creation)

"Love of Humanity," Our Corporate Philosophy since Our Founding, and Our New Global Vision Adopted on Our 60th Anniversary

The Sekisui House Group's corporate philosophy was adopted in 1989 with the desire to create a company that continues to innovate and develop with appreciation for the inspiring support offered by our customers and others with whom we engage. While the social environment continues to evolve, our spirit remains steadfast as we commit to constantly pursuing the ideal, which is to adopt a customer-oriented stance in all our interactions with our customers and others. According to the Global Vision we adopted in 2020 to "make home the happiest place in the world," we are steadily transforming into a global company that offers integrated proposals of technologies, lifestyle design and services based on the "Home."

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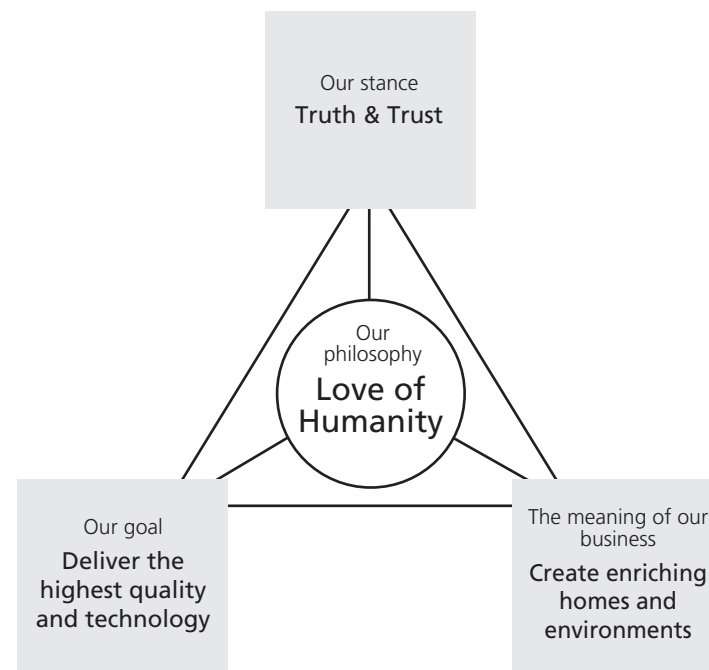
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Corporate Philosophy ("love of humanity")

At the core of the Sekisui House Group's corporate philosophy is a love of humanity: recognizing the irreplaceable value in each and every person, we maintain a fervent hope for the happiness of others and a sense of joy in others' joy, doing whatever we do in good faith and a spirit of service. This philosophy took root in 1989 with the unanimous approval of every group employee.



Sekisui House Global Vision

Make home the happiest place in the world



Proposing happiness through the integration of technologies, lifestyle design and services



Becoming a leading company in ESG management



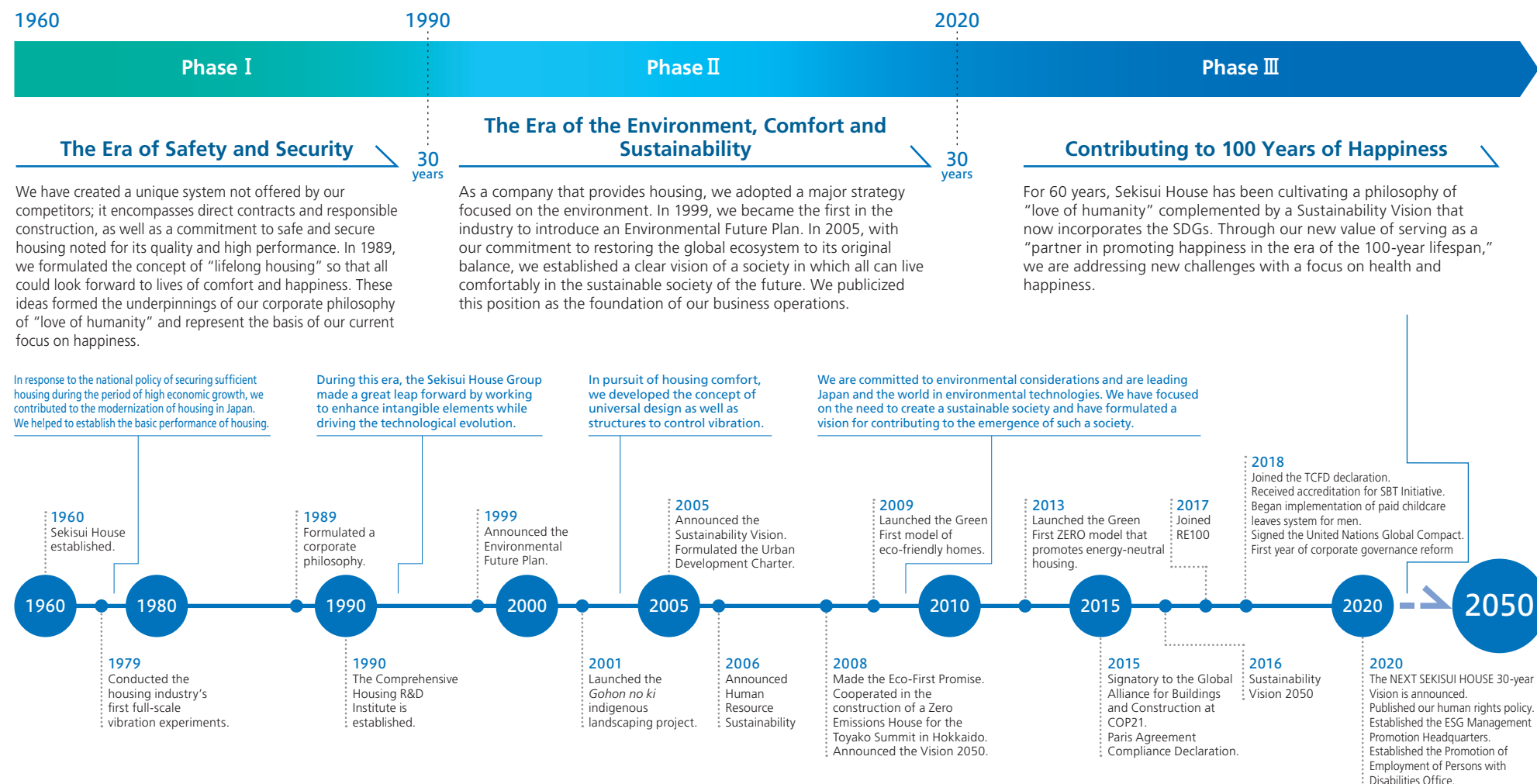
Making Sekisui House technologies the global de facto standard

Becoming a global company that offers integrated proposals of technologies, lifestyle design and services based on the Home

Group Overview (Our corporate philosophy and history of value creation)

Our History of Value Creation in Three Chapters of 30 Years

In keeping with our corporate philosophy of “love of humanity,” the Sekisui House Group creates value by responding to social change and to shifting demand. At the root of this is the mindset and the roles we have demonstrated throughout our 60 years of history. These include promoting lifelong happiness, protecting the life and property of our customers, protecting the global environment, and conserving the ecosystem. These are beliefs we continue to support.



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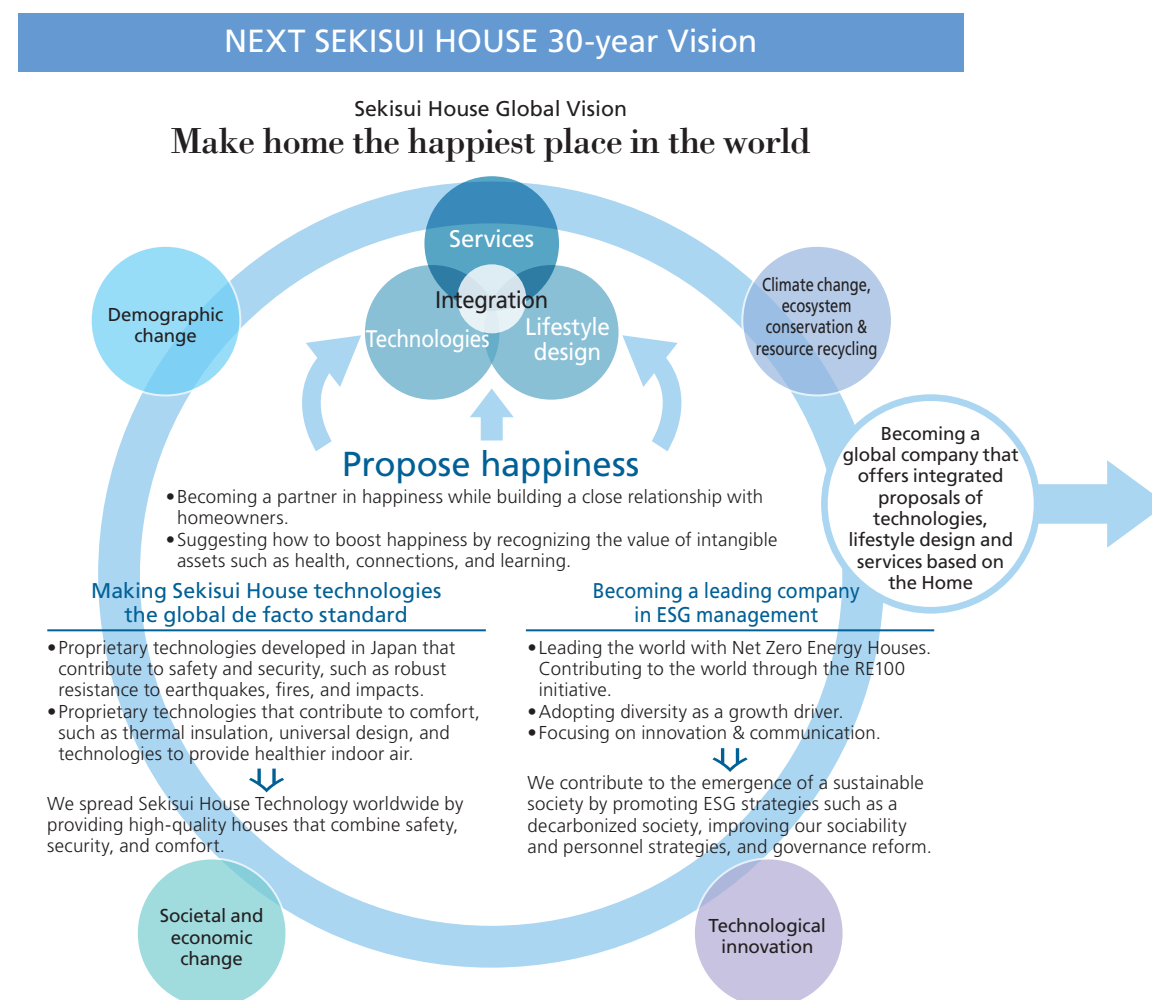
NEXT SEKISUI HOUSE 30-year Vision Targeting 2050

Forecasting the future has become a difficult undertaking, as climate change, technological innovation, and demographic changes are significantly transforming the economic environment in which we operate. In order to ensure steady progress toward 2050, the target year of our long-term vision, the Sekisui House Group has formulated a 30-year vision we call “NEXT SEKISUI HOUSE.” With our Global Vision of making home the happiest place in the world, we are implementing initiatives to maximize the happiness of our customers, employees, and communities as a global company that offers integrated proposals of technologies, lifestyle design and services based on the Home.

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Our Vision for 2050			
Maximize the happiness of our customers, employees, and communities			
	Customer happiness	Employee happiness	Social happiness
Environmental	<ul style="list-style-type: none"> • Energy efficiency • Exterior enhancement • Securing energy • RE100 initiative (purchase of surplus power) 	<ul style="list-style-type: none"> • Energy efficiency • RE100 initiative (Renewable energy for business use) 	<ul style="list-style-type: none"> • Minimizing disasters caused by climate change • Prevention of global warming • Greening by enhancing exteriors • Enhancement of local communities
Social	<ul style="list-style-type: none"> • Contributing to health, connections and learning • Universal design • Comfortable, safe and secure homes and community development • Disaster-resistant housing • An affluent way of life with consideration for the elderly 	<ul style="list-style-type: none"> • Health management • Diversity • Flexibility in workstyles • Human resources development • Respect for human rights 	<ul style="list-style-type: none"> • Regional revitalization • A society committed to disaster response and mitigation • A market of high-quality housing stock • Respect for human rights • Diversity
Governance	<ul style="list-style-type: none"> • A company with integrity trusted by its customers 	<ul style="list-style-type: none"> • A fair and equitable corporate culture • A workplace culture in which employees can work safely and with peace of mind • Innovation & communication 	<ul style="list-style-type: none"> • A company trusted by society • An equitable and fair society

Our Vision for Society

Decarbonized society **Society in which humans and nature coexist**
Circular economy **Society of health and longevity** **Diverse society**

Risks and Opportunities

Risks and Opportunities for 2050

The year 2020 was an extraordinary time in which the world was threatened by the emergent risk of the COVID-19 pandemic. As social conditions continue to shift at an accelerated rate, formulating plans to create value through a business based on current predictability can be an inadequate approach. In response, the Sekisui House Group has sought to analyze medium- and long-term issues that affect value creation with relation to sustainability, identify risk factors, and position them as opportunities for future business development. These solutions are then reflected in medium- and long-term planning of our business strategies.

Risks and Opportunities Related to the Environment

*Our response to TCFD

The TCFD, or Task Force on Climate-related Financial Disclosures, provides a framework for the efficient disclosure of climate-related financial information to encourage investors to make appropriate investment decisions. Sekisui House published Japan's first TCFD Report for non-financial companies in December 2019. We disclose our TCFD Report as a section in our Integrated Report 2021. <https://www.sekisuihouse.co.jp/english/company/financial/library/annual/>

	ESG Megatrends		Next 30 Years	Business Environment for the Housing and Construction Industries	Risks	Opportunities
Environment	Climate change*	Global	Ongoing climate change	Ongoing temperature rise	Living difficulties caused by extreme heat	Increasing need for living environments resistant to extreme heat
					Decreased productivity at production and construction sites due to extreme heat	Increasing corporate competitiveness resulting from greater employee comfort in the workplace
		Global		Increase in abnormal weather events	Increasing severity of natural disasters	Growing need for durable housing
		Global	Acceleration of the decarbonization trend	Mainstreaming of decarbonization housing	Introduction of carbon taxes	Increasing competitiveness of decarbonization businesses
	Ecosystem conservation	Global	Change in the ecosystem due to climate change and loss of biodiversity	Changes in vegetation range and adaptation range of plants for afforestation	During construction, growing demand for consideration of local ecosystems and changing vegetation	Increasing need for tree planting and other ecosystem conservation initiatives
						Growing awareness of material certification and ease of procurement
		Global	Increasing numbers of regions with a lack of fresh water	Increase in regional differences in water resources	Increasing requirements for buildings and facilities to be designed for water conservation	Increasing need for housing designed for water conservation
	Resource recycling	Global	Ongoing natural resource depletion	Resource depletion and changing selection in natural resources	Increasingly stringent recycling regulations	Increasing competitiveness among resource-recycling businesses
Global		Increasing awareness of the need to reduce plastic usage	Increasing development and spread of innovative materials and recycling technologies	Growing cost of processing fossil fuel-derived plastic waste		

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Risks and Opportunities

Risks and Opportunities Related to Society and the Economy

Society and economy	ESG Megatrends		Next 30 Years	Business Environment for the Housing and Construction Industries	Risks	Opportunities
	Pandemic response	Global	Growing worldwide prevalence of infectious diseases	More time spent working and studying at home and engaging in e-commerce such as food delivery, streaming services, and online fitness; fewer opportunities for face-to-face communication	Need for technology to reduce infections acquired in the home; growing need for comfortable living spaces	Requirement for housing to fulfill expanding role as a workplace, school, store, restaurant, gym, and theater
	Demographic change	Outside Japan	Growing world population	Increase in housing demand in emerging and housing-deficient countries	Growing country risk and likelihood of labor shortages at construction sites	Expanding market potential. Demand for housing construction technologies that reduce construction labor requirements and shorten the construction period
		Global	Increased numbers of countries with aging populations	Increase in ratio of elderly customers and employees, and changing requirements for living environments	A growing shortage of construction, nursing care, and health care workers as health and safety needs increase with the aging of the population	Increasing competitiveness of housing and workplaces with consideration for the health of the elderly, and increasing need for support for nursing care and health care businesses
		Global	Growing influx of immigrants and migrant workers around the world	Increase in customers and employees immigrating from other countries	Growing numbers of people with unstable housing circumstances, and increased cost of communication	Growing demand for workplaces that accept diverse workers who invigorate housing and labor markets
		Japan	Population decline in Japan due to the declining birthrate	Change in social capital as the market shrinks in size and demand for buildings decreases	A decline in the number of new housing starts, a decrease in the occupancy rate of managed properties, and an increasingly serious problem with vacant houses	Ongoing trends toward high-quality housing, urban migration, and compact cities. Growing demand from inbound tourism.
	Societal and economical change	Japan	Ongoing urbanization	Ongoing depopulation in local regions	Increasingly intense competition in cities	Growing need for regional revitalization
		Japan	Progress in the ongoing transition from ownership to usage	Expansion of the real estate rental market	Fewer business serving property owners	Rising need for good rental housing
		Global	Increasing disparity between the rich and poor and widening income disparity among households	Shrinkage of the middle class and growing differentiation of the market	Increasingly intense business competition for the wealthy, and the emergence of low-cost housing	Increasing need to provide housing brands by target and range
		Japan	Shrinking of the gender pay gap	Ongoing outsourcing of housework	Inadequate numbers of workers available for working at home, including childcare and nursing care	Expanding demand for childcare and educational facilities, and expansion of markets related to housework (childcare, nursing care, etc.)
		Global	Diversification of working styles	Increasing employee needs for diverse working styles	Increased employee turnover when needs are not met	Increasing competitiveness in workplaces with high employee satisfaction
		Global	Acceleration of corporate globalization	Increasing localization of core competencies and local partnerships	Increasing disagreement with local requirements for employment and business practices	Use of proprietary technologies to solve social issues
		Global	Consumption trends increasingly driven by Gen Z	Growing numbers of customers and employees who value the environment and sociability	Growing risks to environmental reputation and social reputation	Growing need for housing that contributes to sustainability
	Technological innovation	Global	Increasing utilization of big data and the speed of information and communications technologies	Major transformations in financial markets through financial technology and ongoing corporate collaboration on technology	Increasing social demand for customer management and other security measures	Increased competitiveness in technologies that contribute to sustainability
		Global	Increasing opportunities for using advanced medical care	Increasing numbers of customers and employees returning after recovering from illnesses	Increasing need for familiarity with medical technology	Enhanced competitiveness of housing and workplaces focused on health and safety

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Material Issues

The Sekisui House Group has identified issues that are important to stakeholders and that have been determined to have a material impact on the economy, environment, and society. We have listed five initiatives to address these material issues.

In our case, we believe that our strength derives from our social responsibility initiatives, which contribute to the environment and society and which are directly linked to the creation of value through our business.

Determination of Materiality



Material Issues



Five keywords for addressing material issues

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Addressing Material Issues

Home, where we spend much of our lives, greatly affects our happiness.
In recent years, however, variety of social issues such as climate change and pandemics have been threatening this happiness.

We believe that the Sekisui House Group, which has provided the largest number of dwellings in the world, has the responsibility and capability to provide the happiest homes in the world. Our Global Vision for the future is encompassed within our mission to contribute to human happiness in homes and businesses.

Make home the happiest place in the world

We are contributing to the happiness of people around the world by identifying five material issues, and we are working with pride and determination to make our Global Vision a reality.

When addressing material issues, we remain strongly aware of the need to work toward achieving the SDGs.

Keywords	Addressing Material Issues	Applicable SDGs				
Environment	Leading the way to a decarbonized society					
Home	Pursuing the potential of the home					
Community	Coexisting with local communities					
People	Bringing together diverse capabilities					
Organization	Embodying integrity					



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Sustainability Vision 2050

Sustainability Vision 2050, Our Long-term Vision Targeting 2050 (Adopted in 2016, updated in 2017)

Sustainability Vision 2050 ushers in the 30-year vision of NEXT SEKISUI HOUSE and our initiatives with respect to the five material issues. Below are the goals we have adopted for 2030 and 2050 regarding social issues and the environment.

Our Goals	2050 Challenge Objectives	2030 Goals	Measures for ESG
Leading the Way to a Decarbonized Society Secure, high-quality lifestyles will realize a sustainable society that is not dependent on fossil fuels or constrained by energy problems. ➔ Addressing material issue ①: Leading the way to a decarbonized society	Zero CO₂ Emissions within the Housing Lifecycle We will eliminate CO ₂ emissions from the entire housing lifecycle, from the purchase of materials to manufacturing, sales, occupancy, and demolition, as well as renewable energy usage.	Achieving SBT Goals We aim to reduce emissions by 50% for Scope 1 & 2 and 45% for Scope 3 (category 11: Housing) compared to FY2013 (an SBT goal). Also, as an RE100 member company, we will ensure that 50% of the electric power consumed by our business operations is from renewable energy sources. 	
Leading the Way to Society in Which Humans and Nature Coexist Rich natural networks not only protect the ecosystem services that support life, but also do much to improve the quality of our lives while strengthening connections between individuals. We are dedicated to maximizing this function and enhancing our ability to live in harmony with nature.	Maximizing Ecosystem Networks through Business We are committed to procuring 100% FairWood products to contribute to Zero Deforestation. We are also adopting ecosystem conservation and other green infrastructure initiatives, disaster response and mitigation, and efforts to enhance comfort through green housing construction and community development.	Leading the Mainstreaming of Biodiversity Regarding the number of trees planted under the <i>Gohon no ki</i> indigenous landscaping project, which proposes the planting of mainly native tree species in consideration of local ecosystems, we will maintain the pace of planting 1,000,000 trees each year and promote further expansion of urban greening. At the same time, we will target procurement of 100% FairWood products for use in all standard homes constructed by Sekisui House. 	
Leading the Way to a Circular Economy Through innovative technology and novel economic systems, we are contributing to the emergence of a society committed to recycling that sustainably utilizes recycled resources without depending solely on natural resources in order to support a stable way of life.	Expanding Zero Emissions Initiatives within the Housing Lifecycle To develop housing as a quality asset, we provide remodeling and renovation services that are aligned with different lifestyles and societal changes. To deal with the waste generated from these activities, we are committed to achieving zero emissions at the social infrastructure level through industry alliances.	Recycling Business System Development Acceleration While enhancing support for our supplied housing segment, we will expand the targeted scope of the Wide Area Certification System, a special system of the Waste Management and Public Cleansing Law. Meanwhile, we will accelerate the use of information technology to improve management accuracy and have adopted an electronic management system for waste recovery to promote efficient and smooth operation. 	
Leading the Way to an Advanced, Healthy and Long-lived Society We are committed to providing safe, secure, and healthy housing, solving regional issues at the global level, and contributing to the emergence of a mature and aging society that enables all its members to live in good health, with pride, in an advanced country. ➔ Addressing material issue ②: Pursuing the potential of the home	Contributing to Health and Longevity through Housing Development We will contribute to the development of high-quality social assets by establishing a rich living environment and local communities that can continue to live in safety, security, and comfort. We will develop the intangible assets of health, connections, and learning while developing housing that contributes to a long-lived society. Moreover, we aim to eliminate household accidents by employing our advanced technologies.	Creating Value with Respect to Social Issues We aim to continue playing the role of a housing provider in the interests of an advanced, healthy, and long-lived society. By focusing on intangible assets such as health, connections, and learning—as well as tangible assets such as structures and interiors—we are helping to construct homes that add to health and longevity while also supporting greater happiness up to the age of 100 and beyond. 	
Leading the Way to a Diverse Society We aim to contribute to the emergence of a society committed to sustainability through the innovations that result when people engaged in healthy and happy activities have a positive influence on one another. ➔ Addressing material issue ④: Bringing together diverse capabilities	Contributing to a Society in which All Can Demonstrate Their Individual Abilities We will provide opportunities and create an environment in which diverse groups of people can make the most of their individuality. Through innovation and communication, we are creating value in society in diverse ways.	Sustainable Growth through Diversity & Inclusion We are implementing management that can make the most of the unique abilities of women, people with disabilities, the elderly, foreign nationals, members of the LGBTQ community, and all individuals. We are contributing to the spread and promotion of diversity by publicly disclosing the results and challenges of our management initiatives. 	

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Establishing a System to Align All Our Business Operations with ESG Principles

The Sekisui House Group has adopted a Global Vision to make home the happiest place in the world. In order to achieve our vision, we remain committed to our role as a leading company in ESG management.

This vision includes the idea of aligning all business activities with ESG principles, contributing to the emergence of a society committed to sustainability, and working toward achieving the SDGs.

Our ESG management framework

In June 2020, the Sekisui House Group established the ESG Management Promotion Division (currently the ESG Division) and established the ESG Management Promotion Headquarters to administer the planning, drafting, and implementation of the group's basic ESG management policies. This organizational reform represents a statement of our determination to be recognized as a leading company in ESG management in both name and reality. We will achieve this not only by promoting company-wide initiatives related to ESG management, but also through unified support and coordination, information collection and analysis, and information dissemination both inside and outside the company.

We also established the ESG Promotion Committee as an advisory body to the Board of Directors. This committee meets every three months to actively discuss ESG management. The chairperson is the officer in charge of the ESG Division, and two knowledgeable outside members in the role of experts are allied with the internal members to enhance activities from various perspectives. The ESG Promotion Committee reports to the Board of Directors and deliberations are undertaken.

Composition of the ESG Promotion Committee

- Chairman: Officer in charge of the ESG Division (representative director, vice chairman & executive officer)
- Outside committee members: 2
 - Katsuhiko Kokubu (Professor, Graduate School of Business Administration, Kobe University, Dean of V. School, Kobe University),
 - Hidemi Tomita (Representative Director, Lloyd's Register Japan K.K.)
- Internal committee members: General Manager of the ESG Management Promotion Headquarters, the respective chairmen and vice chairmen of the three ESG subcommittees

In order to promote our ESG management principles, we have adopted the themes of participation of all employees; advanced initiatives; and improvement of external evaluations. We are all in support of our ESG principles, and each one of us will deepen our understanding and work toward the happiness of our customers and society so that ESG management becomes an intrinsic activity of the company.

Establishment of three ESG subcommittees

The ESG Promotion Committee has established three subcommittees to respectively promote one leg of the ESG stool: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee.

Each of these subcommittees appoints a person in charge and sets goals and key performance indicators. These three subcommittees collaborate with each division and group company

ESG management promotion structure



inside and outside Japan and take the lead as flag-bearers of our ESG management principles, implementing effective initiatives. In addition, they disseminate and promote understanding of these initiatives among all employees through progress reports, provide feedback on issues, and propose improvements for dissemination.

In-house initiatives

Business establishment commendation system incorporating ESG indicators

In order to promote ESG management company-wide, we have incorporated ESG indicators into the company President's Award criteria.

Evaluation index for the first half of 2021 (February to July)

- E: ZEH ratio, planting rate, and others
- S: Secondary medical examination consultation rate, average total working hours, and others
- G: Operational accuracy of internal audits

Conducting "ESG Dialogue"

From an employee's perspective, "making home the happiest place in the world" can also be thought to encompass the workplace. The happiness of employees is part of the foundation of ESG management.

To put this into practice, we are promoting what we call "ESG Dialogue." The theme of the dialogue, arranged by job classification, is "How can we increase the happiness of our employees, customers, and society at large through our business?"

By promoting such dialogue, we aim to engage employees, stimulate communication, foster innovation, and further enhance our corporate value.

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Our Responsibility to Maintain Open Communication with Stakeholders

The main stakeholders of the Sekisui House Group are our existing and prospective customers, business partners, employees, shareholders and other investors, and our local communities. We place great importance on maintaining dialogue with our stakeholders, and we make a daily effort to maintain open communication in order to meet all expectations and any challenges that arise.

Our Responsibilities to Key Stakeholders	Examples of Engagement	Typical Themes	Associated Initiatives
To customers (homeowners) We will maintain a customer-first attitude and continue to value open communication so that important customer assets can long be used with a sense of permanence.	<ul style="list-style-type: none"> Customer surveys Informative magazines published as communication tools <ul style="list-style-type: none"> • <i>Kizuna</i> (detached housing, twice annually) • <i>Maisowner</i> (rental housing, twice annually) • <i>gm</i> (apartments, 3 times annually) Operation of the Net Owner's Club 	<ul style="list-style-type: none"> Extending the service life of housing and improving customer satisfaction Enhancing after-sale support Developing and building easy-to-maintain and easy-to-use exteriors 	<ul style="list-style-type: none"> Operation of "Common's," a cityscape evaluation system Strengthening company-wide collaboration to grow the Exterior Business
To prospective customers We will proactively disclose information so that we can establish a relationship of trust with our goal of "creating enriching homes and environments."	<ul style="list-style-type: none"> <i>Nattoku Kobo</i> Studio, at the Comprehensive Housing R&D Institute <i>Sumufumulab</i> <i>Sumai-no-Yume-Kojo</i> Center Sekisui House Eco First Park <i>Sumaijuku</i> seminars Stimulating dialogue through life literacy books and the like 	<ul style="list-style-type: none"> Publication of the housing development process and locations of manufacturing sites Visualization of housing-centered solutions to environmental challenges 	<ul style="list-style-type: none"> Establishment of the Human Life R&D Institute Recruitment of research members and presentation of workshops at <i>Sumufumulab</i> Partial opening to the public of our research facilities Workshops and events for parents and children at Sekisui House Eco First Park
To business partners In order to develop together with a track record of customer satisfaction, we will strive to uphold fair and equitable transactions while fostering relationships of mutual benefit.	<ul style="list-style-type: none"> Establishment of the Sekisui House Association and the Sekisui House Cooperation Association Policy Briefing Session (held annually) Supplier Evaluations Environmental Subcommittee; Supplier Subcommittee Procurement adhering to our CSR (CSR Procurement Guidelines) 	<ul style="list-style-type: none"> Improving the construction site environment (reduced workload, responding to the aging of construction technicians) Improving accuracy of delivery dates (when delivering components and materials) 	<ul style="list-style-type: none"> Improved display of construction members, promotion of component assembly, precutting and presetting Comprehensive online sharing and input of process charts with manufacturers

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Our Responsibilities to Key Stakeholders	Examples of Engagement	Typical Themes	Associated Initiatives
To employees In order for our employees to utilize their individual abilities to the full and grow through creativity and work of value, we affirm the individuality of each and every employee. We are creating a work environment and a system that foster fairness and an eagerness to take on challenges as we seek to enhance employee satisfaction.	<ul style="list-style-type: none"> • ESG Dialogue • “SKIdea,” an in-house innovation competition • In-house recruitment system & internal qualification system • Human relations training (annually) • Governance awareness survey & well-being survey • Occupational Health and Safety Management System • <i>Hito</i> in-house online magazine • Sekisui House Shareholders’ Association, an association of employee shareholders Subscription rate 83.9% (92.8% on a non-consolidated basis) Number of shares held: 17,939,000, for a 2.63% shareholding ratio 	<ul style="list-style-type: none"> • Autonomous career development • Promotion of women’s participation • Workstyle reforms • Promotion of work-life balance • Promotion of employment of people with disabilities • Provision of a workplace with open communication • Respect for human rights • Health management 	<ul style="list-style-type: none"> • Promoting understanding and instilling management according to ESG principles • New ratings system • Promotion of diversity Training for female managerial candidates Sekisui House Women’s College Diversity exchange meetings • Workstyle reforms Adoption of <i>Ikumen</i> Leave (special childcare leave) system • Health management policy formulation • Training for all employees through our Human Relations System
To shareholders and other investors We will engage in fair and highly transparent corporate management with the aim of remaining an enterprise assessed with high social value. We do so in order to improve our corporate value through sound growth that returns profits to shareholders and other investors.	<ul style="list-style-type: none"> • Presentation of financial results & management plan briefing session • Meetings with institutional investors and analysts • General meeting of shareholders • Shareholder benefit program • Publication of <i>Integrated Report</i> (including TCFD Report section) • Publication of <i>Business Report</i> (twice annually) • Issuance of <i>IR News Mail</i> 	<ul style="list-style-type: none"> • Return of profits to shareholders • Easy-to-understand disclosure of management strategies and plans • Promotion of fair disclosure • Enhancement of online disclosure • Enhancement of information disclosure in English 	<ul style="list-style-type: none"> • Minimum average payout ratio of 40% over the medium term • Management plan briefing session and dissemination of a Q&A summary • Holding tours of factories and other facilities • ESG management briefing session • Stakeholder meetings
To the community In order to protect the global environment and enable all to enjoy a life of affluence that is unique to humans, we will strive to cooperate, participate, and give back to society by fostering local cultures and richness while making the most of the uniqueness of our roles as a housing company.	<ul style="list-style-type: none"> • Sekisui House Matching Program, a joint donation system offered to employees of the company • Collaboration with NPOs such as Uzo Nishiyama Memorial Library and Kids Design Association • Rokko Island Fund for Kobe Town Development, Public Trusts • Providing training in the SDGs using case studies • Providing training in programming for elementary school students 	<ul style="list-style-type: none"> • Safe and secure living • Community development to prevent crime and mitigate disasters • Fostering future generations (Kids First) • Supporting the self-reliance of disaster victims and people with disabilities 	<ul style="list-style-type: none"> • Community formation support (<i>Hitoen</i>) • Establishing a recovery support system in the event of a natural disaster • Future Factory Project to help minimize effects of a natural disaster • Efforts by new employees to reconstruct disaster areas • Supporting companies in a disaster area and community workshops for people with disabilities by purchasing their products • Raising awareness of the SDGs • Educating children about housing
Common features	Thorough compliance, thorough consideration for the environment, and accountability		

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FY2020 Accolades and Achievements









Responding to the COVID-19 Pandemic

Major Initiatives & Participating Organizations

Our Participation in International Initiatives and Activities with Government and Industry Groups

We are actively participating in international initiatives to contribute to the resolution of social issues on a global scale. In Japan, our group has a large role and responsibility in improving housing and living conditions. We thus participate in the initiatives of many industry groups.

Major Initiatives We Support

Name	Logo	Activities
UN Global Compact		An initiative advocated by the United Nations that requires companies to comply with and implement 10 principles addressing human rights, labor, the environment, and corruption. Signed in September 2018. Participated in a subcommittee of the Global Compact Network Japan (GCNJ).
RE100 Initiative		An international initiative of major companies around the world pledging to use only 100% renewable energy in their business operations. Joined in October 2017, becoming the second Japanese company to do so.
TCFD Consortium		The Task Force on Climate-related Financial Disclosures (TCFD) is a framework for disclosing financial information on corporate climate change initiatives and impacts. The TCFD Consortium was organized by companies supporting the TCFD; we joined in July 2018 with an expression of support for the TCFD.
SBT Initiative		An evidence-based initiative requiring companies to adopt CO ₂ emissions reduction targets. Acquired certification in April 2018.
Japan Climate Initiative (JCI)		A network of non-governmental organizations encompassing enterprises, local governments, and organizations working actively on climate change countermeasures. Participating since its establishment in July 2018.
Japan Climate Leaders' Partnership (JCLP)		A group of corporations aiming to achieve a carbon-free society committed to sustainability. Joined in August 2016.
Global Alliance for Buildings and Construction (GlobalABC)		An organization of numerous companies, local governments, organizations, NGOs, and others aiming for zero emissions, high efficiency, and resilience in the fields of architecture and construction. Participating since May 2016
Japan Business Initiative for Biodiversity (JBIB)		An initiative of highly motivated companies committed to biodiversity conservation and sustainability. Participating since the beginning (April 2008).

Association with Government-led Initiatives

Name	Committees and others
Ministry of Land, Infrastructure, Transport and Tourism	The Panel on Infrastructure Development: Building Subcommittee, Building Environment Subcommittee Study Group on the State of Energy Consumption in Housing and Other Buildings
Ministry of Economy, Trade and Industry	Advisory Committee for Natural Resources and Energy ZEH Roadmap Follow-up Committee on Apartment Housing

General Incorporation Association of ESG Disclosure Study Group

Since July 2020, we have been participating in research on ESG data in order to develop a mechanism for harmonizing the sustainable development of society with the growth of private companies through an increase in their value.



Association with Industrial Group-led Initiatives

Group name	Committees and others
Japan Business Federation	Executive Committee, Standing Executive Committee, Urban Housing Policy Committee, Women's Advancement Promotion Committee
Kansai Economic Federation	Urban Tourism & Culture Committee, Urban Development Special Committee, Labor Policy Committee, D&I Expert Committee
The Osaka Chamber of Commerce and Industry	Construction and Building Materials Subcommittee, Human Resource Development Committee
Japan Federation of Housing Organizations★	Board of Directors★, Steering Committee★, Housing Taxation and Finance Committee, Housing Performance Improvement Committee★, Building Regulation Rationalization Committee, Environment Committee, Housing Stock Committee, Housing Information Committee, Construction and CS Committee, Skilled Trades Issues Review Committee, International Exchange Committee
Japan Prefabricated Construction Suppliers and Manufacturers Association	Board of Directors, Planning and Steering Committee, Financial Taxation System Study Group, Public Relations Committee★, Board of Education, Education Implementation Committee, Defect Warranty Insurance Promotion Committee, Housing Subcommittee, others
House Construction Promotion Foundation	Board of Directors, Business Steering Committee
The Provision of Quality Housing Stock Association★	Board of Directors★, Administrative Board, Planning & General Affairs Committee, Public Relations Website Committee, Technical Committee, Evaluation and Education Committee
NPO Kids Design Association	Board of Directors, Steering Committee, Research & Development Subcommittee, Standardization Review Subcommittee, Awards Subcommittee, others
Eco-First Promotion Association	Executive Committee, Steering Committee, Information Exchange Conference

FY2020 Accolades and Achievements

Public Accolades and Awards (Includes some presented in 2021.)

Sustainability & ESG Management

● From ESG evaluation bodies

February 2020 Awarded "Silver Class" in the homebuilding sector under the Robeco SAM Sustainability Award 2020.
https://www.sekisuihouse.co.jp/library/english/topics/datail/_icsFiles/afildfile/2020/02/17/20200206e.pdf



November 2020 Named to the Dow Jones Sustainability Indices (DJSI World) for the 5th consecutive year. Selected as an Industry Leader by DJSI Asia Pacific for the 4th consecutive year.
https://www.sekisuihouse.co.jp/library/company/topics/2020/20201118_2e.pdf



February 2021 Awarded "Gold Class" in S&P Global's Corporate Sustainability Assessment.
https://www.sekisuihouse.co.jp/english/company/release/library/2021/20210212_e.pdf



In addition, our indices were adopted from the outset as constituents of all four ESG indices as selected by the Government Pension Investment Fund (GPIF), managers of the world's largest pension assets.

ESG indices selected by GPIF	FTSE Blossom Japan Index	MSCI Japan ESG Select Leaders Index	MSCI Japan Equity Empowering Women Index (WIN)	S&P/JPX Carbon Efficient Index
				
Index Category	ESG (Comprehensive)	ESG (Comprehensive)	S (Social)	E (Environmental)
Our Indices	Since July 2017			Since September 2018

E: Environmental

● 2020 Climate Change Action Award, Minister of the Environment Award for Climate Change Action (Advanced Introduction and Proactive Practice Division/Mitigation Category)

November 2020 Organizer: Ministry of the Environment
 Recognized for efforts to create a Net Zero Energy House (ZEH) market for rental housing.



● Silver Award, 2nd ESG Finance Awards Japan (Minister of the Environment Award)

February 2021 Organizer: Ministry of the Environment
 Recognized for ESG management integrated with business strategies such as information disclosure for climate change response and dissemination of ZEH.



● Japan Wood Design Award 2020

October 2020 Organizer: Wood Design Award Management Secretariat (Social Design Division, Architecture & Interior Design Section)
 Recognized for constructing an SGEC/PEFC overall certified house (Japan's first wooden house offering traceability of all wood used in the structure. Joint entry with Mori for Forest Certification Company).



S: Social

● Nadeshiko Brand 2021

March 2021 Organizer: Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange
 Recognized for Sekisui House Women's College, a training program aimed to support the promotion of female managers that has been in effect since 2014. The roughly two-year curriculum focuses on stable and systematic training of personnel for managerial positions.



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Sekisui House Group Outline

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FY2020 Accolades and Achievements

- Recognized as Certified Health and Productivity Management Outstanding Organization under the large enterprise category (White 500) for the second consecutive year.

March 2021 Organizer: Ministry of Economy, Trade and Industry



- Grand Prix, Ikumen Award 2020

October 2020 Organizer: Ministry of Health, Labour and Welfare
Recognized for establishing the unique *Ikumen* Leave system that offers male employees at least one month of leave within three years of their spouse giving birth. Under the guidance of our president, we are working to increase participation company-wide by raising awareness among those in managerial positions.



- Third consecutive annual Gold Award on the "PRIDE Index 2020," which evaluates efforts to support members of the LGBTQ community.

November 2020 Organizer: The "work with Pride" volunteer organization



Other Recognitions

- Named to the "Hall of Fame" in the Environmental Reporting Category of the 23rd Environmental Communication Awards.

February 2020 Award: Sustainability Report
Organizer: Ministry of the Environment and the Global Environmental Forum



- Presented with the 14th Kids Design Award (representing our 14th consecutive year of recognition, for a total of 93 items, since the award was established).

August 2020 Organizer: NPO Kids Design Association

Awards
Category of "Designs to develop the creativity and create the future of children"

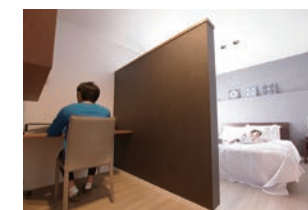
- *Kodomo idokoro*, Sekisui House Kids Design
- Oamishirasato City Child Care Exchange Center

Category of "Designs to support comfortable raising of children"

- Kobayashi-sanchi model house displayed in the Sekisui House *Sumai-no-Yume-Kojo* Center in Kanto
- A proposed living environment for child-rearing households
Sekisui House's "Sha Maison" rental housing creates an environment that makes it easy to work from home.



The Kobayashi-sanchi model house offers the vision of a lifestyle that resonates with many prospective customers.



Partition wall providing separate interior spaces

- Open Village Nokishita (joint entry with AiNest Co., Ltd.)
- This represents a "children's operating system." (Joint entry with Osaka Prefecture, Jakuetsu Co., Ltd., KOKUYO Co., Ltd., and Research Institute of Geographic Information System)

- Good Design Award 2020

October 2020 Organizer: The Japan Institute of Design Promotion



Awards

- engawa KYOTO
(A business collaboration base and co-work facility that supports innovation. Awarded jointly to Dentsu Inc.)
- Grande Maison Water Purification Garden City Forest Gate Condominium
(Awarded jointly to Mitsubishi Estate Residence Co., Ltd., Fukuoka Shoji Co., Ltd., Saibu Gas Urban Development Co., Ltd., Shimizu Corporation, and Field for Design Office.)
- Prime Maison Shimokitazawa rental apartment
(Awarded jointly to Sakakura Associates architects and engineers.)



engawa KYOTO



Grande Maison Water Purification Garden City Forest Gate, Chuo-ku, Fukuoka City

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E Environmental

Sekisui House was the first housing supplier in the industry to incorporate global environmental considerations into its business operations. As a global leader in adherence to ESG principles, we remain focused on becoming a world leader in environmental technology. We are dedicated to carbon-neutrality, ecosystem conservation, and the emergence of a society committed to resource recycling.

Addressing Material Issue

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Leading the Way to a Decarbonized Society

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

11 INDUSTRY, BUILDING AND CONSTRUCTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Basic Concept

Since adopting the Sekisui House Group’s Environmental Future Plan in 1999, we have used the medium of housing development to implement many effective efforts to address environmental issues.

In particular, we now consider global warming, suspected to be the cause of frequent calamitous natural disasters that occur all over the world, as an imminent and significant risk to the survival of society. As a result, we are strengthening our efforts to reduce our carbon emissions. We are confident that the Sekisui House Group, the world’s largest supplier of housing, can address this issue throughout the value chain to make the transition to a carbon-free society even more effective.

We will continue to cooperate with our stakeholders to restore the health of the global environment, which is indispensable to “making home the happiest place in the world.”

Themes and Key Performance Indicators (KPI)

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
Reducing carbon emissions at the residential stage	Ratio of detached ZEH homes ^{*1}	%	88%	91%	89%	90%
	Number of ZEH units for rent ^{*2}	Housing units	1200	2976	1800	2500
	Number of ZEH condominiums for sale (cumulative number of units) ^{*3}	Housing units	32	32	196	540
	Number of <i>Idocoro Dan-netsu</i> houses ^{*4}	Housing units	1000	1005	1200	1250
	Rate of CO ₂ emissions reduction from new housing ^{*5}	%	42%	54.7%	45% reduction by 2030 ^{*7}	
Reducing carbon emissions from business operations	Rate of CO ₂ emissions reduction from business operations ^{*6}	%	29%	19.4%	50% reduction by 2030 ^{*7}	
	RE100 achievement rate ^{*8}	%	6%	16.4%	25%	35%
Reducing carbon emissions from the supply chain	Supplier science-based target-setting rate ^{*9}	%	—	18.6%	80% by 2030	

*1: ZEH ratio of contracted and for-sale housing in areas other than Hokkaido

*2: Number of orders place for ZEH Ready or higher units

*3: Number of completed units ranked as ZEH Oriented or higher

*4: Number of units renovated to *Idocoro Dan-netsu* concept with partial thermal insulation and heating systems (p. 32)

*5: Scope 3 Category 11 emissions reduction rate relative to FY2013 levels. Calculation is based on the current science-based target boundary (excluding Konoike Construction Co., Ltd.)

*6: Scope 1 and 2 emissions reduction rate relative to FY2013 levels (FY2020 emission results include those of Konoike Construction.)

*7: Targets including those of Konoike Construction are under review.

*8: Ratio of the amount of post-FIT photovoltaic power and other power purchased by Sekisui House Owner Denki (p. 33) to the total amount of electricity consumed in our business operations

*9: Percentage of our major suppliers who have adopted science-based targets

For information disclosure under the TCFD, please refer to the Integrated Report.

TCFD

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Contributing to the Emergence of a Decarbonized Society

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Our Mission Is to Reduce CO₂ Emissions for the Benefit of All Stakeholders.

In keeping with our Global Vision of making home the happiest place in the world, the Sekisui House Group is dedicated to helping our customers enjoy lives of happiness. We are building homes in which people can live in an abundance of safety, security, comfort, and good health. In recent years, however, we have witnessed the frequent occurrence of widespread natural disasters suspected to be triggered by climate change. These events threaten our safety and well-being, while climate change is also becoming a major risk to the stable continuation of our corporate operations. If we are rendered unable to operate our business, we will be unable to maintain our customers' homes; moreover, the impact on our many contractors and suppliers would be substantial.

For these reasons, and for the happiness of all stakeholders, we believe it essential that we take on the mission of preventing the global warming that brings about climate change.

Overview of our initiatives to support a carbon-free society

In 2008, the Sekisui House Group introduced Vision 2050, which outlines a variety of effective initiatives to achieve zero CO₂ emissions from a house throughout its life cycle.

As milestones for achieving this objective, we will compare our 2030 emissions against our 2013 emissions, specifically in terms of emissions from corporate activities (Scope 1, Scope 2)^{*1} and emissions during the residential stage of supplied housing (Scope 3, Category 11). In 2019, we revised our SBT certification^{*2}

with the goal of reducing these amounts by 50% and 45%, respectively.

In addition, as an RE100^{*3} member company, we will convert to renewable sources of electricity for our business operations, adopting targets of 50% by 2030 and 100% by 2040. A number of efforts are now under way to achieve these goals.

^{*1} Classification of CO₂ emissions according to the categories of the Greenhouse Gas Protocol.

^{*2} Certification of greenhouse gas reduction plans based on scientific data

^{*3} An initiative to obtain sufficient renewable energy to offset all the electricity consumed by a business

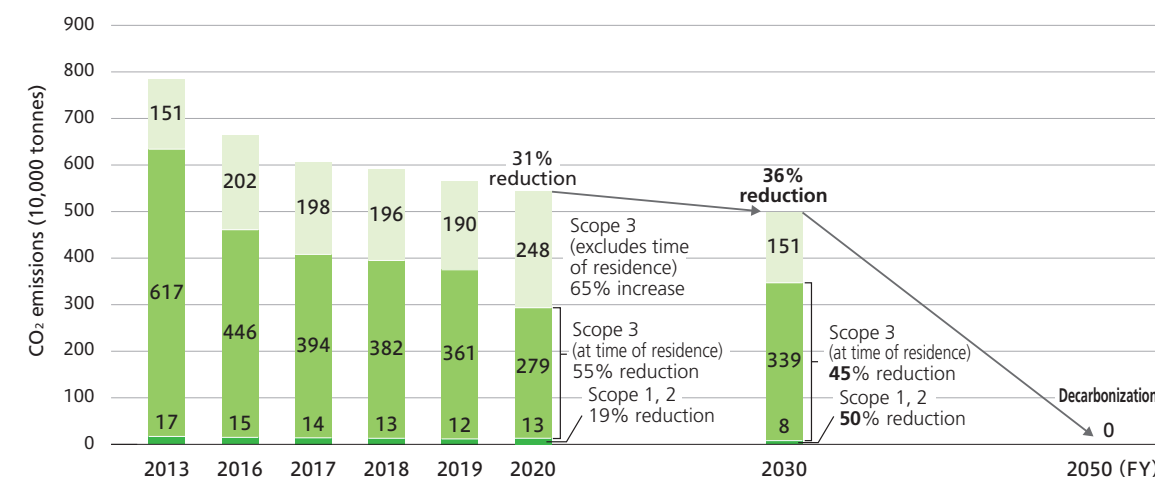
Today, 91% of our newly built custom detached houses are Green First ZERO ZEH, for a cumulative total of 60,000 units

Our Green First ZERO (ZEH)^{*1} homes demonstrate a high level of comfort, economy, and environment-friendly design. In fiscal 2020, 91%^{*2} of our detached houses were ZEH units, far exceeding the ZEH ratio of 13.9%^{*3} for Japan as a whole in fiscal 2019. The cumulative number of ZEH units we have constructed since the launch of this product in 2013 is 60,843, representing the largest number of such units in Japan (as of March 31, 2021).

In 2009, the year following our declaration to become carbon-neutral, we launched "Green First," considered the predecessor of ZEH, as a specific initiative incorporating solar cells and fuel cells as standard equipment in these residences. As of the end of fiscal 2012, when the government first published the quantitative results of the ZEH initiative, ZEH units had already accounted for 83.8% of the detached houses we sell, with the cumulative number of houses constructed exceeding 45,000. Taking advantage of our broad experience in the design and sale of such housing, we started promoting ZEH ahead of the industry and achieved a record of 49% for Green First ZERO—which has since evolved into ZEH—from the year of its launch.

In the aftermath of the Japanese government goal, as stipulated in the 5th Basic Energy Plan, of having more than half of all custom-built detached houses constructed by all house makers as ZEH by 2020, the actual result as of fiscal 2019 was 47.9% for all major house builders, which is close to the government target. We are confident that our industry-leading efforts in the area of ZEH have contributed greatly to the attainment of this target.

Sekisui House value chain CO₂ emission reduction plan and progress (All reduction rates are relative to FY2013 levels)



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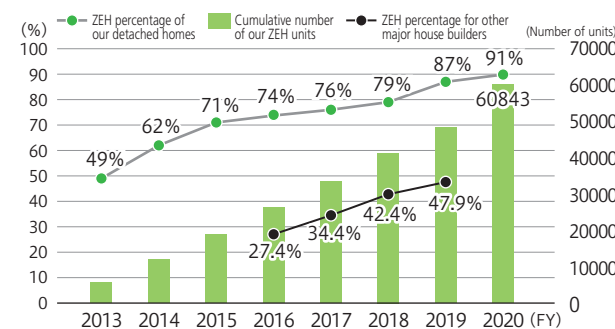
Biodiversity Conservation

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Eco-First Promise

Growth in the number of detached ZEH homes



Notes:

- Sekisui House's ZEH percentage includes sales of contracted and new construction units. The ZEH percentage for major house builders is contracted units only.
 - The ZEH percentage for major house builders is the percentage of all house builders that maintain sales offices across the country and provide standard housing.
- Source: "Direction of future consideration for further promotion of ZEH," ZEH Roadmap Follow-up Committee, March 31, 2021



The Family Suite, a spacious living area with large openings looking the garden of the *Gohon no ki* Project



Sekisui House proprietary tile-based solar power generation system

The widespread adoption of the ZEH initiative is indispensable to the successful emergence of a carbon-free society. However, despite the advantages for society, any restrictions to consumers caused by the adoption of ZEH could undermine the potential success of this initiative. For this reason, we have undertaken a variety of measures to make ZEH appealing to many prospective purchasers. For example, a home designed with an atrium or large living room windows offers a bright, open, and comfortable space, but these features can be disadvantageous in terms of energy efficiency. However, we can provide housing that is both comfortable and energy efficient by improving the thermal insulation performance of the entire building, including the windows. We are promoting the *Gohon no ki* Project, which includes gardens for planting tree species that attract birds and

butterflies. We have designed a ZEH that features large openings offering occupants a superb view of the gardens from comfortable living rooms.

The solar panels that are indispensable to ZEH are generally rather large. When installed on roof tiles, they inevitably spoil the appearance. If the roof has a complex shape, it may not be able to accommodate a sufficient number of panels required for the ZEH standard, and a change to the plan may be necessary. However, since we have developed proprietary small tile-shaped solar panels as a standard feature on our buildings, we can install high-capacity panels even on structures with complex roof shapes. The inconspicuous appearance of these tiles harmonize well with the attractive appearance of ZEH that our customers prefer.

We also believe that Green First ZERO responds well to the transformed lifestyles that have resulted from the effects of the COVID-19 pandemic. The energy efficiency and energy-generating performance of ZEH also help to offset the increased power consumption that can be a concern when the occupants are working from home. In addition, the bright and spacious interior designs we recommend make it possible to live comfortably with less of the stress that can arise from spending more time at home. Going forward, we will continue to respond to the emerging needs of the post-pandemic era as we drive the further evolution of our ZEH initiative.

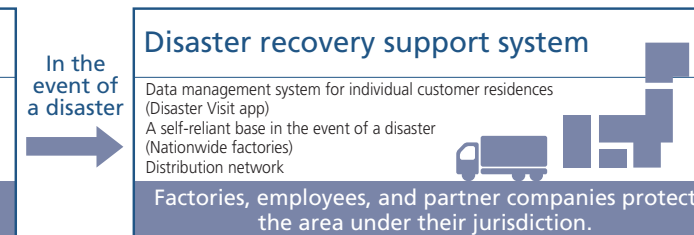
- *1: Abbreviation for "Net Zero Energy House," a house that aims for an annual primary energy balance of zero through energy efficiency and energy generation while providing a comfortable indoor environment.
- *2: The ratio of ZEH, Nearly ZEH, and ZEH Oriented (in areas with a minimum snowfall of 100 cm) dwellings constructed between April 2020 and March 2021 in all areas excluding Hokkaido. The ratio for Hokkaido was 75%.
- *3: Source: Net Zero Energy House Support Project Survey Results (2020 Edition); Agency for Natural Resources and Energy, Environmental Co-creation Initiative

Green First ZERO + R: Strengthening disaster resilience with group support

In light of recurrent earthquakes, typhoons, and various other natural disasters, a clear need exists for disaster-resilient Zero Energy Housing in which the buildings themselves are sufficiently robust to withstand these events. At the same time, this housing can provide secure living spaces that support ongoing survival with adequate food, water, and energy in the aftermath of a disaster. From the perspective of energy security, ZEH's components are quite useful, as they include a three-battery link system with solar cells that can supply electricity on sunny days; fuel cells that can generate electricity at night and in rainy weather when a gas and water supply are available; and storage batteries that can store surplus power generated by solar cells and fuel cells. These systems enable people to live without hardship even if power outages continue for several days.

In the event of a disaster, we first ensure the safety of the residents through the resilience of the building itself. Then, we can quickly determine the safety status of the residents as well as the damage situation. By utilizing the organizational strength of the company, we can establish a system and provide support so that owners can regain their daily lives as soon as possible while making our nationwide factories available as a foundation to support regional restoration. Green First ZERO + R is our solution to problems that cannot be solved by the building alone and serves to happiness the resilience of the building itself.

Sekisui House will continue to lead the housing industry by developing and spreading the value of ZEH, which contributes to the happiness of residents and society at large.



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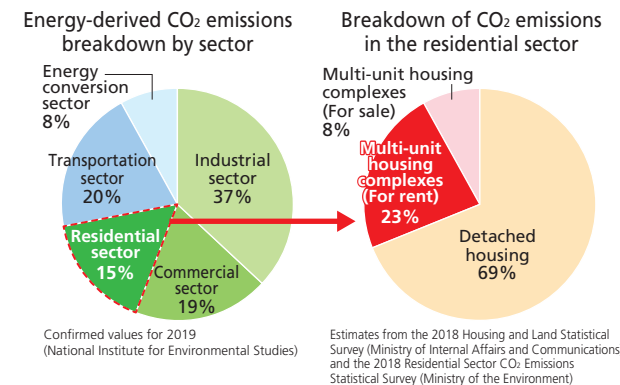
Eco-First Promise

Our promotion of Sha Maison ZEH has led to orders for 2,976 ZEH dwelling units

About 30% of the CO₂ emissions attributable to the residential sector are emitted from multi-unit housing complexes, and rental housing accounts for a large portion of this at 23%. Clearly, the conversion of rental housing to ZEH standards is an essential aspect of the drive toward a carbon-free society. We anticipate that this need will continue to grow in the future, so we have rebranded our Sha Maison rental house brand to “Sha Maison ZEH” and are focused on the construction of ZEH rental housing in various parts of Japan. In fiscal 2020, we received orders for a total of 2,976 ZEH dwelling units by holding internal information sessions, introducing sales support measures, and employing subsidies.

Two types of ZEH standards apply to multi-unit housing complexes: ZEH-M, which applies the net-zero energy standard to the entire residential building, including common areas; and ZEH, which applies the net-zero energy standard to the individual housing units. We are also working to popularize ZEH-M by promoting ZEH for all dwellings from a “residents'-first” perspective and increasing the number of ZEH dwelling units. In addition to receiving these orders, we are steadily increasing the cumulative number of completed units. In fiscal 2020, we supplied 97 ZEH-M buildings and 844 ZEH dwelling units, for a cumulative total of 200 buildings and 1,535 dwelling units, respectively.

Note: For a multi-unit housing complex, four types of ZEH standards are defined depending on the difference in energy efficiency. ZEH is the most effective standard, as it is capable of reducing primary energy consumption by more than 100% on balance. In contrast, Nearly ZEH represents a more than 75% reduction in CO₂ emissions, ZEH Ready represents a more than 50% reduction, and ZEH Oriented represents a more than 20% reduction. In addition, ZEH-M and ZEH differ in their definitions of evaluation targets, which are “residential building” for the former and “dwelling units” for the latter. (Based on the definition of ZEH for multi-unit housing revised in March 2019 by the Agency for Natural Resources and Energy.)



Promoting Sha Maison ZEH group-wide to create a ZEH market for rental housing

The comfort resulting from high levels of thermal insulation, the benefits of reduced utility costs, and the sense of security that comes from the availability of reliable electricity in the event of a disaster are all advantages that we highlight for residents of ZEH multi-unit dwellings. But we can offer other advantages to the building owners as well. The growing need for ZEH rental housing in the future is apparent from the fact that young people, who tend to depend on rental housing, place a high value on ethical consumption, exemplified by a preference for environment-friendly products. In an era when prospective tenants may choose their rental housing with concerns for its environmental benefits, the competitiveness of a ZEH property can be significantly higher. Clearly, a conversion to ZEH rental housing can lead to increased asset value for building owners.

The role of an intermediary is important to the popularization of the Sha Maison ZEH brand, as it is essential to communicate correctly not only to the owner but also to the prospective tenant. We thus ensure that Sekisui House conveys the significance and competitiveness of Sha Maison ZEH to the owner, and that Sekisui House Real Estate informs prospective tenants about the appeal of comfort, economy, and global warming prevention. We are thus engaged in popularization efforts that utilize our group strengths.

In November 2020, our group efforts to create a ZEH market for rental housing won recognition, earning us the highest award at the 2020 Minister of the Environment Award for Climate Change Action sponsored by the Japanese Ministry of the Environment.

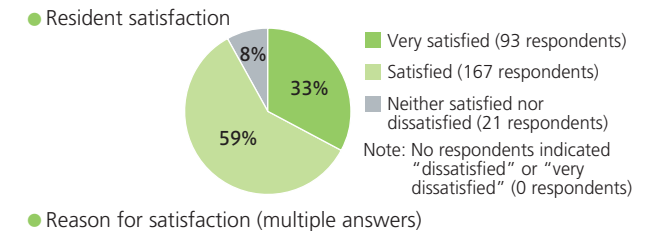
The evaluation of the actual tenants was also high, and a recent survey of residents showed high satisfaction with the comfort as well as the benefits of reduced utility costs. We believe



that, with ongoing high evaluations by residents, the number of people desiring to live in ZEH units will continue to grow, generating an increase in the number of ZEH dwelling units in the market and eventually to a mitigation of global warming. We will continue to popularize ZEH rental housing, which clearly demonstrates its value to residents, building owners, and the global environment.



Survey results of Sha Maison ZEH residents



Ranking	Reason for satisfaction after moving in	No. of replies	Ranking	Reason for satisfaction after moving in	No. of replies
1	New construction appeals to me.	189	9	I like the appearance and the exterior.	63
2	I like the size and floor plan.	123	9	It has good thermal insulation.	63
3	Provides convenient access to transportation.	116	11	It has crime-prevention features.	58
4	Utility costs are lower.	114	12	The neighborhood is good (park, view, etc.)	46
5	Solar power is available.	99	13	It is energy-efficient and environment-friendly.	42
6	Located close to surrounding facilities (supermarkets, hospitals, schools, etc.).	98	14	The rent is reasonable.	39
7	I like the interior.	91	15	Electricity is available even during a power outage.	15
8	The appliances seem convenient.	88	—	Other	42

Note: From a survey of residents of a Sha Maison ZEH multi-unit building. The survey was conducted in November on those residing in the building between April and September. (Total no. of respondents: 290)

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Construction of ZEH condominiums makes steady progress

We are also promoting the ZEH standard for the condominium market. In February 2019, we completed Grande Maison Kakuouzan Kikuzakacho in the city of Nagoya as Japan's first all-ZEH condominium complex. It had been considered difficult to build multi-unit housing complexes to ZEH standards because of the small rooftop area available for installation of solar panels relative to the large number of housing units in the structure. However, this project is a low-rise condominium with only 12 units, so sufficient rooftop area was available.

In high-rise condominiums where solar panels are difficult to install, we are working to popularize the ZEH Oriented standard, which provides for the greatest possible energy efficiency without the installation of solar panels. In fiscal 2020, we completed two buildings incorporating 20 ZEH dwelling units* in three buildings. In addition, we began construction of Grande Maison Uemachidai The Tower PJ in Osaka City, a 36-story high-rise condominium meeting the ZEH Oriented standard for all dwelling units. Construction is proceeding with completion scheduled for Spring of 2022.

In order to raise the energy efficiency of each unit to the ZEH

*ZEH Oriented dwelling units or higher



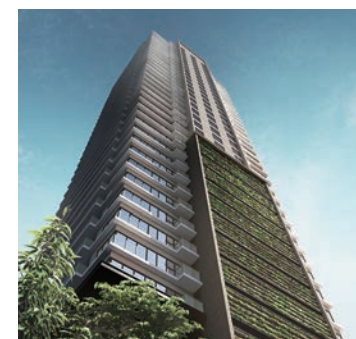
Grande Maison The Motoyama in Nagoya City



Grande Maison Ohori THE APARTMENT in Fukuoka City

level, fuel cells were installed in all units. One appeal of high-rise condominiums is the view offered by the large windows; however, increasing the area given over to windows is a disadvantage because of their inferior thermal insulation performance. In response, we installed high-performance vacuum double-glazed windows in order to achieve high energy efficiency despite the large window openings.

We believe that, in order to popularize the ZEH standard, any limits to the various condominium designs should be avoided. For example, in urban areas, in addition to designing for high energy efficiency, we place stairwells inside the building and adopt passive methods for air flow and lighting. In areas where the climate is good and views are available, the thermal insulation of openings is improved so that balconies and windows can be arranged all around the building. Thus, the ZEH standard can be accommodated according to the local characteristics and conditions. Going forward, we are confident the ZEH standard will continue to add unique value to condominiums.



Grande Maison Uemachidai The Tower PJ in Osaka City
(All units are ZEH Oriented.)



High-performance vacuum double-glazed windows are used throughout (illustration).

Development of ZEB for non-residential construction

ZEB, like ZEH, is a net-zero energy building standard that the government is encouraging the construction industry to adopt. The non-residential sector covered by ZEB encompasses buildings of different scales with a wide variety of uses, and a unique ZEB design is required for each application. In addition to devising a rapid calculation system for non-residential areas that became the driving force behind the traction gained by ZEH, we are promoting the same stringent specifications for thermal insulation in this sector as adopted in Sha Maison rental housing and are using our expertise to highlight the benefits to the customer.

In fiscal 2020, we constructed 11 buildings, for a cumulative total of 32, mainly for use as offices as well as childcare facilities, accommodation facilities, and clinics.



Sekisui House Toyohashi Branch
Commercial use
2 stories totaling 1,340.68 m².
ZEB Ready (BEI: 0.44)



YANAKA SOW in Tokyo
Hotel
3 stories totaling 680.55 m².
13 rooms in total
ZEB Ready (BEI: 0.45)

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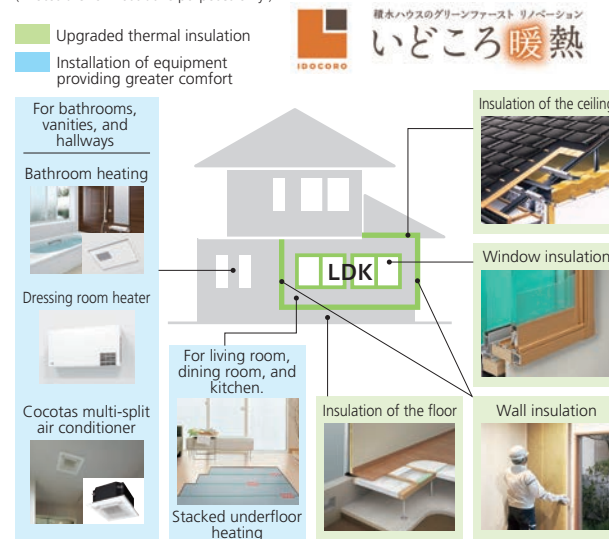
Eco-First Promise

Achieving a high level of comfort, energy efficiency, and environmental consideration with upgraded thermal insulation to meet existing standards

Under the slogan “Comfortable living—now and always,” our group operates remodeling and renovation businesses that contribute to the safety, security, and comfort of our customers. By renovating structures with upgraded thermal insulation, we are improving comfort while also contributing to a low-carbon society. Notably, highly insulated homes are considered more beneficial for our health, and Japan is now emphasizing the need to improve the thermal insulation of its housing stock.

The thermal insulation provided in our existing houses varies with the era of their construction. Consequently, we are focusing on *Idocoro Dan-netsu* renovation to address heating performance in houses that were built more than 20 years ago, while houses of more recent construction with increased thermal insulation are being renovated with an emphasis on energy efficiency and energy generation through the installation of equipment such as storage batteries and ENE-FARM units. We are also focusing on efforts to reduce the CO₂ emissions associated with existing houses.

Idocoro Dan-netsu Component List (Selected according to customer needs.)
(Photos are for illustrative purposes only.)



Thanks to enhanced thermal insulation and more comfortable equipment, the *Idocoro Dan-netsu* concept is an excellent way to enjoy roomy and more comfortable living spaces

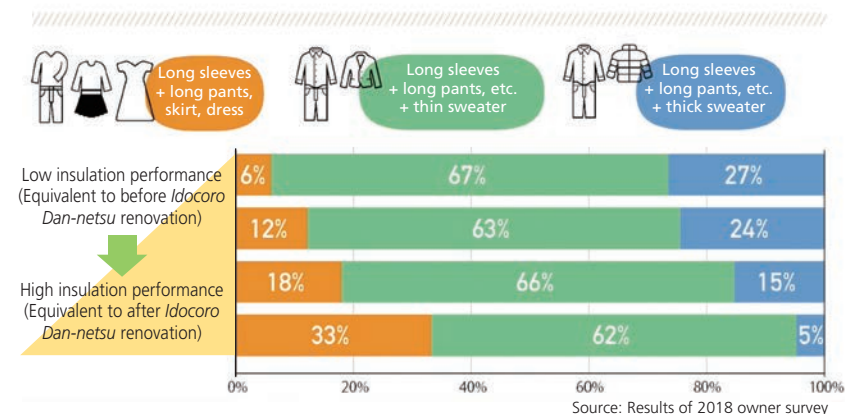
Under the *Idocoro Dan-netsu* concept, we can provide greater comfort to residents by renovating with added thermal insulation for living spaces with a focus on the living room, dining room, and kitchen in keeping with the desired lifestyles. At the same time, we provide a heater for underfloor heating of bathrooms and vanities as well as amenities such as the Cocotas multi-split air conditioner for utility areas like hallways to reduce the temperature difference in each room and provide greater comfort.

When undertaking a remodeling project, the Sekisui House Group accurately determines in advance the current state of thermal insulation and other circumstances based on the history of each dwelling unit. By appropriately combining our proprietary thermal insulation and renovation materials, we undertake renovations in a short period of time to exacting specifications even in houses more than 20 years old while enhancing comfort, economy, and environmental considerations.

In order to confirm the effectiveness of the *Idocoro Dan-netsu* renovation, we conducted a survey of the clothing typically worn when the residents are relaxing in the living room during the day relative to the level of insulation provided in the house. We were able to confirm that the greater the thermal insulation in a house, the lower the proportion of heavy clothing worn in winter. This clearly demonstrates the enhanced comfort and habitability of this renovation approach.

Survey on clothing worn in the living room

What do you wear when you are relaxing in the living room during the day?



Offering the Family Suite Renovation concept for our existing housing

In September 2019, Sekisui House Remodeling, Ltd. launched the Family Suite Renovation concept, which proposed a new mode of living in which families can spend more time together in revitalized surroundings. Our RF Support Beam System, when used in an existing lightweight steel-framed house, allows a partitioned space to be expanded into a large open concept living room. When combined with upgraded thermal insulation in the living room, dining room, and kitchen areas from *Idocoro Dan-netsu* renovation and the installation of comfortable facilities, a large, warm, and comfortable living space can be achieved along with a reduction in CO₂ emissions.



Illustration of RF Support Beam structure



Renovated 35-year-old dwelling

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Sekisui House Owner Denki system enables homeowners to participate in a carbon-free future

In October 2017, Sekisui House became the first member of Japan's construction industry to join the "RE100" initiative, which aims to source 100% of the electricity used in our business operations from renewable energy suppliers.

In an effort to achieve this target, we established Sekisui House Owner Denki in November 2019 as a system for purchasing surplus solar power for use in our group's business operations at the industry's highest level* of 11 yen/kWh. We purchase this "post-FIT" power from homeowners whose purchase period for the feed-in tariff (FIT) system for renewable energy has expired.

This mechanism helps to address the problems of both the homeowner, who may be losing the income from electricity sales, and our company, which is incurring the cost of purchasing

renewable energy to achieve the goals of the RE100 initiative. By setting the purchase price of post-FIT electricity above the market price, this approach improves the satisfaction of owners while adding a sense of security for those who are considering the purchase of solar power generation equipment. Consequently, this mechanism is likely to help drive the adoption of solar power generation in the future. At the same time, we will be able to reduce the cost of introducing renewable energy even as we continue to use it.

Sekisui House Owner Denki has been recognized as an advanced model that solves the two issues above while also contributing to a carbon-free future. As a result, we received the Commissioner's Prize from Japan's Agency for Natural Resources and Energy at the 2020 New Energy Award.

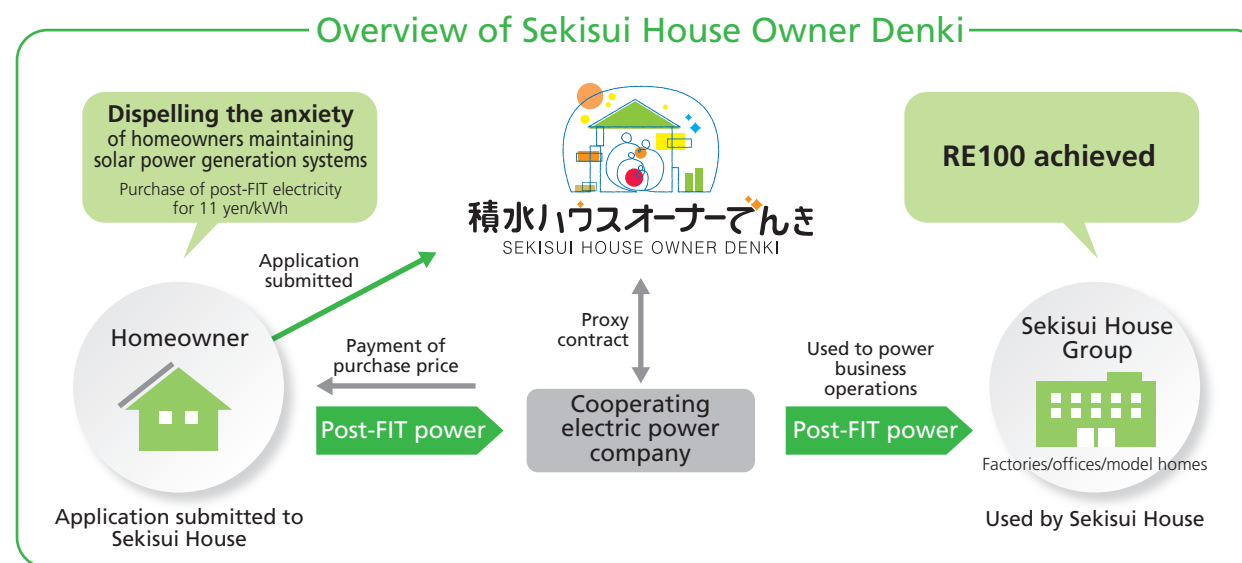
*When no incidental conditions apply, such as purchasing from a designated power company or installing storage batteries

As purchases of renewable energy increase steadily, achieving the RE100 objective before 2040 is within reach

Our group joined the RE100 initiative with the goal of sourcing 50% of the electricity used in our business operations from renewable energy suppliers by 2030 and 100% by 2040. Since the launch of Sekisui House Owner Denki, about 50% of homeowners under the post-FIT mechanism have joined in this initiative, bringing the progress rate to 16% for 2020. The potential for us to achieve our goals earlier than 2040 is growing.

Once the goals of the RE100 initiative have been achieved, we will look to further promote a carbon-free future by supplying the renewable energy we have purchased to condominium towers, where it is difficult to install solar power generation facilities, and by utilizing it in the supply chain.

With the aim of reducing our actual energy consumption, all our group companies continue to adopt energy-efficiency and power-saving efforts. Now that a decade has passed since the Great East Japan Earthquake erupted, we have managed to decrease the power consumption of our office division by about 46% due to initiatives such as turning off unnecessary lighting, converting our office lighting to LED fixtures, monitoring the temperature settings of our air conditioning equipment, and adopting other improvements to increase our operational efficiency.



Fiscal 2020 New Energy Award

Commissioner's Prize, Agency for Natural Resources and Energy



Utilizing post-FIT power to balance RE100 and customer service

Advanced model category for decentralized renewable energy

Awarded the Commissioner's Prize from Japan's Agency for Natural Resources and Energy at the 2020 New Energy Award sponsored by the New Energy Foundation

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Collaborating with suppliers to reduce CO₂ emissions at the component and raw material procurement stages

CO₂ emissions from procurement of components and raw materials in our supply chain accounted for 37.7% of our total emissions in fiscal 2020. This represented the second largest percentage after CO₂ emissions during the residential stage of supplied housing (51.6%). We have provided a large number of ZEH dwellings, which has significantly reduced our CO₂ emissions at the residential stage. In the interests of reducing CO₂ emissions across the entire housing life cycle, however, we must seek to further reduce CO₂ emissions in collaboration with our suppliers, who are the sources of the components and raw materials we procure. Having recognized this need, we have actively begun to address it.

In October 2020, we conducted a fact-finding survey of our suppliers to determine their awareness of the need for a carbon-free future and the status of their efforts toward this goal. As part of this initiative, we held briefing sessions in February and April 2021 with the participation of 135 companies and 61 companies, respectively. The goal of this outreach was to share information with suppliers and raise awareness of our initiatives. We introduced leading suppliers and examples of our efforts to reduce carbon emissions as well as specific procedures such as obtaining SBT certification and how to join the RE100 initiative. It was also a meaningful opportunity to raise awareness about our CO₂ emissions reduction efforts.

As of 2020, our major suppliers had an SBT target-setting rate of 18.6%. We intend to contribute to the emergence of a carbon-free future by setting a goal of raising this target to 80% in 2030 and promoting effective CO₂ reduction efforts across the supply chain in cooperation with our suppliers.

A 3% reduction in CO₂ emissions from commercial vehicles and 9.7% reduction in accidents: Using telematics to reduce CO₂ emissions while promoting safer driving

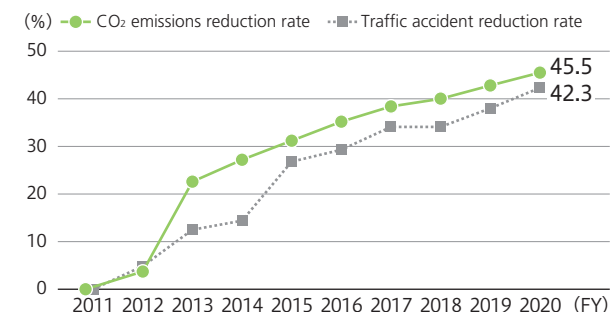
The Sekisui House Group incorporates telematics* in its commercial vehicles to educate employees about safe driving practices and raise awareness of eco-friendly driving methods.

The 11,000 commercial vehicles in the group's fleet are all linked to telematics systems. Through daily improvement initiatives implemented at worksites as well as company-wide long-term improvement initiatives, we are taking steps to reduce CO₂ emissions while promoting safer driving. This effort includes the use of driving data to monitor practices such as rapid acceleration and rapid braking.

Every year, we hold more than 400 safe driving classes across the entire group, resulting in an annual decrease in CO₂ emissions of about 860 tonnes, or 3.0%, from the previous year. This is promoted through the ongoing use of safe driving notebooks, video teaching materials, and stickers. The number of traffic accidents decreased in tandem with the CO₂ emissions reduction due to the safer driving practices that accompanied the improved fuel efficiency (down 9.7% from the preceding fiscal year on a non-consolidated basis). In recognition of our efforts since the introduction of telematics in 2011, we received the 2018 Minister of the Environment Award for Global Warming Prevention under the category of Advanced Technology Introduction.

*Telematics is a system that provides information on vehicle operation, such as usage, fuel consumption and dangerous operation, using devices fitted in the vehicles and communication terminals.

Trend in the CO₂ emissions reduction rate and traffic accident reduction rate since the introduction of telematics by Sekisui House (non-consolidated basis)



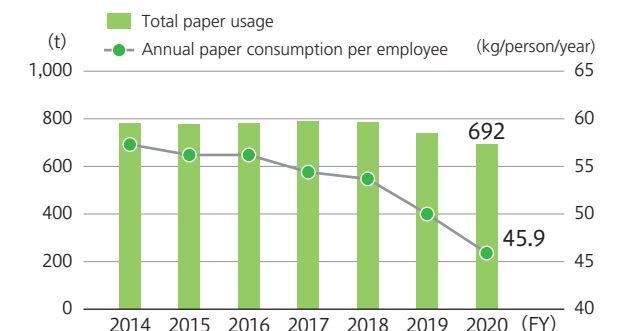
The environmental benefits of promoting green procurement: Reducing paper consumption by going paperless

We are actively implementing green procurement, which prioritizes the purchase of environment-friendly products. Our Green Procurement Guidelines apply to items such as the stationery used by our business offices across Japan. In fiscal 2020, our green purchasing rate was 89.5%, and our recycled paper usage rate was 99.7%.

By gathering, compiling, and visualizing data on the amount of paper used in the office, we are raising awareness of the need to reduce the amount of paper we consume. In collaboration with Sekisui House Umeda Operation Co., Ltd., we supplied an eco-friendly 100% recycled paper with high whiteness for our operations in Japan (the standard for the Green Purchasing Law is 70% recycled paper content). We supply this paper group-wide as our own original recycled paper product.

In fiscal 2020, the company's total paper consumption was 692 tonnes, representing a 6% decrease year-on-year, due in part to the increased number of employees telecommuting from home in an effort to minimize the spread of the COVID-19 infections. In addition, our paperless initiative progressed, with annual paper consumption per employee totaling 45.9 kg, down 8% from the preceding year.

Annual paper consumption per employee



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Collaborating with international organizations toward a carbon-free building and construction sector

In 2008, Sekisui House declared that it would aim for carbon-free operations by 2050; since then, we have been focused on promoting the adoption of net-zero energy houses. The United Nations Framework Convention on Climate Change (UNFCCC) has proposed that urgent action is needed to reduce carbon emissions from the building and construction sector, which accounts for about one-third of global energy consumption. An urgent need exists to achieve this objective with innovative buildings and construction methods.

Against this background, we joined the Global Alliance for Buildings and Construction (GlobalABC), which was established at the UN's COP21 conference held in Paris. We later participated in and submitted reports to the UN's COP22 conference held in Marrakech, Morocco, and at COP23 held in Bonn, Germany, we presented a paper at a ministerial meeting on SDG 11 advocating the development of sustainable cities. There, we introduced the rationale and background for the mass introduction of our net-zero energy housing.

Business Models for Green Buildings, published in 2019 by the Programme for Energy Efficiency in Buildings (PEEB), introduced our initiatives as good examples of efforts to reduce carbon emissions in a manner compatible with business. These include the supplying of large numbers of ZEH dwellings through innovative methods utilizing factories as well as achieving significant reductions in CO₂ emissions from business operations by purchasing surplus power from constructed buildings with solar power generation facilities.

We will continue to work with experts from around the world to minimize CO₂ emissions from the building and construction sector.

Initiatives for housing in harmony with the environment

In addition to adopting the concept of “housing in harmony with the environment” in our product development, we remain focused on providing good housing and attractive cityscapes through the “Common’s” cityscape evaluation system, reflecting these qualities in our development of custom detached houses, condominiums, and gardens.

Housing that combines global environmental conservation (low impact); affinity with the surrounding environment (high contact); and amenities and a healthy living environment, can be certified as “in harmony with the environment” by the Institute for Building Environment and Energy Conservation. “Housing in harmony with the environment” is an initiative aimed at creating better housing through compliance with certification standards under CASBEE for New Detached Houses, part of the Comprehensive Assessment System for Built Environment Efficiency promoted by the Ministry of Land, Infrastructure, Transport and Tourism.

The housing provided by Sekisui House, including Green First ZERO, has the characteristics of “housing in harmony with the environment” that reduce the burden on the global environment and allow homeowners to live comfortable lives in harmony with the planet. Through this housing, we aim to contribute to the emergence of a society committed to sustainability in housing and community development.

CASBEE, the Comprehensive Assessment System for Built Environment Efficiency, has been adopted mainly in Japan's ordinance-designated large cities. Our CASBEE-certified personnel play a central role in promoting this initiative.

Green First Club, a CO₂ emissions reduction project

The “Green First Club”^{*1} is an organization operated and managed by our company and Sekisui House Remodeling, Ltd. Customers who have introduced a solar power generation system and fuel cell cogeneration system are welcome to join the club. It

monitors the reductions in CO₂ emissions attributable to member households, subjects them to a national review, and donates the proceeds from the sale of certified credits to organizations engaged in social contribution activities.

The club was launched on July 27, 2011, after receiving approval as a Program-based Emissions Reduction Project under the Domestic Credit Scheme^{*2}. Furthermore, with the transition from the Domestic Credit Scheme to the J-Credit Scheme^{*3}, this initiative received approval as a Program-based Emissions Reduction Project under the J-Credit Scheme and continues to operate as such.

The profits on sale of these emissions trading credits were twice donated to Japan for Sustainability, a non-profit organization located in Kawasaki City, Kanagawa Prefecture, under Chief Executive Junko Edahiro.

The club had a membership of 17,788 following the transition to the J-Credit Scheme as of March 31, 2021.

- *1: Sekisui House is the operator and manager of the Green First Club, and the members entrust the company with all procedures related to application to the Green First Club and credit authentication and transfer related to the J-Credit Scheme.
- *2: The Domestic Credit Scheme (a certification system for reduction CO₂ emissions in Japan) is a system that certifies the amount of greenhouse gas emission reductions achieved by small- and medium-sized enterprises through the provision of technologies and funds by large companies and others as stipulated in the Kyoto Protocol Target Achievement Plan. This system can be utilized to achieve the goals of voluntary action plans and trial emissions trading schemes. It ended in fiscal 2013 with a transition to the J-Credit Scheme.
- *3: The J-Credit Scheme (an emissions reduction/absorption certification system for global warming countermeasures in Japan) evaluates the emissions reduction/absorption of CO₂ and other greenhouse gases through forest management and the introduction of energy-efficient devices. Through this system, the government certifies the amount of emissions reduction as a “credit.” Operated by the government, this system is a developmentally integrated system of the Domestic Credit Scheme and Offset Credit (J-VER) Scheme. The credits issued through this system can be used for various purposes such as achieving the goals of the Low Carbon Society Action Plan and carbon offsetting.

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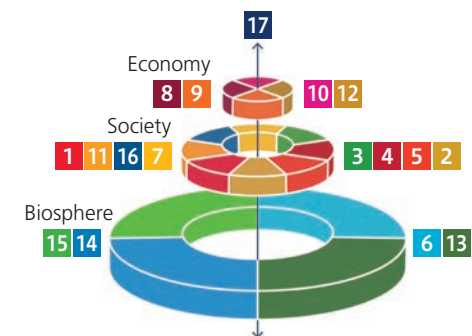
Environmental Management

Eco-First Promise

Utilizing Sustainable Natural Capital to Protect the Ecosystem Network through Our Business Operations

As an “ecosystem service,” biodiversity helps to support our society. We have a strong focus on preserving biodiversity in relation to raw material procurement as part of our business operations.

This is also clearly shown in the SDGs Wedding Cake Diagram^{*1}, which has been attracting attention as an indication of the relationship among the 17 sustainable development goals, or SDGs. The Earth’s biosphere is represented by four of the SDGs: Life Below Water (Goal 14), Life on Land (Goal 15), Clean Water and Sanitation (Goal 6) and Climate Action (Goal 13). We can see that these support the Earth’s biosphere, which in turn supports our society, which in turn supports our daily economic life. At Sekisui House, we have adopted a challenge for 2050 of not only maintaining the value of the ecosystem (“no net loss”), but also achieving our goal of having a net positive impact by maximizing the value of the ecosystem through our business operations. We remain focused on greening and ensuring proper and sustainable wood procurement in consideration of local ecosystems.



^{*1}: Source: SDG Wedding Cake Illustration by Johan Rockström and Pavan Sukhdev

Leading Japan as the first enterprise to pursue economic activity incorporating biodiversity conservation and global initiatives

We have been an early participant in the global movement for biodiversity conservation. At the 9th Conference of the Parties to the Convention on Biological Diversity (COP9) held in Bonn, Germany in May 2008, we were one of the nine major Japanese companies to sign the Leadership Declaration of the Business and Biodiversity Initiative. This initiative marked the first global effort to incorporate biodiversity considerations into business goals and reflect them in corporate operations.

As a founding member of this initiative, we agreed to the three objectives of the Convention on Biological Diversity^{*2}, and we continue to promote biodiversity conservation under this policy as a priority of our business focus. Major pillars of the initiative are our *Gohon no ki* indigenous landscaping project, which promotes the planting of native species, and our promotion of the use of FairWood.

Our efforts have received high praise, including multiple recognitions in major awards related to biodiversity and being introduced as an example of advances in ESG management principles. In 2020, our efforts were highlighted in two publications from Japan’s Ministry of the Environment: “Casebook on Biodiversity Engagements by the Private Sector,”

which summarizes the results during the 10 years since the adoption of the Aichi Targets^{*3}, and “Good Practices for Corporate Information Disclosure,” which addresses biodiversity and natural capital.

^{*2}: The three objectives of the Convention were conservation of biodiversity, sustainable use of biodiversity components, and fair and equitable distribution of the benefits of genetic resources.

^{*3}: Alternative name for the New Strategic Plan 2011–2020 adopted at the 10th Conference of the Parties to the Convention on Biological Diversity (COP10) held in Nagoya in 2010

The increasing importance of urban greening and the *Gohon no ki* Project: Providing supporting data through a survey of flora and fauna

About 40% of Japan’s land area is known as *satoyama*, which translates roughly as “village forest,” an ecosystem that plays an important role in the conservation of biodiversity, as it not only sustains a wide variety of creatures that include endangered species, but also forms an ecosystem network that serves as a corridor for the movement of wild animals. In recent years, however, Japan’s *satoyama* has decreased in area and biodiversity has thus been impaired.

As Japan’s largest landscaping company, planting one million trees nationwide annually, we are responsible as a house

builder supplying many houses to conserve biodiversity through our housing products. Since 2001, we have been implementing the *Gohon no ki* Project, a landscaping and greening project that takes the ecosystem into consideration.

The *Gohon no ki* (“5 trees”) Project is based on the approach that “three trees are for birds, two trees are for butterflies, and all are local native tree species.” As defined under the *Gohon no ki* Project, a total of 288 local tree species that are beneficial to birds, butterflies, and other creatures can be used as garden trees. In addition to biodiversity conservation, the *Gohon no ki* Project encourages the use of garden trees that provide benefits to living creatures visiting the garden and offer the advantages of garden trees. One of the goals is to maintain and revive the ecosystem network by connecting residential gardens, admittedly small areas, in residential areas and cities in order to link them with local natural areas such as *satoyama*, thus supporting the habitats and activities of living things. Ecosystem networks enrich the biodiversity of local regions in all countries, creating places where residents can enjoy wildlife and the richness of nature at the same time.

Since 2008, we have been conducting flora and fauna surveys under the *Gohon no ki* Project in collaboration with experts to verify the effectiveness of the project. This survey, conducted on residential for-sale land that was greened and planted under the *Gohon no ki* Project, evaluates the

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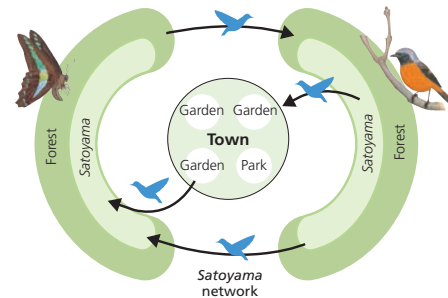
Resource Recycling (Circular Economy)

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effectiveness of the project on biodiversity conservation by actually observing the habitats of birds, insects, and other living things, comparing them with others in the surrounding area, and recording and analyzing changes in the ecosystem over time as the plantings grow.



Planting one million plants annually: Evaluating the effectiveness of biodiversity conservation under the *Gohon no ki* Project

When working with customers to implement the *Gohon no ki* Project to jointly promote biodiversity conservation, it is important to create a system that the homeowners can understand. Toward that end, we published the “Garden Tree Selection Book” (2001), a catalog that summarizes the relationship among trees, birds, and butterflies in an easy-to-understand manner and takes the ecosystem into consideration. We also prepared the Planting Maintenance Sheet (2017), which summarizes the characteristics and care of garden trees by residence, and developed the Tree Plate (2018), a tree identification panel with a two-dimensional barcode that is linked to planting materials. As a result of these efforts, the number of plantings per year, including those part of the *Gohon no ki* Project, was 980,000 in fiscal 2020, and the cumulative number of plantings since the start of the project in 2001 was 17.09 million.

On this, the 20th anniversary of the *Gohon no ki* Project started in 2001, we are currently focusing on quantitatively measuring the effectiveness of conservation effects and sharing

them with the public. Previous surveys of local flora and fauna have been limited in scope, merely measuring efficacy from data records of microscopic species observed at individual condominium buildings and regions. This is because no system has yet been made available to evaluate the full impact on Japan’s ecosystem network of the 17.09 million trees that have been planted over the preceding 20 years.

However, in 2019, thanks to the cooperation of the Yasuhiro Kubota Laboratory in the Faculty of Science of Ryukyu University, it has been possible to undertake quantitative effectiveness evaluations on biodiversity conservation from a macro perspective by utilizing big data on trees and living things possessed by the university in addition to accumulated data on the number of trees, tree species, and location information planted by our company since 2001. During 2021, we will be preparing to publicize an evaluation of the effectiveness of the *Gohon no ki* Project as an example of analysis on a scale unprecedented globally.

Shin-Satoyama, where people, greenery, and other living things exist in harmony next to the “Wall of Hope,” a green monument

On the north side of the Umeda Sky Building in Kita-ku, Osaka, where our company is headquartered, we prepared a *Shin-Satoyama* garden covering 8,000 m². This garden was renovated in 2006 with more than 500 trees based on the principles of the *Gohon no ki* Project. We planted native Japanese tree species and more than 200 species of shrubs and flowers to create thickets. In the belief that a variety of spatial shapes supports the richness of an ecosystem, we provided terraced rice paddies and fields to reproduce a *satoyama*, the disappearing native landscape of Japan, in the city center.

The growth of a wide variety of plants has increased the amount of greenery, and many creatures such as more than 40 species of wild birds and more than 20 species of butterflies have settled and grown in the garden. The arrival of birds of prey, which is rarely seen in the city, has also been confirmed. Instead of employing the conventional consumption-type management approach of removing weeds and fallen leaves immediately,

natural low-load circulation-type management has been adopted for the *satoyama* to enrich the soil organisms and broaden the food chain. So, we have essentially created a green space where many creatures can now thrive.

In 2013, we completed the “Wall of Hope,” a huge greening monument on the east side measuring 9 meters high and 78 meters long that was completed at the initiative of the renowned architect Tadao Ando. In order to function as a model for vertical spatial greening that is expanding in the city, we covered the green wall with more than 20,000 colorful plants of about 100 species, focusing mainly on the tree species selected for the *Gohon no ki* Project. By systematically arranging plants with different flowering times and colored leaves, we arranged it so that visitors could enjoy the varied appearance of the garden as it changes with the four seasons. This *Shin-Satoyama* project has become familiar to office workers as a place where one can experience the true value of this ecosystem.



Shin-Satoyama and the Wall of Hope viewed from the west side

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Improving the quality and asset value of rental housing by utilizing the concept of the *Gohon no ki* Project

For rental housing properties where profitability is emphasized, tree planting is commonly disregarded as just another additional cost.

However, at Sekisui House, we are actively developing properties that showcase landscape design. We have branded these properties Sha Maison Gardens in the belief that beautification over time resulting from proper landscaping improves the asset value as well as the attractiveness and appeal of a property through the years.

As a result, we have developed what we call the Five Environmental Premiums to enhance these landscapes from various perspectives: ① Harmony with the city's appearance, ② Preservation and restoration of the natural environment, ③ Consideration of environmental impact, ④ Design for comfort and ⑤ Design that contributes to safety and security. Each of these items has its own rigorous evaluation criteria, including quantification and visualization to contribute to a pleasant living environment. These items encompass the site, the surrounding environment, and the building itself.

In fiscal 2020, we supplied 1,338 Sha Maison Gardens properties containing 13,026 dwelling units, which represents about 45% of the number of rental properties ordered. We intend to raise the ratio of Sha Maison Gardens complexes to 70% by 2022.

A property in an excellent environment supports the local ecosystem and improves the living environment of the residents. What's more, it has a positive effect on the occupancy rate and rent for the building owner, thus improving the asset value. Such rental housing will continue to be the preferred choice in the future.

Rental housing in Osaka offering a diverse array of greenery



Promoting greening and environmental conservation in condominiums for sale and urban development projects

In the condominium for sale segment, we are utilizing the principles of the *Gohon no ki* Project for the exterior. Our Grande Maison condominium brand is focused on greening; its business highlights the goal of increasing the target green coverage ratio, which represents the ratio of the planted area to the site area, to a minimum of 20%. The average green coverage of 14 condominiums completed in fiscal 2020 was 16.8%, representing green coverage of 4,680.5 m².

The exterior space of multi-unit buildings such as condominiums for sale also functions as a place for residents to interact with each other. The abundance of greenery soothes the spirits of residents and enhances the value of the condominium.

In 2019, the *Egota-no-mori* Project (Nakano-ku, Tokyo) received the MLIT Minister's Prize in the Category of Green Business Activities of the Green City Awards sponsored by the Organization for Landscape and Urban Infrastructure. The *Egota-no-mori* Project has received numerous awards, as efforts to enhance the environment using greenery, improve the landscape, and revitalize local communities have received high praise.

Implementing the concept of *keinen bika*, or urban development designed to grow more attractive over time

Since 1977, we have been working on community developments under the names "Common Life" and "Common City." Designed with an awareness of the connections between neighbors and communities, and with lavish shared plazas and streets as symbols, they offer a richer life and a townscape that will grow more attractive over the years under the concept of *keinen bika*. This approach also leads to beautification and is highly appreciated by the local residents.

Since launching the *Gohon no ki* Project in 2001, we have been promoting urban development that emphasizes the quality of greenery, keeping in mind the planting of native species in consideration of a healthy ecosystem. In 2005, we established the

Urban Development Charter, which outlines our varied expertise such as the *Gohon no ki* Project, which was cultivated as part of our urban development efforts with adherence to the concept of sustainability.

Since 2014, we have been promoting sustainable urban development in harmony with the natural environment by operating the "Common's" cityscape evaluation system centered on the *Gohon no ki* Project. In fiscal 2020, 87% of the land for sale met the achievement standard ★3.

Urban development under the concept of *keinen bika*—or cityscapes that grow more attractive over time—consists of a balance between choosing materials that do not deteriorate and adopting highly durable construction methods (from a hardware perspective) with the aim of creating a landscape that makes use of the natural environment and original scenery. This is linked with a recycling-centered lifestyle (from a software perspective) that aims to harmonize management of the completed town with the environment, considering the environment in which rich communities are born.

To nurture local culture and community, and to promote a sustainable city in which the residents and all forms of life can live comfortably in the future based on the original balance of the local ecosystem, are the goals of *keinen bika* cityscapes that grow more attractive over time.

At Skyrail Town Midorizaka, a large-scale housing complex in Hiroshima City, a new urban neighborhood is being created as greenery grows in areas of land for custom detached houses and becomes ever more beautiful over the years. Even in blocks lined with rental housing by owners who obtained large tracts of land under land substitution initiatives, the urban developments in these areas are supporting towns that are aging in beauty by managing the greenery in compliance with the housing complex agreement.

Skyrail Town Midorizaka, Hiroshima City

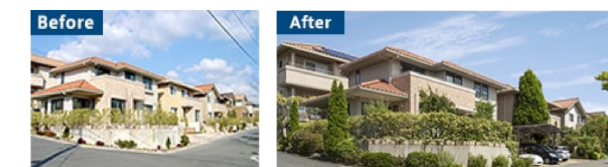


Photo from 2003

Photo from 2016

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FairWood procurement and Zero Deforestation: Emphasizing biodiversity and sustainability

Another pillar of Sekisui House's biodiversity conservation initiative is promoting the use of FairWood*, a legal and sustainable source of wood. Wood is an essential renewable resource, and we consume about 300,000 m³ of wood annually for house construction.

Wood procurement involves risks such as deterioration of forest ecosystem conservation functions and destruction of the livelihoods of local residents due to illegal logging. It can also interfere with sustainable forest management. Moreover, because of the complexity of distribution channels, the need to ensure the traceability of wood has become an extremely important issue.

The purpose of adopting FairWood procurement is not limited to the securing of stable and sustainable renewable resources for the company. Under our biodiversity conservation challenge goal of "maximizing ecosystem networks through our business," we will focus on imparting a positive impact on the supply chain to achieve sustainable forestry management that goes beyond avoidance of illegal logging. Keeping these benefits in mind, we are actively working toward Zero Deforestation.

* Advocated by the Global Environmental Forum and Friends of the Earth Japan, an international environmental NGO

Practicing due diligence in procurement through close collaboration with our suppliers

We practice strict due diligence in our pursuit of sustainable timber use. Due diligence is the duty of care and effort that companies and others must apply as a matter of course, and we refer to it as the "process of securing sustainable timber that supports the future of our business."

This is represented by the process of ① collecting information, ② assessing risk, and ③ practicing risk mitigation by identifying risks of illegality. A growing number of companies are currently practicing due diligence in wood procurement while also addressing ESG-related risks. We place a high value

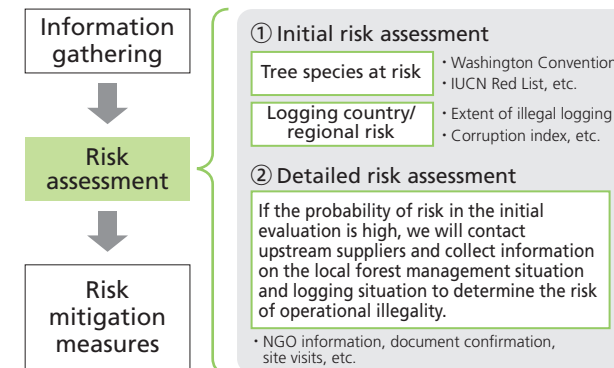
on due diligence and encourage our suppliers to check carefully and investigate the traceability of wood.

With regard to due diligence, many companies limit the scope of their surveys and exclude medium-density fiberboard (MDF), which is not subject to legality confirmation under the Clean Wood Act. However, we recognize that open and detailed communication with suppliers is important to achieving Zero Deforestation, an international requirement.

We believe manufacturers have an important role to play in providing advice on improving sustainability to wood building materials suppliers through the tracking process. We therefore conduct thorough due diligence including substrates, interior finishes, and equipment, and disclose our progress.

From the perspective of traditional QCD (quality, cost, delivery) issues, manufacturers and suppliers tend to be in conflict or in competitive relationships. However, by encouraging suppliers to provide sustainable timber, manufacturers will be able to work in concert with suppliers to address social issues, thus establishing a collaborative relationship instead of a competitive one.

Due diligence practices



Ensuring sustainable timber use through our unique Wood Procurement Guidelines

Working in consultation with Friends of the Earth Japan and other international environmental NGOs, we have formulated and implemented our own guidelines on sustainable timber use.

While illegal logging and overcutting have not been eradicated around the world, the timber self-sufficiency rate in Japan has been on the uptrend in recent years, but the wood supply is still only 36.6% (Forestry Agency survey in 2019) and the remaining forest is left unlogged. Potential problems have been identified, such as the devastation of mountainous areas.

In order to address these problems as a housing builder who consumes timber, we formulated our own Wood Procurement Guidelines in April 2007 with a focus on legality and biodiversity as well as the lives of the residents of logging areas.

Since 2006, we have been conducting detailed annual fact-finding surveys in cooperation with about 50 major wood building material suppliers. We are working to improve the level of procurement by promoting FairWood procurement in line with our guidelines, while also providing guidance and advice as necessary. In 2012, we undertook revisions to our guidelines to include the perspectives of human rights and occupational safety. Moreover, at the time of our new survey in fiscal 2019, we included coverage of tropical peat forests. Where traceability cannot be sufficiently determined, we carry out stringent due diligence by visiting production sites to undertake our own confirmations and investigate secondary suppliers and those further upstream.

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Achieving Rank S and Rank A wood procurement ratios of 97%

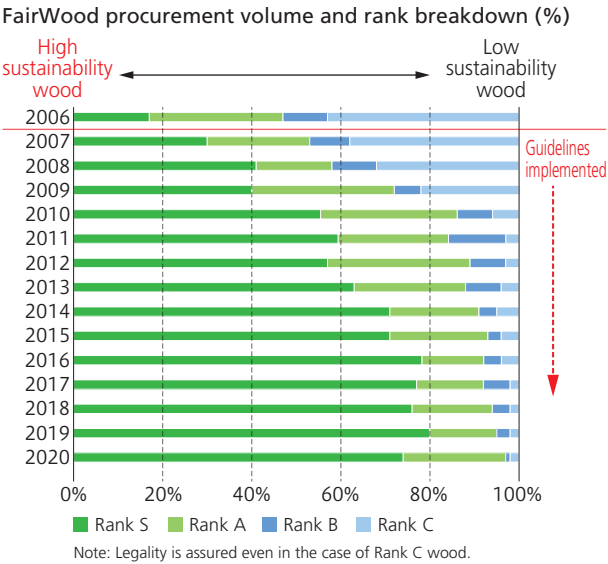
Our Wood Procurement Guidelines comprise 10 procurement guidelines that enable us to evaluate procured wood from multiple perspectives. In addition to addressing biodiversity considerations, they include the perspective of consideration for social issues in each country as required by the ISO 26000 international standard for social responsibility. We numerically evaluate procured wood against each of the 10 guidelines and rank it on a four-point scale, encouraging suppliers to reduce the supply ratio of low-ranked wood and increase the supply of high-ranked wood.

The ratio of Rank S and Rank A wood, which represent our management targets, has been gradually increasing from 47% before the guidelines were implemented in fiscal 2006. In fiscal

2020, it reached 97%, exceeding the target of 95.5%.

One of the characteristics of our guidelines is that we do not make the adoption of forest-certified materials an absolute or sole procurement standard. This is because we must consider producers who are working on sustainable community forestry, such as agroforestry under the guidance of experts, even if they cannot obtain certification due to the onerous cost of doing so.

The utilization rate of certified materials is managed as a reference value, and 65% of all our wooden building materials, including interior equipment, and 94% of our structural materials alone are certified materials such as FSC/PEFC (including certified processed materials). The ratio of certification itself has been on a downward trend due to an increase in the adoption of domestic structural materials, which have few certifications despite being the products of sustainable forest management.



10 Wood Procurement Guidelines (2012 edition)

We are committed to procuring timber having the following classifications.

- ① Source wood products from areas with relatively low risk of illegal logging.
- ② Source wood products from areas without sensitive ecosystems.
- ③ Do not source wood products from areas where local ecosystems are seriously damaged due to large-scale logging of natural forests.
- ④ Do not use endangered species for wood products.
- ⑤ ★ Minimize CO₂ emissions when producing, processing, and transporting wood products.
- ⑥ ★ When logging wood products, avoid conflict with local communities and refrain from unfair labor practices.
- ⑦ Source wood products from areas of controlled logging, so as not to exceed the rate of forest regeneration.
- ⑧ ★ Source wood products from domestic forests where well-planned forest management is in place to conserve ecosystems.
- ⑨ Source wood products from plantation forests that are managed so as to promote conservation and ecosystem development.
- ⑩ ★ Use recyclable wood building materials.

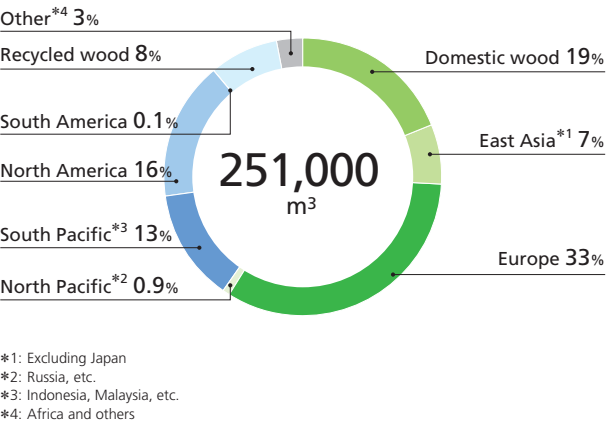
★ Revised in 2012

Wood product procurement ranking

Depending on their total score, procured wood products are classified into four ranks, from high to low: S, A, B, and C. Minimally acceptable scores are set for Guidelines ① and ④, as we place a high priority on these two items.

Total score (maximum 43 points)	Rank
34 and above	S
26 to below 34	A
17 to below 26	B
Below 17	C

Percentage of wood products by region



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Developing the renowned SHAWOOD wood brand utilizing domestic wood as a national model

The Sekisui House Wood Procurement Guidelines have expanded the range of use of domestic timber by enabling the use of domestic hardwoods for interior parts and the active introduction of plywood made from domestic timber. We have done so in consideration of the soundness of forest management in Japan and the conservation of local forest ecosystems. Additionally, we avoid the use of wood from endangered tree species and from forests that form valuable ecosystems.

In 2013, we launched the SHAWOOD Pure Domestic Wood Premium Model, which uses carefully selected domestic brand materials for the posts and beams that form the framework of the building. We have developed cedar, cypress, and larch products under 18 brands in 17 regions nationwide to achieve “local production for local consumption.” In addition, we have introduced a premium product that cannot be obtained or made elsewhere by using not only domestic timber but also genuine-oriented renowned wood brand materials and by using domestic timber to produce beams, despite the difficulty of doing so.

This model also conforms to the Wood Utilization Point System introduced by Japan’s Forestry Agency. In 2015, at the 1st Japan Wood Design Award sponsored by the Wood Design Award Management Secretariat (sponsored by the Forestry Agency), this model was awarded the Forestry Agency Director-General’s Prize, the highest ranking in the Social Design Division, for revitalizing local communities through wood.

One of the points of evaluation was the communication strategy to enhance the premium associated with sustainable wood, such as by marking the wood with a brand indicating the renowned wood type and its production areas, such as “Akita cedar,” and by arranging it so that it can be seen that this wood is being used during construction by setting up panels and displaying banners to promote customer attachment to the region.

Even after the end of the Wood Utilization Point System, the supply of housing using domestically produced renowned wood types has continued. Monthly sales have grown to a pace

of 60 to 70 buildings, and the cumulative number of buildings constructed exceeded 5,000. This product has grown to a point where SHAWOOD has become a topic of conversation.



SHAWOOD posts bearing the brand of the producing area

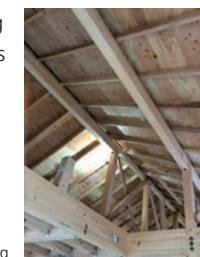
The first housing provided under SGEC Forest Certification Japan

With the recent increase in environmental awareness among consumers, growing numbers of homebuyers are showing interest in certified housing.

Japan has a centuries-long history of forestry and lumber use. SGEC Forest Certification Japan is a domestic forest certification system that determines whether wood is sustainably and properly managed. Reciprocal recognition has been granted with the PEFC Council, global alliance of national forest certification systems.

In 2019, we built Japan’s first private home recognized under SGEC/PEFC Project CoC Whole House Certification. We collaborated in the construction of the house with Mori for Forest Certification Company (a company under Director Masako Mori and located in Suita, Japan), a joint venture company that promotes the spread and adoption of SGEC/PEFC certification. At the time of certification, we performed all work necessary to verify that at least 70% of the wood used in construction was certified in Japan, and that other wood-derived materials were obtained from appropriately managed forests, including paper products such as wallpaper and *fusuma* paper. A confirmation effort was undertaken to ensure that this material was derived from appropriately managed forests.

We were able to gain knowledge and expertise regarding forest certified houses through our efforts to obtain detailed information from all suppliers; this included tree species, production areas, and whether local NGOs had indicated any issues. This property won the 2020 Japan Wood Design Award (Social Design Division). The commentary noted: “As the first SGEC/PEFC Project CoC Whole House Certification, this is an initiative with high societal recognition and influence. The fusion of housebuilding expertise with the use of certified materials and a mass-produced housing model gives us new options for home building and home selection from the consumer perspective in the era of the SDGs.”



Internal structure of SGEC certified housing

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Circulating Available Resources Throughout the Housing Life Cycle: Optimizing Use of Resources and All Waste Products

With the economic growth associated with the increase in the global population, the amount of resources used per capita is expected to rise even further. Some believe that, without a response to this situation, it may not be possible to leave sufficient resources for future generations. The United Nations' sustainable development goal 12 (Responsible Consumption and Production) aims to minimize waste emissions throughout the production and consumption processes.

The Sekisui House Group believes that recycling of resources is necessary to support a stable life for all, and we have been among the first in the construction industry to take action in this regard. The group's resource recycling efforts are not limited to controlling waste generation and recycling; we also focus on after-sales service and operating a renovation business that maintains the quality of society's housing stock so that the service life of the materials used to construct those houses is maximized.

Resource recycling guidelines

Optimizing use of resources

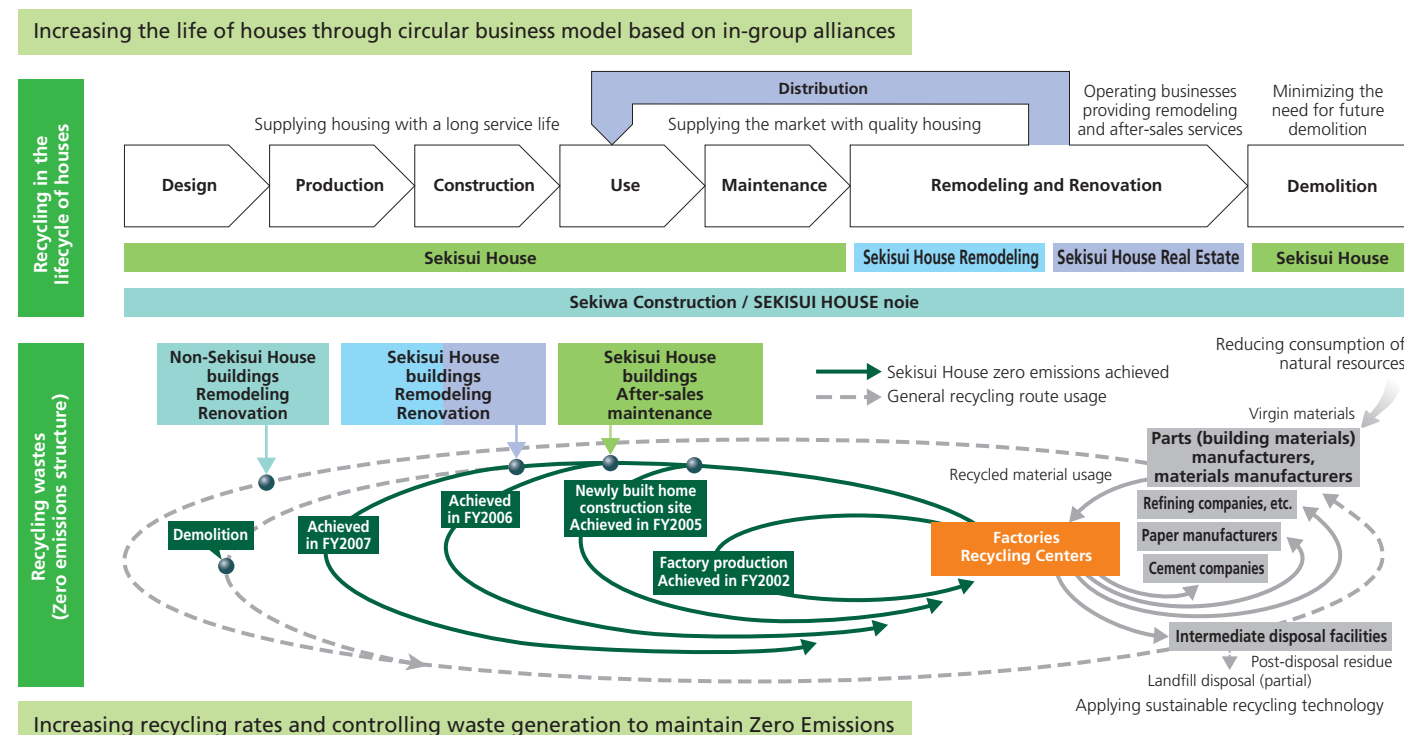
Our group aims to optimize its use of resources by continuing to use the housing stock, which represents a societal asset, for the longest possible period of time. By providing after-sales service and renovation businesses, we seek to extend the life cycle of housing.

Controlling waste generation

We have focused on the development of systems intended to control waste generation. We analyze the amount of resources invested in product supply as well as the status and nature of waste generated during the manufacturing and construction processes. We also continuously improve the system that provides information useful in reducing waste in the processes of design, production, and construction.

Utilizing waste

We will establish recycling standards for the waste we generate and ensure proper recycling in accordance with these standards. Moreover, we will continue to pursue recycling technologies that are economically feasible while further contributing to the emergence of a society committed to resource recycling. We will pursue these goals in collaboration with our partner companies including material manufacturers, production and construction companies, intermediate processing companies, and demolition companies.



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Achieving Zero Emissions on a timely basis across four business divisions: Expanding efforts through the industry's first Wide Area Certification System

House construction requires a significant input of resources. We are involved in the entire life cycle of a house from producing parts in our factories to demolition work, and from 2002 to 2007 we succeeded in achieving Zero Emissions* in four of our divisions (parts production, new construction sites, maintenance, and construction sites for remodeling our own properties). Since then, we have maintained this achievement as we continue to operate with consideration for the quality of our recycling efforts.

One reason we were able to lead the industry by achieving Zero Emissions over successive years was our use of the Wide Area Certification System, which is a special feature of Japan's Wastes Disposal and Public Cleansing Act. In 2004, we were the first in the Japanese construction industry to gain this certification, and we have since managed to expand our Zero Emissions efforts through this system.

In 2019, a joint application including all 17 Sekiwa Construction companies was approved, and we are currently

preparing a joint application with Sekisui House noie Limited. Through these efforts, we intend to further expand and strengthen the resource recycling system of the entire group, envisioning the completion of our recycling-focused business.

In addition to targeting Zero Emissions backed by our long product service life, we are also working toward Zero Emissions in the real estate leasing business, with the Broking and Leasing Business Headquarters playing a central role. Its current policy is to promote Zero Emissions of waste (from interior materials such as fabrics and cushion floors) generated during repair work when tenants vacate dwellings of Sekisui House Real Estate companies, which are the management intermediaries for Sha Maison rental housing constructed by our company.

* Related to simple incineration of industrial waste and zero landfill disposal

Our Recycling Centers and in-house facilities:
The heart of our Zero Emissions initiative at
new construction sites

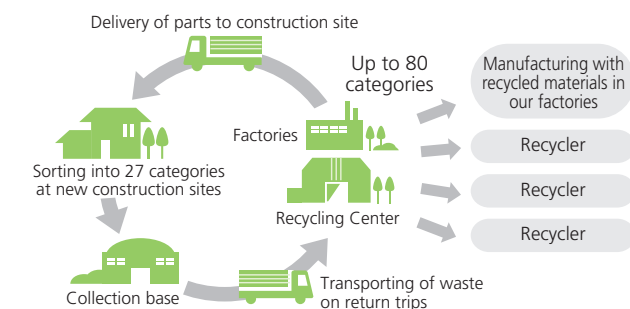
One of the unique characteristics of our group collection system under the Wide Area Certification System is the use of our

Recycling Centers. These facilities, which have been in operation at our production plants across Japan since 2003, serve as the heart of our Zero Emissions efforts at new construction sites. These centers manage a number of processes, from allocating waste collection vehicles to supervising outsourced recycling companies.

Waste generated during new construction is first sorted into 27 categories at the site, then re-sorted into 60 to 80 categories at our 21 Recycling Centers nationwide. All this waste is eventually recycled by our own hand. By disassembling components into materials of a single type and reducing their volume through compression and heating, we can put these materials into a recycling stream handled partly by external contractors.

Regarding plastic, which has become a particular problem in recent years, this material is already collected and recycled at a 100% rate (of which about 95% involves material recycling) since the introduction of Zero Emissions at our new construction sites in 2005. In addition to sorting plastics by type, we subdivide sorting categories according to the requirements of recycling facilities, such as the degree of soiling, in an effort to maintain a high standard of recycling.

Waste disposal flow through our recycling centers



History of our Zero Emissions initiatives

May 2002	Factory Zero Emissions certification
September 2004	Wide Area Certification (an industry first)
July 2005	Zero Emissions certification of new construction sites (an industry first)
March 2006	Zero Emissions certification of after-sales maintenance construction sites (an industry first)
October 2007	Zero Emissions certification of renovation construction sites (an industry first)
November 2010	The national launch of next-generation Zero Emissions system incorporating IC tags at new construction sites
January 2017	We updated our unique Electronic Management System, developed simultaneously with Wide Area Certification, with systems incorporating cloud computing. The new system replaced IC tags with QR labels, achieving a full transition in May.
February 2019	A joint application for Wide Area Certification encompassing all 17 Sekiwa Construction companies was accepted.

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The benefits of an in-house facility are not limited to enhancing the quality of our waste reduction and recycling efforts. By undertaking collection, sorting, and recycling through our own Recycling Centers, we can feed back problems at the processing stage to the development and planning divisions as needed. Improvements can then be incorporated into planning, design, and product development. This allows us to develop designs that generate minimal waste right from the first stage.



At our Recycling Centers, plastics alone are sorted into as many as 60 categories, and about 95% of this material is recycled.

Improving the quality of recycling while reducing the volume of waste generated

Sekisui House remains focused on efforts to reduce the amount of waste generated at our production and construction sites. In fiscal 2020, we succeeded in reducing the amount of waste generated from factory production by 4.6% compared to the previous fiscal year.

Although the amount of waste generated per newly built house decreased by nearly 60% compared with fiscal 1999 levels as a result of our Zero Emissions initiative, in recent years the proportion of houses with high environmental performance and high input of materials has increased. This trend continues to show a slight increase.

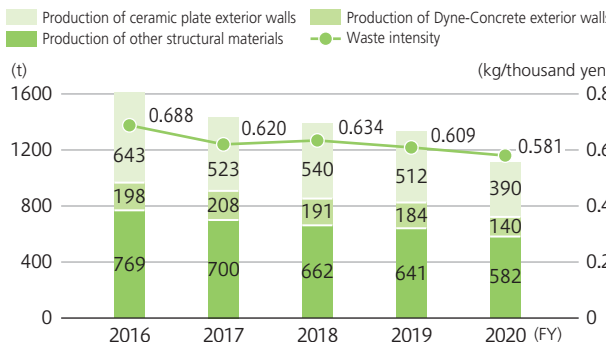
However, with the recent global trend emphasizing a “circular economy,” greater importance is being placed not only on reducing the amounts of waste generated, but also on designing the entire business around an effort to improve the quality of recycling. In light of this trend, we have been improving our construction

methods by incorporating feedback from reviews of our structural building and construction techniques. We are doing so by utilizing the strengths of our in-house production facilities and by adopting direct construction, which is not based on the agency method.

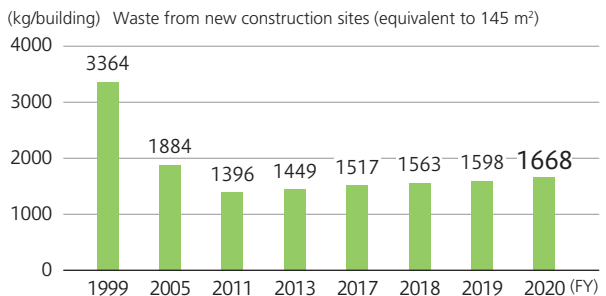
Moreover, by practicing thorough sorting in order to sort, categorize, and process waste to meet the exact needs of recyclers, we are contributing to a higher quality of recycling.

At the same time, we are conducting research on our attainment of an 81.7% recycling rate in fiscal 2020 with the aim of reaching 90% of our Zero Emissions goal during the production, construction, and maintenance phases.

Trend in the amount of waste generated from factory production



Trend in waste generation per newly built house



Utilizing information and communications technology to achieve circular traceability through full-scale introduction of our waste measurement system

Securing traceability related to the proper disposal of construction waste is of the utmost importance not only to demonstrate responsibility for proper treatment and recycling of waste, but also for promoting recycling business models such as streamlined construction. Recognizing this, we have been proactive in introducing information and communications technology, starting with the trial of a waste measurement system using IC tags in 2007.

In 2017, we updated our proprietary Electronic Processing System for waste collection into a cloud-based system in order to respond flexibly to requests for enhancement of electronic system functions for waste management. We now operate a waste measurement system that utilizes current QR codes. This is an innovative system that accurately monitors the situation at the time of disposal, aggregates and analyzes data from each building, and monitors the total disposal amount and the disposal amount by type of waste in real time.

By feeding back the detailed data analyzed in this way for product development, material design, production processes, and construction processes and the like, it is possible to promote the more effective use of resources. Since 2019, the utilization rate of this system has been 100% on a business site basis.

Waste measurement system incorporating QR codes

- ① Timely processing is assured because the waste measurement system is accessed through the cloud in conjunction with the residence information database, which arranges and reduces parts and specifications and centralizes residence information and member information.
- ② A QR code label is printed according to the scale required for construction.
- ③ Requests for appropriate collection are issued from a smartphone or the like according to the waste conditions at the new construction site.
- ④ Collection trucks are dispatched as needed while linked to a map application on the cloud. They are also closely linked to the property information database.

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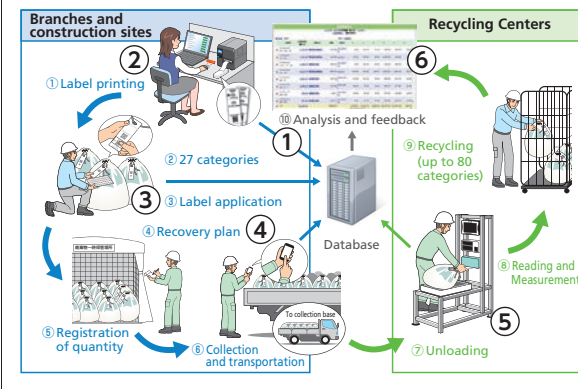
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- ⑤ Label information is read and the weight is registered.
- ⑥ Various analytical data such as an analysis of the amount of waste from each model is fed back to the business sites, development divisions, factories, etc. Close cooperation among divisions contributes to effective environmental initiatives.

Illustration of our waste measurement system



Applying economically feasible and sustainable recycling technologies: A resource recycling system encompassing partner companies and others

We are proceeding with efforts to commercialize waste generated in-house as a raw material through our partner companies for reuse in our products. For example, we use house construction components made from plastics recovered from packaging materials. We also use crushed scrap roof tiles as an acoustic insulation material to attenuate floor impact sounds.

In our renovation work, which includes demolition, we are partnering with disposal companies to properly dispose of and recycle waste resulting from demolition work.

Examples of products resulting from our in-house processing of recycled materials

We collect scrap plasterboard from new house construction sites and mix it with crushed eggshells collected from food processing plants. This produces Platama Powder, an athletic field marking chalk made from recycled products.



Eco Mark



Platama Powder, an athletic field marking chalk that poses no risk to human health

Researching recycling methods for difficult-to-process composite materials

In the future, we will enter the phase of promoting the recycling of composite materials, which present a challenge for recyclers, and the development of building materials that can later be recycled. In order to promote research into this difficult problem and address the recycling of these composite materials, we have been undertaking research and development since 2019 in collaboration with academia and in conjunction with recyclers.

Highlights

My Bottle Campaign

We have been recycling 100% waste plastic at new construction sites since 2005. In fiscal 2020, we were able to recycle 17,687 tonnes of plastic. As part of this effort, we have been participating in the "Plastics Smart" campaign promoted by Japan's Ministry of the Environment since November 2018 and have implemented an associated in-house PET bottle reduction campaign. This initiative will enable us to reduce the use of one-way plastics by not distributing or even permitting PET bottles at in-house meetings, by encouraging the use of personalized bottles and eco-friendly paper cups, and by reducing the number of beverages sold in PET bottles from our office vending machines. This is an example of how we are taking a smarter approach in our use of plastics.



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Promoting environmental management efforts through the Environmental Subcommittee, one of our three ESG subcommittees

The ESG Promotion Committee oversee the implementation of ESG initiatives, including environmental management, throughout the company. Chaired by the Representative Director of Sekisui House, it has internal committee members as well as outside members who serve as external experts (p. 19). We have established three specialized subcommittees as subordinate organizations: the Environmental Subcommittee, Social Improvement Subcommittee, and Governance Subcommittee. These subcommittees plan and promote their respective ESG-focused activities from a company-wide perspective, establishing faster and more effective decision-making systems.

This arrangement not only addresses the various themes associated with ESG management principles individually through the departments in charge, but also has a greater ripple effect through an integrated approach that includes the impact on the entire business upstream and downstream in line with the company-wide comprehensive measures.

Regarding environmental issues under the auspices of the Environmental Subcommittee, we are working toward the three goals of ① Decarbonized society;

② Society in which humans and nature coexist; and ③ Circular economy. After reviewing the policy and receiving approval from the ESG Promotion Committee, we are developing it as a concrete initiative for all groups. The Environmental Subcommittee formulates management targets that encompass the business processes of the entire group; examines various effective problem-solving methods; establishes a mechanism to provide feedback on the progress and effectiveness of various initiatives; and identifies and analyzes problems in order to devise effective solutions.

Regarding issue ① Decarbonized society, in addition to expanding our offering of eco-friendly products such as ZEH, we are growing our supply chain to achieve goals such as SBT certification and RE100, which represent milestones toward achieving our carbon-free targets in 2050. We are also working to reduce the environmental burden of our production processes, construction and demolition processes, and business operations in our offices. Moreover, with regard to issue ② Society in which humans and nature coexist, we are promoting conservation of biodiversity in implementing Japan's largest landscaping and greening project. As for issue ③ Circular economy, we are engaged in recycling-based projects related to waste reduction and Zero Emissions activities.

Responding to waste disposal risks

The group has established and operates a waste management system that includes employee training, a proper waste treatment system, and guidelines that set out the criteria for selecting a waste management service. In addition, we have instituted appropriate asbestos countermeasures for demolition and repair work. In order to avoid the risk of becoming involved in illegal dumping and violations of the Waste Management Law^{*1}, we have prepared a disposal consignment agreement for use with waste disposal service providers and employ it for each such contract. We have created a unique system for centrally managing the proper use of Waste Management Manifests^{*2}. This makes it possible to formulate an appropriate waste treatment plan and verify the waste treatment status at each site in a timely manner.

Furthermore, we work with excellent waste disposal service providers to avoid the risk of illegal dumping by formulating and implementing guidelines that objectively determine whether to outsource treatment.

We also emphasize education for the entire group such as a basic knowledge of waste and the preparation of treatment consignment contracts, and we have prepared manuals on all environmental laws and regulations related to construction work. These include the Air Pollution Control Act and the Fluorocarbon Emission Reduction Act, as well as the Construction Material Recycling Law which requires the recycling of specific construction materials. We continue to ensure these are thoroughly understood through training and other means.

*1: A law aimed at controlling waste emissions and optimizing treatment

*2: A form verifying all necessary processes, from waste discharge to final disposal, have been performed

Acquiring certification of ISO 14001 registration

As of fiscal 2001, our production plants in Japan—the Tohoku Factory, Kanto Factory, Shizuoka Factory, Hyogo Factory, and Yamaguchi Factory—that manufacture and ship industrialized housing materials had already acquired certification of registration with ISO 14001, the international standard for environmental management systems as part of their production process management. In 2009, we switched to integrated certification for all domestic production and procurement divisions and continue to operate our environmental management system accordingly, with 100% of our factories in Japan now certified.

ESG management promotion structure



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Using our own Chemical Substance Guidelines to prevent contamination by hazardous chemicals

Sekisui House aims to minimize the risk of using hazardous chemicals by applying EVABAT (economically viable application of the best available technology) throughout the life cycle of a house.

In 2007, we created our own Chemical Substance Guidelines, which employ a risk management perspective. We also reviewed and revised the guidelines in accordance with laws and regulations and new information regarding the use of chemical substances. At the same time, we comply with laws and regulations and promote appropriate responses to chemical substances based on guidelines established by the national government, local governments, industry associations, and others.

Chemical Substance Guidelines (adopted in 2007; excerpt)

Sekisui House seeks to minimize the risk of using hazardous chemical substances by applying EVABAT (economically viable application of the best available technology) in the order shown below.

Level 1. Prohibited substances

Asbestos and ozone-depleting substances are prohibited (Prohibition of Use) as Class 1 Specified Chemical Substances under the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substances Control Law).

Level 2. Substances subject to priority action

These are substances for which the housing industry needs to take the initiative, such as substances presumed to be the cause of sick building syndrome. Chemical substances are identified from the perspective of risk management and the amounts used are determined. Active measures are then taken, such as reducing the amount used, substituting alternative substances, and establishing a management system.

- Chemical substances that the human body is highly likely to be exposed to in daily life

- Chemical substances that are subject to active management because workers are at risk of health damage if protective measures are not applied during construction
- Chemical substances that are highly likely to contaminate the natural environment if the products (buildings) are improperly dealt with during disposal (such as during demolition)

Level 3. Monitored substances

These are chemical substances other than those indicated in Levels 1 and 2 that are subject to comprehensive examination under laws and guidelines and that may cause problems in the future. A determination is made as to whether these are being used intentionally as appropriate.

Prevention of contamination by hazardous chemicals

Specific targets for exposure risk of chemical substances harmful to human health	Employees (including subcontractors)	Residents	Local environment	Global environment	Segment	Basic methods of management
Exposure during production	◎		○	○	Factory production	Optimal chemical management (daily management, emergency response)
	◎		○	○	Supplier	Recommendation of reduction efforts to determine the quantity of hazardous substances transferred and amount consumed
Exposure during construction	◎				Construction	Optimal chemical management (prevention of worker exposure)
Exposure in the natural environment (soil)		◎	○		Land development	Risk avoidance (assessment of contaminated land and purchase of uncontaminated land) or reduction (exposure prevention)
Residential exposure		◎			Products and services	Reduced customer exposure
Exposure from construction waste	○		◎	○		Waste management
Exposure during product disposal			◎	○		Maintaining manufacturer responsibility

Goals, programs, and achievements to control hazardous chemical pollution

[At time of production]

Substances subject to the PRTR Law*1

Targets	<ul style="list-style-type: none"> Continuation of appropriate protective measures Zero accidents caused by chemical substances
Fiscal 2020 results	<ul style="list-style-type: none"> No accidents caused by chemicals used in factory production have occurred.

*1: Law requiring monitoring of environmental emissions of specified chemical substances and promotion of improved management. Businesses meeting certain conditions specified by Cabinet Order are obliged to report the amount of specified chemical substances released and disposed of annually. (Abbreviation of Pollutant Release and Transfer Register)

Atmospheric emissions of VOCs

Targets	<ul style="list-style-type: none"> 60% decrease from fiscal 2010 levels
Fiscal 2020 results*2	<ul style="list-style-type: none"> 71% decrease

Regarding volatile organic compounds (VOCs), in 2017, we monitored and evaluated the emissions of a total of 80 such substances*3, including 63 substances to be monitored and 17 substances subject to the PRTR.

*2: Aggregated figures for fiscal 2019 as shown differ from the period covered by this report (starting February 1) because these figures apply to an administrative fiscal year (starting April 1).

*3: According to the Eco Action 2020 Target Management Survey of the Japan Prefabricated Construction Suppliers and Manufacturers Association, a total of 80 VOC target substances whose atmospheric emissions require monitoring are to be monitored as of 2017 (previously, 54 such substances required monitoring).

[During construction]

Targets	<ul style="list-style-type: none"> Continuation of appropriate protective measures Zero accidents caused by chemical substances
Fiscal 2020 results*2	<ul style="list-style-type: none"> No accidents caused by use of chemical substances have occurred.

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[Natural environment (soil)]

Targets	<ul style="list-style-type: none"> Zero serious risk when purchasing land
Fiscal 2020 results	<ul style="list-style-type: none"> No purchases (sales) occurred involving contaminated land exceeding legal standards or unremediated land.

[During residential use]

Targets	<ul style="list-style-type: none"> Minimum 80% installation rate of <i>Airkis</i> high-quality indoor air systems
Fiscal 2020 results	<ul style="list-style-type: none"> 85% installation rate of <i>Airkis</i> systems in steel-framed custom detached houses

In 2011, we introduced the *Airkis* system, an eco-friendly indoor air system that reduces the emission rate of chemical substances. This system is installed in our steel-framed custom detached houses, Sha Maison rental housing units, and Grande Maison condominium units for sale.

[Construction waste]

Targets	<ul style="list-style-type: none"> System maintained Zero release of hazardous waste to the environment during new construction
Fiscal 2020 results	<ul style="list-style-type: none"> No release accidents have occurred.

In 2004, we acquired the first Wide Area Certification in the construction industry. We have achieved and maintained zero emissions by collecting 27 categories of waste sorted at our construction sites, re-sorting them into up to 80 categories at our Recycling Centers, and recycling the waste at a 100% rate.

[During product disposal]

Targets	<ul style="list-style-type: none"> System maintained Zero emissions of hazardous waste into the natural environment during demolition work we have undertaken
Fiscal 2020 results	<ul style="list-style-type: none"> No environmental release accidents have occurred.

Release of hazardous wastes

Targets	<ul style="list-style-type: none"> Zero release of hazardous waste to the natural environment
Fiscal 2020 results	<ul style="list-style-type: none"> No improper processing or scattering accidents Zero release to the natural environment

With regard to the release of hazardous wastes, we monitor the amount of “specially controlled industrial waste” we release under the Waste Management Law. In addition to the hazardous waste regulated by the Basel Convention, such as waste PCBs and products containing PCB pollutants, which we are disposing of sequentially toward the statutory disposal deadline, we properly handle and dispose of all other specially controlled industrial wastes (including flammable waste oil, waste acids, and scatterable asbestos) that we generate.

Responding to risks related to soil and groundwater pollution: Pre-screening with a checklist even for land transactions

We will continue to focus on minimizing risks, including prevention of secondary pollution, by conducting surveys and implementing countermeasures not only for our own lands but also for land for which we are engaged in transactions.

Prior to engaging in land purchase or sales contracts, we implement risk management related to soil and groundwater contamination by employing a pre-screening system using our own soil contamination checklist (including a survey on history of land use transition; surveys of topography, geology and

groundwater; a data survey on surrounding environmental measurements by local governments; a site inspection survey; legal compliance; and other investigations).

In the case of land that may contain contaminated soil, such as factory sites, sellers are increasingly conducting their own voluntary surveys. When purchasing land, a specialized department of our company scrutinizes all survey reports. If a problem arises regarding the completeness of the information, we ask the seller to conduct additional surveys.

Properties that are determined to be at risk of contamination are analyzed by designated research institutions to evaluate the validity of the transaction. In addition, where soil contamination has been discovered as a result of the investigation, land with minor concentrations and distributions of contamination (land contaminated mainly with heavy metals that can be guaranteed as amenable to complete remediation) undergoes remediation by soil replacement before the sale. When this occurs, we explain the measures that have been taken as a material matter.

In the event of any violations of environmental laws and regulations at a factory, a report is submitted to the head office.

In fiscal 2020, no reports of significant violations (subject to punishments, administrative penalties, or administrative guidance) of greenhouse gas laws and regulations or serious leaks of fluorocarbons were submitted.

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Water resource conservation initiatives

Utilization of water resources

The many offices, factories, and construction sites of our group consume water resources. At these worksites, we are striving to use our water resources efficiently through water conservation measures.

The total water intake in 2020 was 1,086,000 m³ (a reduction of 2.3% from the previous year). The amount of wastewater discharged was 788,000 m³ (a reduction of 1.1% from the previous year).

Water consumption by water source

(Millions of m³)

	FY2018	FY2019	FY2020
Water supply	0.645	0.634	0.597
Groundwater	0.529	0.446	0.462
Industrial-use water	0.032	0.032	0.027
Total	1.206	1.112	1.086

(m³/million yen)

	FY2018	FY2019	FY2020
Water use per sales	0.493	0.454	0.444

Emissions by discharge destination

(Millions of m³)

	FY2018	FY2019	FY2020
Sewers	0.459	0.455	0.443
Rivers	0.362	0.342	0.345
Total	0.821	0.797	0.788

Initiatives at domestic production plants

Our domestic production plants (Tohoku Factory, Kanto Factory, Shizuoka Factory, Hyogo Factory, Yamaguchi Factory) use groundwater in addition to the municipal water supply and industrial water in the painting process of steel frame members and the manufacturing and painting process for exterior walls used in residential construction. We continue to work on water quality management of wastewater and efficient use of water resources in these processes. We are taking steps to reduce water consumption by reusing wastewater used to wash pallets for transportation, reusing treated water for cleaning water, and continuing these improvement activities.

Water consumption by water source (Factories in Japan)

(Millions of m³)

	FY2018	FY2019	FY2020
Water supply	0.149	0.140	0.130
Groundwater	0.529	0.446	0.462
Industrial-use water	0.032	0.032	0.027
Total	0.710	0.618	0.619

Emissions by discharge destination (Factories in Japan)

(Millions of m³)

	FY2018	FY2019	FY2020
Sewers	0.009	0.009	0.008
Rivers	0.362	0.342	0.345
Total	0.371	0.351	0.353

In fiscal 2020, the total amount of industrial water, groundwater, and clean water (intake water) used in the manufacturing processes at our production plants in Japan was 619,000 m³ (up 0.2% year-on-year). The amount of wastewater was 353,000 m³ (up 0.6% year-on-year). Factory effluent is purified at the effluent treatment facility in the factory and then discharged into public sewers and rivers. Regarding the quality of discharged wastewater, we are focused on preventing water pollution by setting and managing voluntary standard values that are stricter than the regulated values of the Water Pollution Control Law and ordinances.

Biochemical oxygen demand (BOD)

(t)

	FY2018	FY2019	FY2020
Tohoku Factory	0.069	0.071	0.053
Kanto Factory	0.340	0.653	0.755
Shizuoka Factory	0.077	0.057	0.088
Hyogo Factory	0.380	0.170	0.043
Yamaguchi Factory	0.364	0.303	0.238
Total	1.230	1.255	1.178

Chemical oxygen demand (COD)

(t)

	FY2018	FY2019	FY2020
Kanto Factory	1.717	2.482	2.187
Hyogo Factory	0.311	0.174	0.061
Yamaguchi Factory	0.897	0.920	0.753
Total	2.925	3.577	3.001

Voluntary water quality standard values at domestic production plants and actual measured values in FY2020 (Typical)

Emissions	Regulatory value under Water Pollution Control Law	Tohoku Factory			Kanto Factory			Shizuoka Factory			Hyogo Factory			Yamaguchi Factory		
		Ordinances & agreements	Voluntary standard value	Measured value	Ordinances & agreements	Voluntary standard value	Measured value	Ordinances & agreements	Voluntary standard value	Measured value	Ordinances & agreements	Voluntary standard value	Measured value	Ordinances & agreements	Voluntary standard value	Measured value
pH	5.8–8.6	5.8–8.6	5.9–8.5	7.4	5.8–8.6	6.0–8.4	7.7	5.8–8.6	6–8	7.68	—	6.2–8.2	7.7	5.8–8.6	6.0–8.0	7.1
Total chromium (mg/L)	2	—	1	Less than 0.1	1	0.5	0.01	2	—	Less than 0.1	—	—	—	2	Undetected	0
Copper (mg/L)	3	—	1.5	Less than 0.1	3	1.5	0.01	1	—	Less than 0.05	—	—	—	3	0.1	0
Phenol (mg/L)	5	—	2.5	Less than 0.1	1	0.5	0.05	5	—	Less than 0.05	—	—	—	5	2.5	0
n-Hex (mg/L)	5	5	3	Less than 0.5	5	2.5	1	3	2	Less than 0.5	—	2	1 max.	5	2.5	0
Manganese (mg/L)	10	—	5	Less than 0.1	1	1	0.08	10	—	Less than 0.1	—	—	—	10	5	1
Iron (mg/L)	10	—	5	Less than 0.1	10	5	0.24	10	3	0.1	—	—	—	10	5	0

Note: Regulatory value under the Water Pollution Control Law (However, our Hyogo Factory is exempt from the law.)

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Eco-First Promise

Sekisui House was certified as an Eco-First Company by the Japanese Minister of the Environment in June 2008 for making three promises (Eco-First Promise)—global warming prevention, ecosystem preservation, and resource recycling. We have been conducting environmental activities with a view to fulfilling these promises. In 2012 and 2016, we updated our Eco-First Promise within the broad frameworks of the three promises while incorporating changes in social environment and the progress in our initiatives. In 2020, we updated our commitments and are continuing to expand our efforts.

Sekisui House, Ltd. and the Sekisui House group companies have adopted the following initiatives to ensure thorough legal compliance and are actively contributing to society through environmental considerations, based on our social responsibility as the largest supplier of housing units.

1 Proactive reduction of CO₂ emissions in the residential sector and business activities

In order to achieve a 39.3% reduction in CO₂ emissions in the residential sector by 2030, which is Japan's target under the Paris Agreement, we will work to reduce CO₂ emissions from Sekisui House's custom detached houses and rental housing by at least 45% by 2030 relative to 2013 levels.

- In our custom detached housing business, we aim to achieve a ZEH (Net-Zero Energy House) ratio of at least 85%, which would enable us to significantly reduce CO₂ emissions while enabling residents to live healthy and comfortable lives.
- In our rental housing business, we aim to create a market by promoting ZEH-standard rental housing that balances improved residential comfort with consideration for the environment.
- In our remodeling business, we will promote energy-efficient remodeling of custom detached houses through the partial ZEH standard through installation of *Idocoro Dan-netsu* facilities while aiming to reduce CO₂ emissions from existing houses.
- In the housing for sale business, we will promote development of disaster-resilient urban areas with low energy consumption throughout by using advanced technologies such as solar power generation, storage batteries, and private line networks.
- In our condominium business, by 2025 we will build more than 540 ZEH-standard condominiums incorporating high levels of thermal insulation and energy-efficient and energy-generating equipment while working to reduce the energy consumption of our newly built condominiums.
- Even in our non-residential business, we will promote energy efficiency and disaster resilience by adopting the ZEB (Net-Zero Energy Building) standard.
- In our overseas business, we will take into account the situations in the various countries in which we operate as we promote buildings with high environmental value incorporating Japan's excellent environmental technologies.

By fiscal 2030, we will reduce CO₂ emissions from the business operations (design, sales, etc.) of the entire group by at least 50% compared to fiscal 2013 levels.

- Sekisui House Owner Denki, which purchases post-FIT electricity from homeowners, will undertake the conversion from commercial electricity to renewable energy.
- We are promoting the introduction of hybrid cars and LED lighting fixtures in our offices.

2 Proactive revival of ecosystem network

We seek to contribute to a society in which people can live affluent and comfortable lives by sustainably using natural capital while protecting the natural circulation and ecosystems.

- In an effort to conserve biodiversity, we will actively promote the *Gohon no ki* Project to create residential gardens and urban development. This initiative focuses on tree-planting centered on native species rooted in the region, which are preferred by birds and butterflies. By 2025, we aim to achieve a cumulative total of 20 million plantings since the start of the project in 2001.
- We will promote the introduction of FairWood sustainable wood, including certified timber, in collaboration with suppliers and NGOs while preventing illegal logging and loss of natural ecosystems according to the 10 Wood Procurement Guidelines. We will also consider the independence of the local economies in which it is produced.

3 Proactive promotion of resource recycling activities

- We will strive to increase the value of social assets by suggesting renovations that improve quality of life and enhancing the value of housing while revitalizing towns and communities.

- In order to accelerate the achievement of Zero Emissions group-wide, we will promote the development of a new collection system that utilizes our Recycling Centers.
- We will continue to maintain Zero Emissions during production, construction, and after-sales maintenance (zero landfilling and zero incineration without heat recovery) and aim for a material recycling rate of 90%. We will also aim for a material recycling rate of 70% for waste associated with the renovation of existing houses, which is a trend likely to increase in the future.
- We will utilize IT to predict the amount of waste generated by a Zero Emissions system and will promote efforts for proper and smooth waste disposal and reduction.

4 Working to popularize environmental education

- We will continue to operate Eco First Park, where visitors can experience the three Eco-First initiatives, and will popularize environmental education in the home.
- We will strive to spread environmental literacy through *Sumufumulab* and other initiatives.
- We will actively promote environmental awareness and surveys through initiatives such as our environmental education programs, "A Letter from Dr. Forest," "Survey of flora and fauna," and "Iecology."

[Click here for updates.](#)

III. Social

Social

III. Social

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Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

S Social

Sekisui House strives to provide optimal value to customers through the value chain. We also want our employees to be happy and make this the happiest company in the world.

With proper attention paid to the SDGs, we engage in activities that contribute to society and create value for local communities, with the goal of bringing sustainability to society.

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Addressing Material Issue ② Pursuing the Potential of the Home

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



Basic Concept

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

Themes and Key Performance Indicators (KPI)

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

*1: From questionnaire one year after moving in
*2: Occupancy rate of housing rented from Sekisui House Real Estate companies

Deeply Cultivating and Expanding Basic Technologies

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

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

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

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

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

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

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

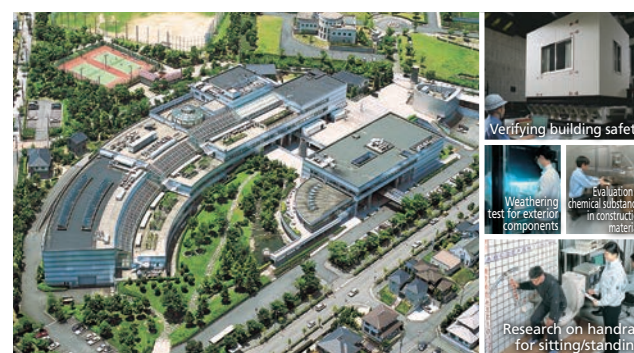
The Comprehensive Housing R&D Institute performs inspections and assessments of the basic performance of housing, along with R&D on new construction methods, plus research on universal design and new eco-friendly technologies—all based on developing “technical resources for happy living” that promise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

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

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

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

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



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

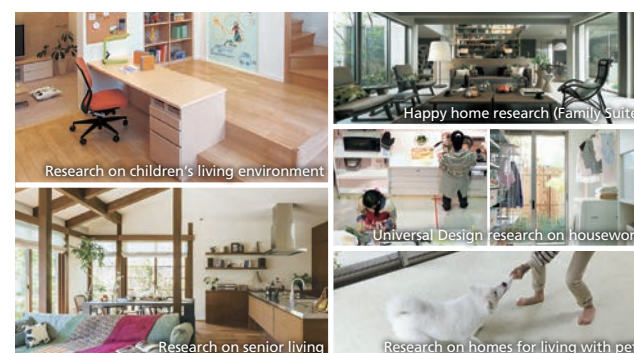


Hands-on employee training

Nattoku Kobo kitchen zone

Physical disability simulation

Experience of living with IoT



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



Sumufumulab entrance

Collaborative research with consumers

Model home-style library

Dialogue in the Dark

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

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

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

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

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

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

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

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

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

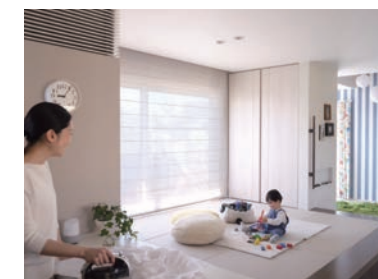
Our Kids Design *Kodomo idokoro* houses have living spaces that are modifiable by the homeowners as their children grow, based on the smart universal design approach that promotes children’s safety and self-reliance. *Kodomo idokoro* won the very first Kids Design Award, and after design updates, has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

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

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

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

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



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



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

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

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

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

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

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

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

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

Five Tips for Happy Stay-at-Home Living

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

Testing and verification research at Sekisui House

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

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

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



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



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

Highlights

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

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

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



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

Photo © J.C. Carbonne

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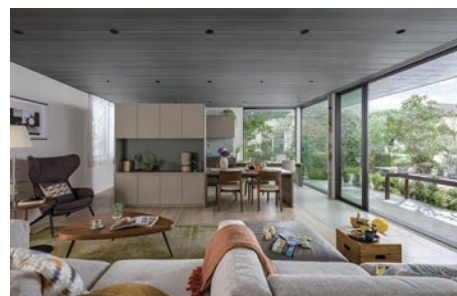
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Proposals for leading a vibrant home life: Family Suite *Ouchi* Premium and KOKAGE LOUNGE

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

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



Large, open-layout space with high ceiling

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

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



Unified, open interior space with sloped ceiling

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

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

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

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

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

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

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

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

*2: The five substances subject to concentration measurement of chemicals in indoor air, according to the Housing Performance Indication Standards designated by the Ministry of Land, Infrastructure, Transport and Tourism. These are: formaldehyde, toluene, xylene, ethyl benzene and styrene.

*3: Sekisui House registered trademark (pending); ECS: Environment Control System

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

① Ventilation zoning
Controls air flow and cleans rooms daily.

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

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

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



Antiviral construction materials, Touchless equipment, Planning



Antiviral construction materials



Automatic room door

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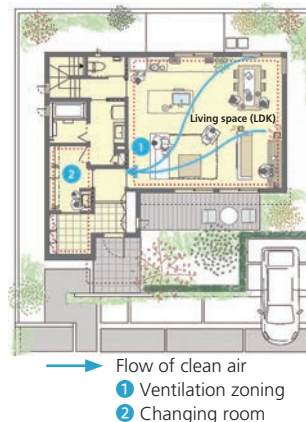
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Ventilation zoning in the SMART-ECS system

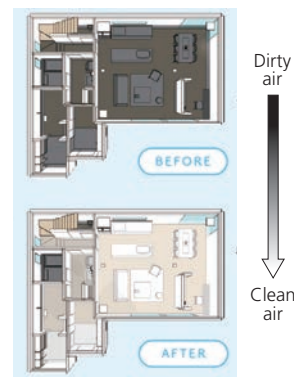
Ventilation zoning controls air flow so that the living-dining-kitchen area where residents spend so much time is “upwind” and the entrance area where little time is spent is “downwind.” Spatial planning so that a changing room is placed next to the entrance keeps dirt from outside from getting inside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



Residence-based ventilation and air purification simulation system

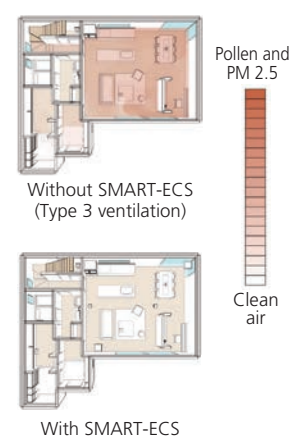
This simulation system is integrated with home design CAD software to show customers how air spreads and flows at the design stage. We also have videos that show the effects on pollutants of using SMART-ECS in model plans.

Air cleaned by SMART-ECS



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

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



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

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

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

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

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

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

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



Flexible B System allows wide openings and large, open spaces

Multiple applications of the Flexible B System



Deeply Cultivating and Expanding Basic Technologies

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

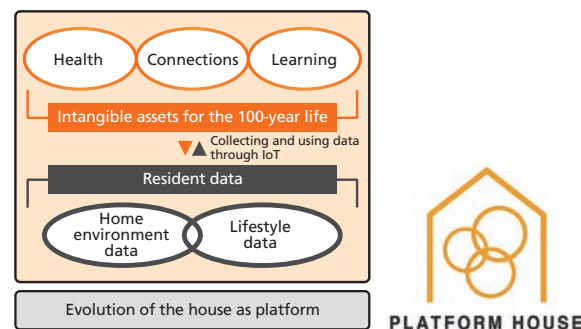
Our Global Vision at Sekisui House is to make the home the happiest place in the world. The Platform House Concept was developed and announced in 2019 based on this vision. The concept encompasses systems that will support the health and happiness of residents of the houses we build as we enter the era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

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

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

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

The Platform House Concept



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

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

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

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

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

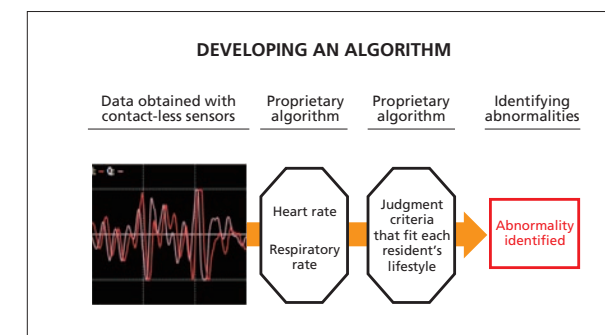
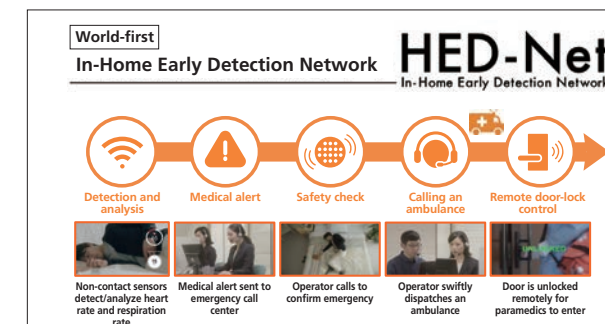
The sensing technologies installed in the home, integrated with the HED-Net system, detect and analyze a resident’s vital data such as heart rate and respiration rate.

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

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

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

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



Deeply Cultivating and Expanding Basic Technologies

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

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

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

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

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

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

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

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

Second stage of initiative: Prevention

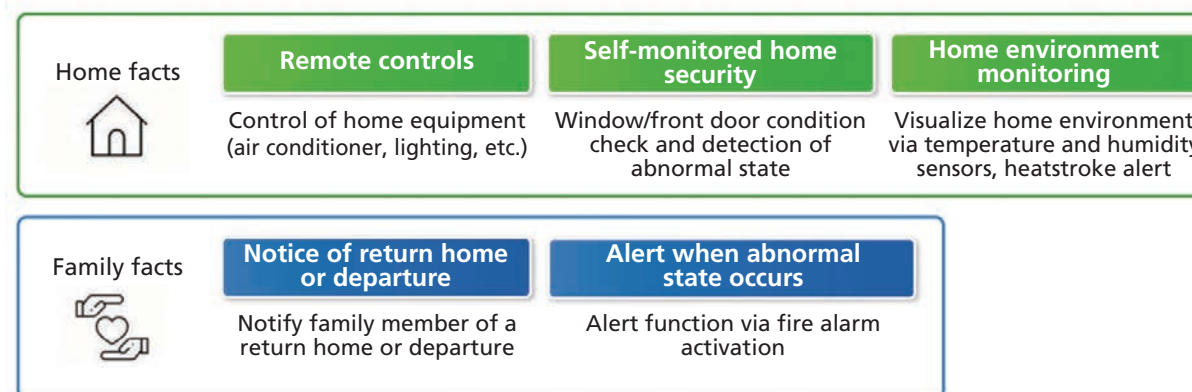
The HED-Net system is set up to identify an acute condition; its next evolution will be prevention. For example, with the vital data that the sensors in the home collect, such as daily readings of heart rate, breathing rate, and blood pressure, it is possible for the system—when changes are detected—to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

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

Outline of HED-Net pilot project

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

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



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

Illustrated smartphone app screen

Social

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

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

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

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

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

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

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

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

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

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

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

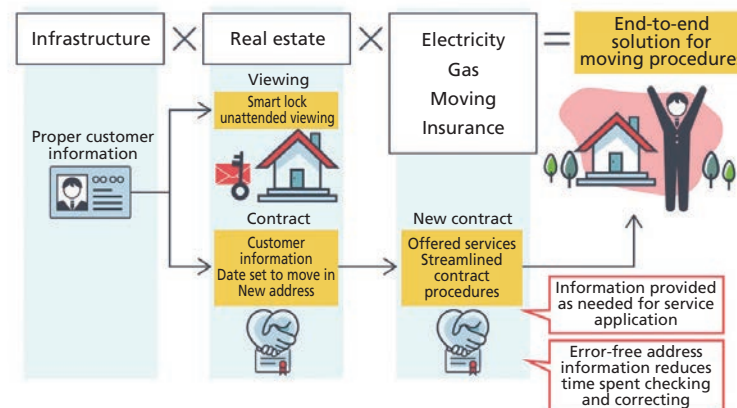
Pre-registered personal information authorized by the potential renters themselves is used to streamline the initial property viewing application and to simplify a range of procedures that include moving arrangements and contracting for electricity, gas, and insurance, providing tremendous convenience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

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

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

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

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



Timeline of blockchain technology implementation

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

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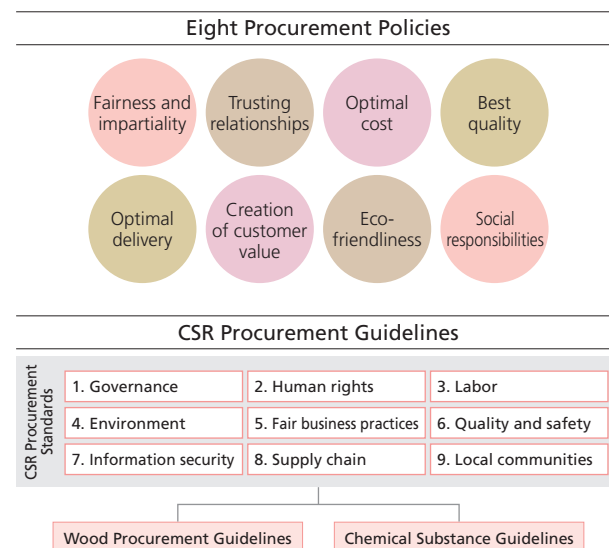
Deeply Cultivating and Expanding Basic Technologies

Eight procurement policies that undergird our approach to supply chain management

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

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

Procurement Policies, CSR Procurement System and the PDCA Cycle



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

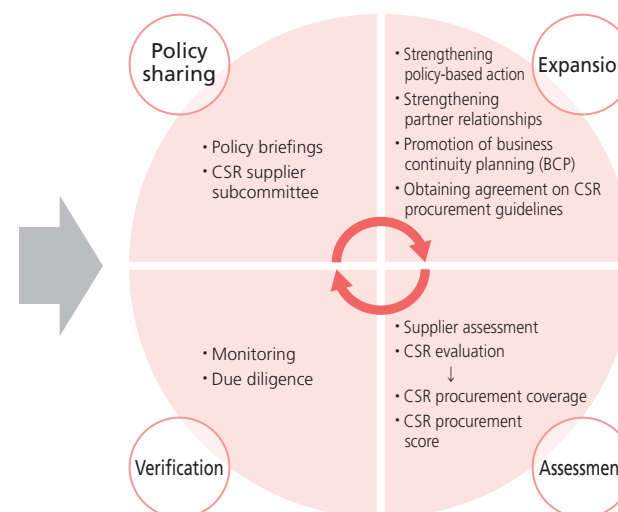
Strengthening procurement sustainability together with partner companies: Action, assessment, verification and improvement based on mutual understanding

Policy briefings for partner companies

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

Strengthening policy-based action and partner relationships

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



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

Promotion of Business Continuity Planning (BCP)

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

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

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

QCD and ESG

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

Process improvement through supplier assessments

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

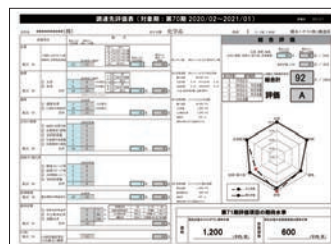
Deeply Cultivating and Expanding Basic Technologies

company’s PDCA cycle.

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

In carrying out these assessments, the focus is on process management to encourage reforms, rather uniform evaluations of assessment results.

Going forward, we plan to implement supplier assessments with high transparency and continue to support the strengthening of our partner companies, in addition to maintaining fair and impartial transactions.



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

CSR procurement standards and guidelines established to carry out CSR evaluation

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

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

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

When commissioning a company as a new business partner,

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

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

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

Rigorous monitoring and due diligence

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

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

CSR supplier subcommittee seminars promote CSR procurement

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

suppliers and provide advice.

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

Our approach to human rights at partner companies

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

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

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

Deeply Cultivating and Expanding Basic Technologies

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

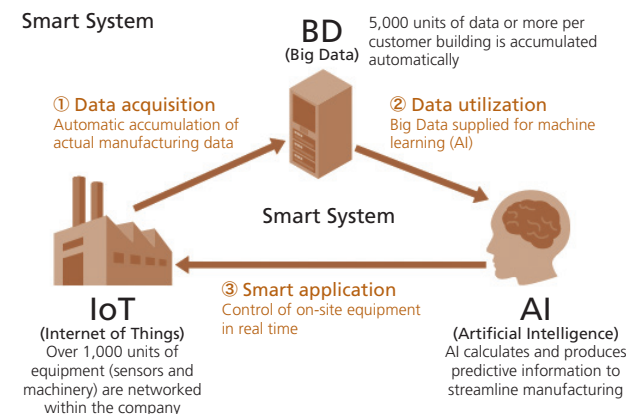
Sekisui House considers improving quality and operational efficiency in production and logistics to be key efforts that lead to sustainability in society in many ways—by helping to create happy homes for customers, enabling safe and comfortable workplaces for employees, and reducing environmental impact.

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

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

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

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



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

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

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

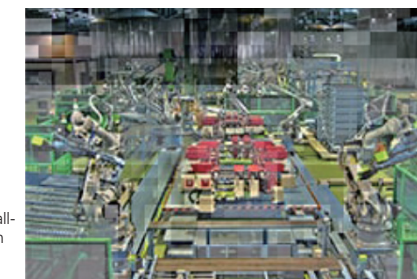
The use of robots enables a round-the-clock production system, thereby improving efficiencies. It also produces concrete that has a warm character, made possible by deep channels and beautiful textures, enabling the creation of distinctive designs that could not be achieved previously.

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

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

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

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



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

Semi-automating combined processes to boost production efficiency

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

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

Deeply Cultivating and Expanding Basic Technologies

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

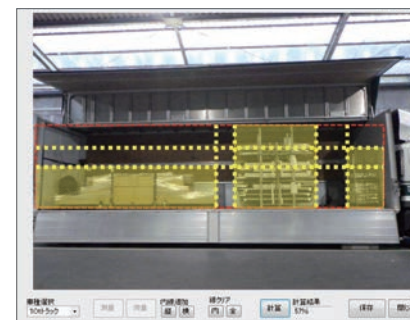
Aiming to improve work efficiencies and ways of working using an in-factory logistics visualization system and app to visualize load efficiency

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

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

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

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



Load efficiency visualized by taking a photo

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

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

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

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

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

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

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

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

Improving Construction Quality and Boosting Construction Capabilities

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

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

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

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Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Our company-wide construction quality control system

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

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

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

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

● Chief Inspector System

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

● Construction Quality Council

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

● Certification Training and Inspection Training

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

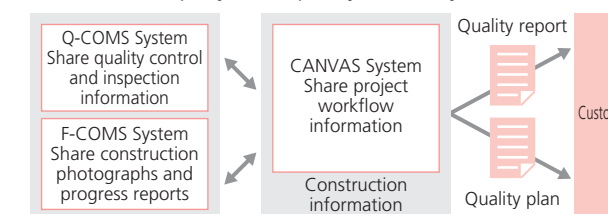
Visualizing construction quality level and assuring full accountability

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

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

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

Outline of company-wide quality control system



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

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

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

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

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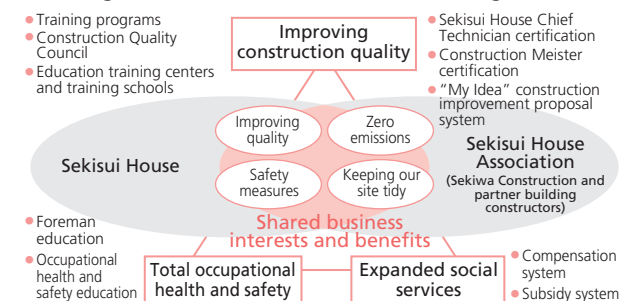
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working conditions. The association also serves as a place for information exchange that allows individual work sites and partner building contractors to share issues they face and study possible solutions, and offers training and study opportunities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

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

Achieving customer satisfaction with the “shared goal” mindset



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

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

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

Initiatives to improve work site productivity

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

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

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



Dyne Panel, a physical resources solution

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

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

ministerial authorization for being in line with national certifications.

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

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

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



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

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

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

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

Improving Construction Quality and Boosting Construction Capabilities

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

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

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

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

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

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

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

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

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



Start of classroom session



Specialized training (use of grinding wheel)

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

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

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

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

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

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

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



Training center in Hanoi



Auto level placement training in foundation course

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Occupational Health and Safety

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

Since its founding, the Sekisui House Group has focused on putting the customer first in its business activities. We established the CS Promoting Department to carry out company-wide customer support. The department runs a consultation desk for customers to improve customer satisfaction, along with the online Net Owner’s Club to provide home life support to homeowners, and support our Customer Service Centers across Japan that supply after-sales service.

The goal is to extend caring, genuine customer service on a daily basis so that all owners of the homes we build will be satisfied their entire lives.

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

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

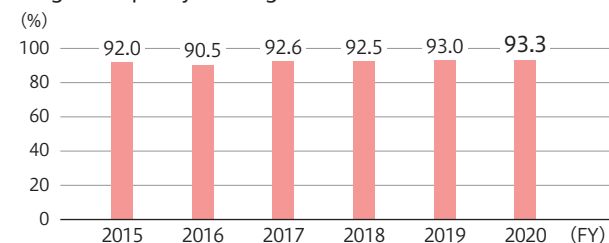
Under the Act for the Promotion of Long-Life Quality Housing that went into effect in June 2009, the Japanese government established the Long-Term Quality Housing Certification Program, which aims to build up a stock of high-quality, long-term housing. Houses that are built according to set standards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

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

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

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

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



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

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

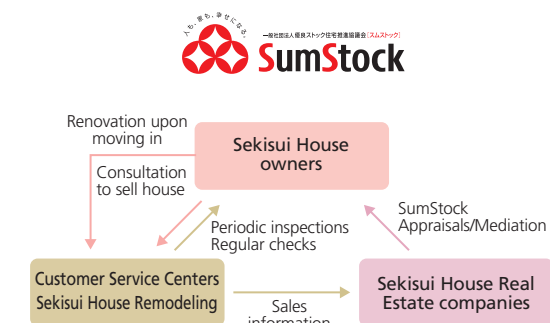
A house’s basic structure (“skeleton”) and its interior furnishings and facilities (“infill”) are appraised separately by years of depreciation, and the value of the building and the land

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

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

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

A collaborative initiative within the group



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Highlights

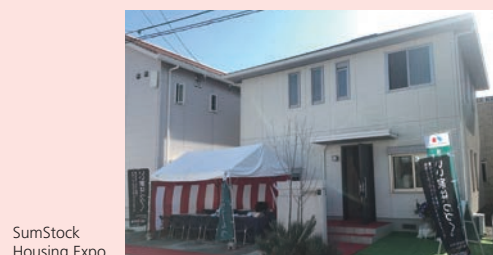
SumStock Housing Expos are held across Japan, promoting the value of existing houses through renovation work

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

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

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

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



SumStock
Housing Expo

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

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

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

Customer Service Center Owner Desk Since August 2020

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

Sumai-Smile Club Support Basic Since August 2020

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

At-home Maintenance Since June 2020

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

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

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

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



Housecleaning: a popular Sumai-Smile
Club Support Basic service



At-home Maintenance flaw
confirmation using phone camera

Remodeling and renovation proposals for greater resilience and comfort

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

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

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

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

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

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



RF Support Beam
structure illustration

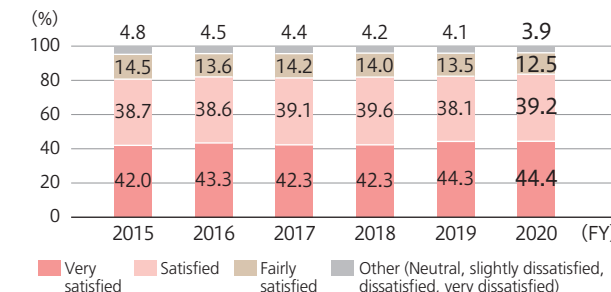
Feedback from homeowners and customer satisfaction surveys help us to improve quality further and expand services

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

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

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

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



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

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

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

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

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Smart inspection system for remote inspection and diagnosis

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

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

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



Semi-automatically controlled drone



Remote extension camera for attic inspection



Underfloor inspection robot



The drone and inspection robot are controlled using an ordinary iPad.

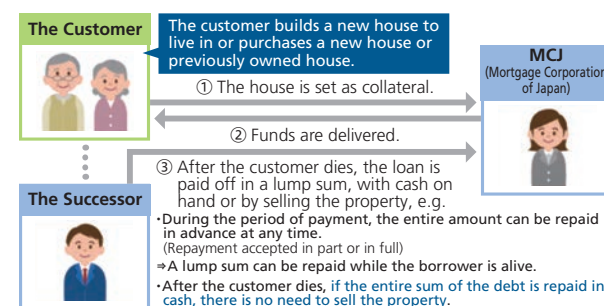
Implementation of the smart inspection system is currently being expanded to Sekisui House Customer Service Centers all across Japan. We will continue using cutting-edge technologies to extend high-quality after-sales service to our homeowners everywhere.

Reverse mortgage loans support new house building and renovations for seniors

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

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

How a reverse mortgage loan works



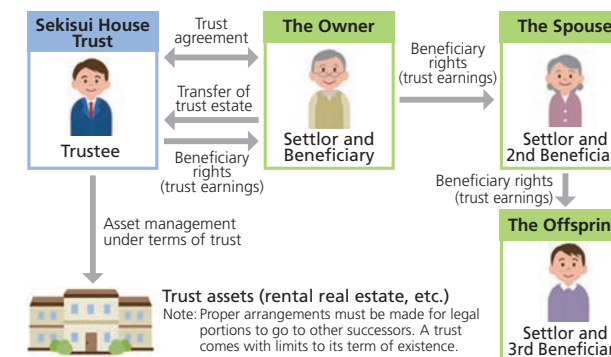
their 50s, 60s, and up who had given up the idea of building or renovating because they couldn’t afford the expense, the program offers a new option that can help them lead more fulfilling lives in their old age.

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

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

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

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



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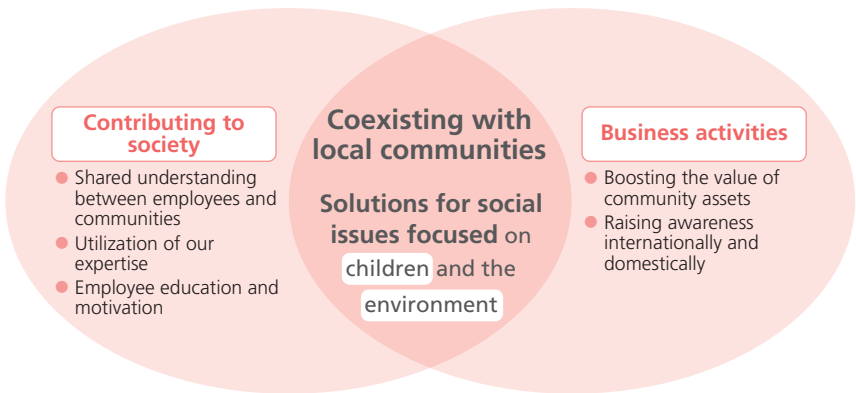
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Addressing Material Issue 3 Coexisting with Local Communities



Basic Concept

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



Themes and Key Performance Indicators (KPI)

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

Harmony with Local Communities through Business

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

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

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

Miramachi is a community development project located in the city of Toyohashi in Aichi Prefecture. It involves the development of a total land area of 270,000 m² with 404 lots that will include detached houses, as well as shops and restaurants, and business and medical facilities. Based on Toyohashi’s land optimization plan, we are working with the city to develop an area in the vicinity of Minamisakae Station as a residential district.

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

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

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

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

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

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

Four values built into Miramachi

Community Contribution

Joint development to raise the value of the southern part of Toyohashi, creating a “compact city”

Environmental Awareness

About 400 ZEH homes planned—an environmental approach to 2030 as an Eco-First company

Sustainable Growth

Systematic use of existing trees to create relaxing space and protect the environment

Disaster Resilience

Roundabouts (circular intersections) and underground power cables assure safety and resilience



Beautiful streets in Miramachi with no utility poles

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

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

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

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

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



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

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

The property is about 2,000 m² and has a huge zelkova tree that is over 300 years old. The plan was to incorporate the various trees into the layout for the buildings to make it a new kind of forest. For the neighboring residents it would be a place for cultural exchange and a place to go to relax. For the owner it would be a stable source of long-term income. The *Dai-no-mori* Project came together as a result of Sekisui House teaming up with the landowner, local residents, a builder, and a project manager. We plan to use the project as a model for similar projects to be undertaken nationwide.



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

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

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

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

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



Open Village Nokishita, an easy place to gather

Recipient of the 2020 Kids Design Award

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

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

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

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

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



Fairfield by Marriott Hotel

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

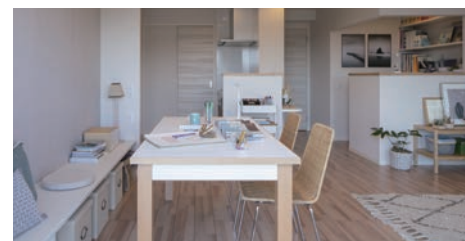
This housing project to support raising children is based on a work-life mix* concept for new lifestyles in an age of working at home. The project is designed to motivate young couples who want to have children, or who are raising children, to move to a more rural area.

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

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



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



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

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

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



Kodomo idokoro, Oamishirasato City Child Care Exchange Center in Chiba

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

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



AS HEIM Kamifukuoka nursing home

Child Chemo House A care home for children fighting cancer

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

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



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

Harmony with Local Communities through Social Activities

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Working with Local Communities to Achieve Sustainable Social Revitalization

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

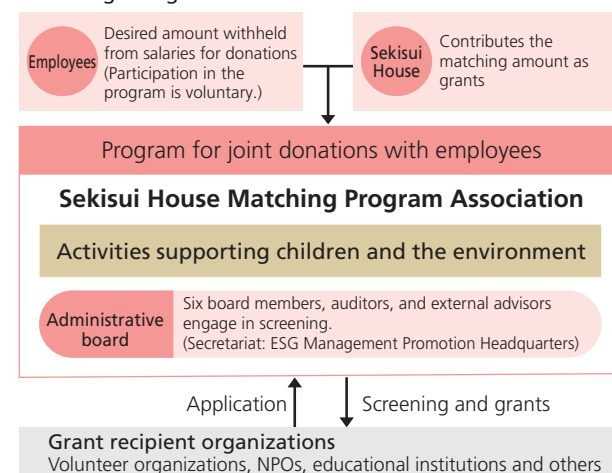
Sekisui House Matching Program has donated over 400 million yen to 403 organizations

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

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



Screening and grants



Collaborative initiatives with charitable groups

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



Family House and our Yokohama Kita Sha Maison Branch

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



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

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



Japan Rescue Association and our Osaka Minami Branch

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



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

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

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

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

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



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

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

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

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

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



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

School visit classes at educational institutions

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

Captain Earth “le-cology” Seminar

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

“A Letter from Dr. Forest” Program

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

Treasure Hunt Tour with Head Recycler (facility tour version)

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

Lesson on Brightness in Living

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

Lessons by Dr. Universal Design

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



School visit class for teaching about house insulation



“A Letter from Dr. Forest” program

Harmony with Local Communities through Social Activities

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

Sekisui House Eco First Park

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

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

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

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

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

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

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

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



Eco First Park

Total number of visitors

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

Facilities at Eco First Park

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



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

In 2006, on the north side of Shin Umeda City in Osaka outside the Umeda Sky Building in which Sekisui House has its head office, we built a landscaped area known as *Shin-Satoyama*. The area is about 8,000 m² in size and is modeled on a traditional Japanese *Satoyama*—a biotope consisting of a wooded area, bamboo forest, rice terrace, and vegetable farm in one compact area. The design is based on our *Gohon no ki* Project that focuses on planting trees native to the area. In its 15 years of its existence, the landscape has become a flourishing ecosystem at which much wildlife can be seen observed, including parent and duckling spotbill ducks, the threatened Eurasian sparrowhawk and Japanese night heron, and many other wild birds, insects, frogs, and lizards. (See also page 37.)

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

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



Elementary school students planting rice at *Shin-Satoyama*

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Other social activities

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

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

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

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

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



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

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

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

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

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

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

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



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



Fresco-painting workshop that has won a Kids Design Award

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

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

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



Ceramic card holders

Protecting Life and Property from Natural Disasters

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

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

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

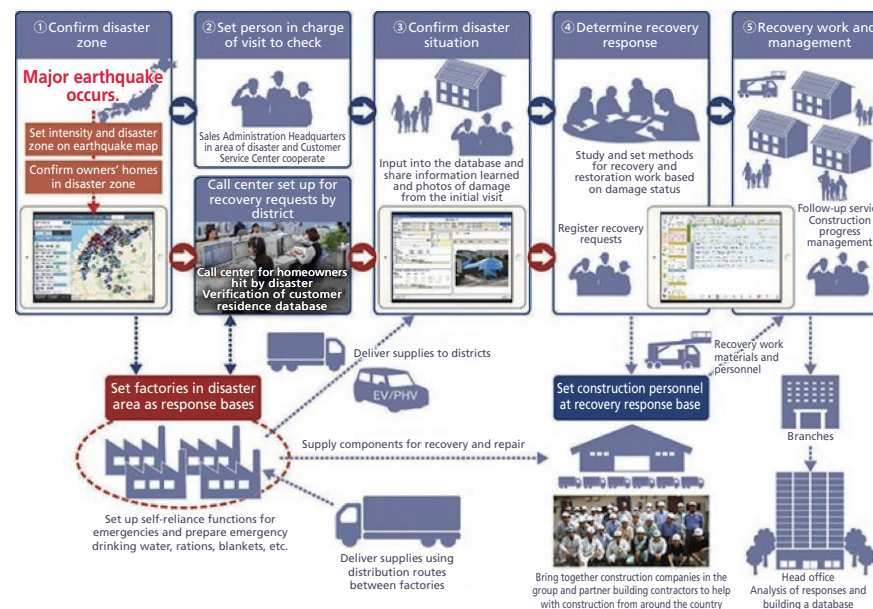
In the event of a natural disaster, our employees will use a “Disaster Visit app” that is integrated with our residential data management system to quickly ascertain the safety of homeowners and the state of damage incurred by the incident. They also use our factories nationwide as local recovery support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

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

“Disaster Visit app” developed from past experience

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

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



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

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

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

Restoration support activities

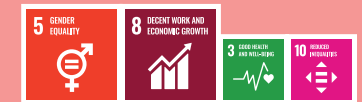


Windbreak wall installation on temporary housing

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

Addressing Material Issue ④ Bringing Together Diverse Capabilities

Addressing Material Issue 4 Bringing Together Diverse Capabilities



Basic Concept

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

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

Themes and Key Performance Indicators (KPI)

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

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

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

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

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

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

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Understanding and Implementing ESG

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

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

Three elements of ESG management promotion

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

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

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

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

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

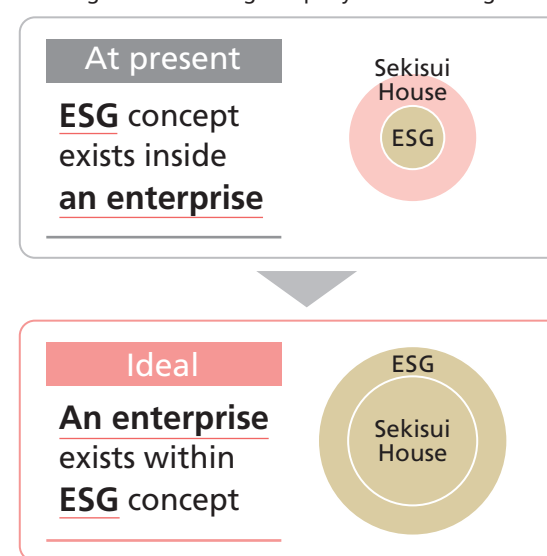
our corporate ESG initiatives.

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

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



Aiming to be a leading company in ESG management



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

Targeting 28,000 employees

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

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

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

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

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

From awareness gained through dialogue to spontaneous action

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

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

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

Highlights

The 60th Anniversary Project: SKIdea Innovation Competition

Sekisui House marked its 60th anniversary in 2020 and held an innovation competition for all employees of the group.

The purpose of this project is to use our in-house application SKIdea as a platform to bring to light the latent ideas of all group employees, and through the reactions and screening provided by all employees, discover innovative ideas that will contribute to the happiness of customers and employees and to the company’s business.

The name SKIdea is a coined word derived from “SEKISUI HOUSE GROUP Knowledge & Idea.” In addition, “S” connotes “Share, Superior and Smart.” All the knowledge, experiences, technologies, and excellent ideas of Sekisui House Group employees have been crystallized into this platform. By sharing them and working together, employees are expected to realize their projects and sublimate them into formal knowledge.

To make entry to the competition easier for employees, we created an environment in which individual employees can post their ideas on an in-house idea platform that can be used and viewed by all group employees, thereby supporting team building so members can sympathize with each other and work together. This is part of our effort to develop and foster an in-house culture whereby employees who are not connected in their routine work communicate with each other and take on new challenges. During the one-month entry period, 836 applications were received. Among which, after presentations were delivered to corporate officers, the winners of the Grand Award and the Award for Excellence were decided upon.

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



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

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

A new personnel system to support autonomous career development

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

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

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

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

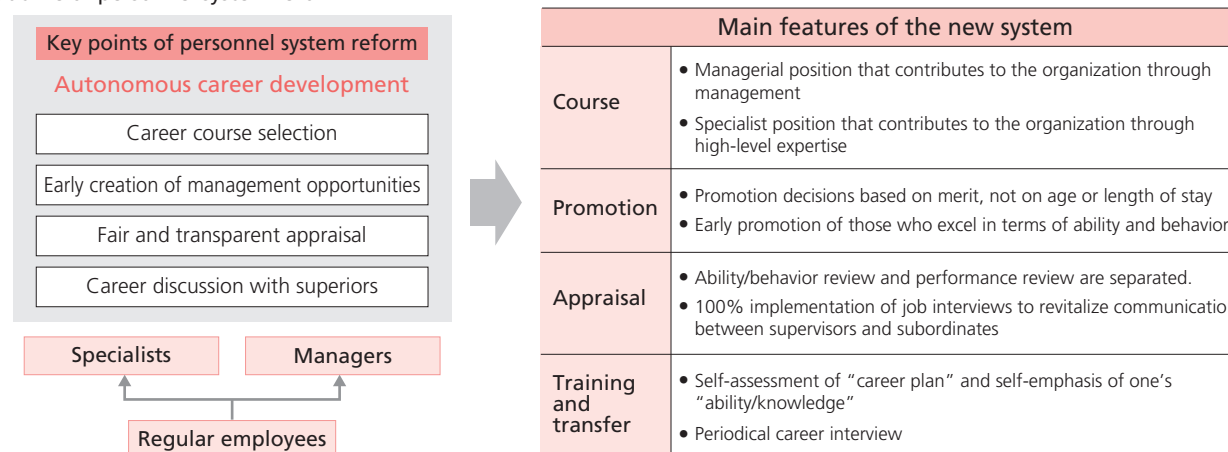
Starting with the introduction of the new grading system in February 2021, we are currently in the process of sequentially putting in place a concrete system. Positioning this year as the year one of personnel system reform, we will strive to expand the new system.

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

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

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

Outline of personnel system reform



The 2nd term of SHINE! Challenge Program

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Initiatives to strengthen management capabilities

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

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

Support for career building (uniformly implemented across different levels)

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

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

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

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

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

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

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

In-house certification programs

On-site supervisor: Chief Constructor

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

Design: Chief Architect

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

Structural planning: Structural Planning Specialist

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

Design (Platinum business): Platinum Specialist

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

After-sales service:

Customer Support Meister (CS Meister)

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

In-house recruitment system

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

Career Challenge System

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

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

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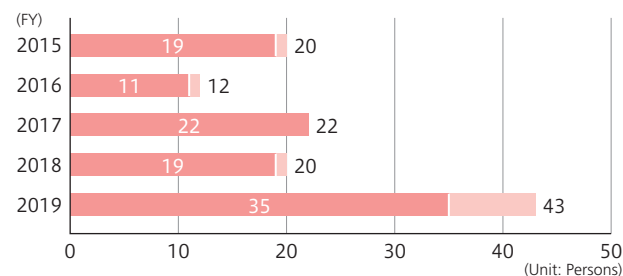
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make further progress. The program supports the conversion of employees in production and general clerical work as well as regional employees into sales engineering positions. Applicants take a two-day training course. During the training, they are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

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

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



Note: The system was not implemented in FY2020.

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

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

Green First Training

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

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

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

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

Specialized training (specialized education/training)

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

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

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

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

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

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

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

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

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

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

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



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

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

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

Encouraging career development for women; promoting women to managerial positions

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

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



Sekisui House Women’s College, training for management candidates

Promoting participation by women in sales positions

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

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

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

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



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

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

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

Women are playing an increasingly important role in remodeling sales

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

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

Promoting the participation of women in technical positions

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

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

employees attempting to balance work and family life.

① Human resource development of top runners

Sekisui House has been hiring female technical staff since before the Equal Employment Opportunity Law came into effect. Currently, we have an increasing number of female managers including those appointed as Manager of Design Department and Manager of Administrative Department. Furthermore, we have established a development plan for young employees in each area in order to promote them to the position of assistant manager, and we are working to expand the layer of candidates for management positions. We are also working to appoint role models who can serve as targets for future career plans.

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

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

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

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

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

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



Uniforms can be used in a variety of scenarios



Maternity uniforms



Orihime Toilets

③ Support of employees attempting to balance work and family life

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

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

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

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

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

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

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



PRIDE Index 2020

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

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

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

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

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



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

Supporting senior citizens to take on greater roles at work

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

III. Social

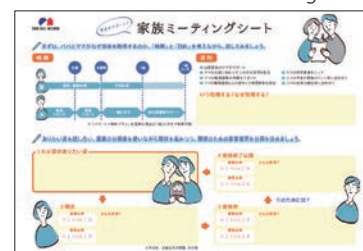
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Toward a Smarter Way of Working That Generates “Innovation & Communication”

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

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

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



This Family Meeting Sheet can be downloaded from our website.

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

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

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

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

Forums on successfully balancing work and child-rearing

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

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



Pair work with superior (held online in FY2020)

Support system for balancing work and childcare

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

Kindergarten Hunting Concierge

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

Financial Aid for Childcare

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

Family Friendly Day and Partnership Slide

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

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Shortening and changing working hours for childcare

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

Gender-specific reinstatement rate and retention rate after childcare leave

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

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

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

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



Kurumin Mark

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

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

Improving the work environment

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

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

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

Promotion of mental health management

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

Improving business efficiency and productivity through the use of IT

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

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

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

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

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

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Encouragement to take annual paid leave

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

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

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

Various support programs for nursing care and employees on leave

Nursing care support program

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

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

Moreover, under the Retiree Reinstatement Registration

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

Accrued Annual Leave System

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

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

Leave program for volunteering

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

"Happiness" Health Management

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

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

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Sekisui House Group's "happiness" health management

Health management policy

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

Certified as Health and Productivity Management Outstanding Organization

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



Issues and policy for forming healthy and happy lifestyles

Issues and policies for action

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

Developing an organizational structure to strategically promote "happiness" health management

Organizational structure

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



Initiative indicators and results

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

(FY2020 results are being aggregated.)

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

*1: Persons with BMI (Body Mass Index) of 18.5 or more and less than 25.0 kg/m²

*2: Persons who are walking or performing equivalent physical activity in everyday life for more than one hour a day

*3: Persons who have been exercising lightly each time for over 30 minutes at least two days a week for one year or more

*4: Those who have breakfast at least four times a week

*5: Those who get sufficient rest through sleep

*a: Aggregated values for the entire Sekisui House Group in fiscal 2017 and for Sekisui House only (non-consolidated) for fiscal 2018 and beyond

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Concrete initiatives for forming healthy and happy lifestyles

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

Improvement of health literacy

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

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

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

Details of health promotion initiatives

[Measures to help employees quit smoking]

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

[Walking Challenge—an event to promote walking]

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



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

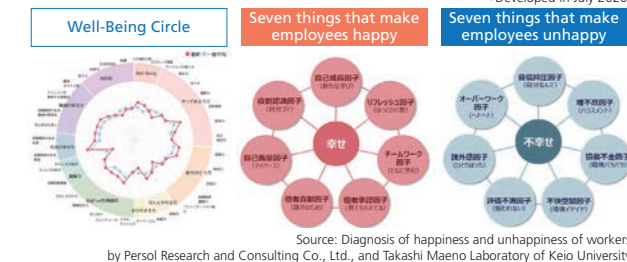
[Initiatives to boost happiness—the first company in Japan to conduct a Well-being Survey that analyzes the correlation between employee happiness and that of the workplace]

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

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

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

*Developed in July 2020



Promoting mental health management

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

Support system for balancing cancer and infertility treatment with work

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

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Respecting Human Rights

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

The Sekisui House Group considers respect for human rights to be one of the key issues in promoting ESG management. All employees will fulfill their responsibility to respect human rights by embodying the corporate philosophy of “love of humanity” as a fundamental principle.

In April 2020, we announced the Sekisui House Group Human Rights Policy in order to maximize the happiness of our customers, employees and society through our business activities. Based on the understanding of the International Bill of Human Rights, the Ten Principles of the UN Global Compact, and the SDGs, we are implementing human rights due diligence to respect human rights of all stakeholders.

Publication of the Sekisui House Group Human Rights Policy

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

This policy applies to:

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

Supervising responsibility:

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

Sections:

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

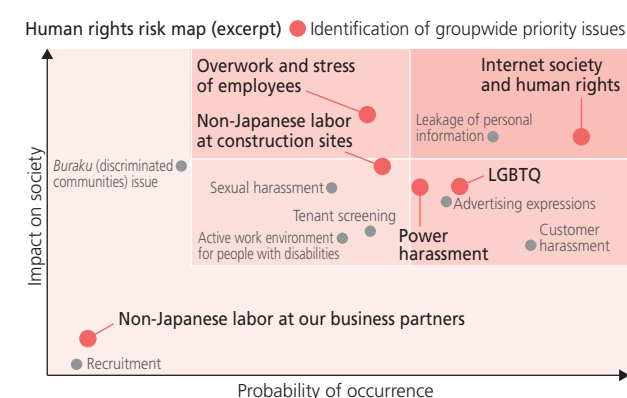
Full text of our Human Rights Policy

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

Promoting human rights due diligence (PDCA)

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

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



PDCA of human rights due diligence (for employees)

Extraction of implicit issues

Governance Awareness Survey scores
Analysis of trends
Training report analysis
Dialogue with each organization

Analysis of explicit issues
Explore the cause, background and solution of consultation cases.

Solution of consultation cases

Neutral and fair decisions based on facts
Implement personnel measures depending on the case.
Disciplinary Advisory Board considers disciplinary action.

Sexual and power harassment hotline

Full-time personnel provide consultation support.
Consultation desk personnel are assigned to all worksites.
Worksite personnel attend skills training once a year.

Human relations training

Required for all group employees including dispatched employees and part-time employees.
3 hours/year for all employees and 5 hours/year for promotion committee members.

Risk assessment

The Risk Management Committee verifies recurrence prevention measures and disseminates them via General Affairs senior manager meetings.

Awareness-raising policy formulation

Collating social conditions and their impact on corporate activities
Production of human relations training manuals for the next fiscal year

Human Relations Promotion Committee

Committees established in 305 organizations
National promotion committee meeting held
Set out policy measure guidelines every year
Headed by the President at the national level

- ← Reactive approach
- ← Preventive approach

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Respecting Human Rights

Respect for human rights in the supply chain and for non-Japanese labor

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

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

Human relations promotion framework

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

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

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

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

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

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

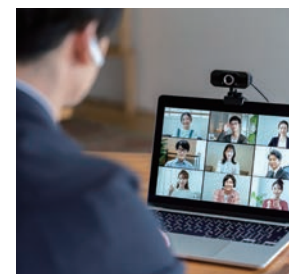
FY2020 Promotion Committee member training for managers (2 hours a year)

- Aiming for an LGBTQ-friendly workplace

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

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

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



Efforts to respect human rights

(We are continuing with stepping up the process while continuing with phases 1 and 2, and implementing phase 3.)

● Phase 1 (1980–1999)

- Learn human rights by confronting discrimination and prejudice, with a focus on the *Buraku* (discriminated communities) issue.
- Seminar given by outside lecturers
- On-site training
- Mt. Koya training course

● Phase 2 (2000–2019)

- Prevent all harassment that degrade the work environment.
- Compliance with laws prohibiting sexual and power harassment law, case studies
- Sharing of recurrence prevention consultation cases

● Phase 3 (2020–)

- Fulfilling our corporate responsibility to respect human rights from a global perspective
- SDGs • ESG
- Group human rights policy
- Implementation of human rights due diligence

Enhanced consultation system

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

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

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

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

III. Social

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

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

Addressing Material Issue ④
Bringing Together Diverse Capabilities

Understanding and Implementing ESG

Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Occupational Health and Safety

Creating a Safe, Secure and Healthy Working Environment

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

Trends of occupational accidents

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

Accidents resulting in lost worktime and occupational-illness frequency rates

(Total of one or more days of lost worktime)

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

(Calculation standards)

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

Occupational illness frequency rate: Number of occupational illnesses per million total working hours

Scope of data collection:

FY2019: Employees and contractors of Sekisui House

FY2020: Administration and production divisions: Employees or contractors of Sekisui House (non-consolidated)

Construction division: Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.

Total working hours:

The total working hours of Sekisui House employees and contractors in the administration and production divisions are calculated based on actual working hours.

Total working hours of contractors of Sekisui House and Sekisui House noie of the construction division were calculated as 8 hours per man per day.

The total working hours of Konoike's contractors in the construction division were calculated as 9 hours per man per day.

Occupational health and safety management system in the construction division

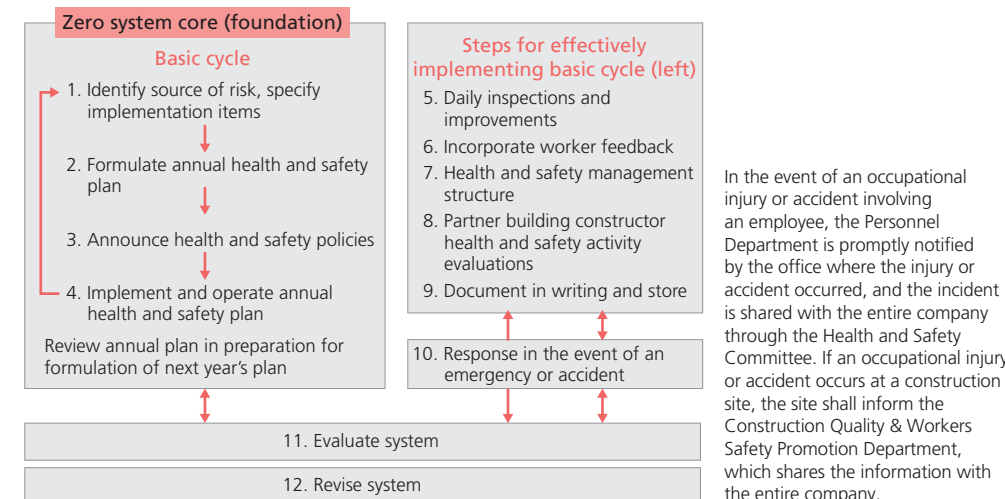
In addition to the Occupational Health and Safety Management System recommended by the Ministry of Health, Labour and Welfare, we have incorporated the Sekisui House Zero Hazard System, which we developed ourselves by taking into account the characteristics of construction sites, to develop health and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

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

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

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

Outline of Sekisui House Zero Hazard System



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

Improving Construction Quality and Boosting Construction Capabilities

Maintaining and Increasing Housing Asset Value

Addressing Material Issue ③
Coexisting with Local Communities

Harmony with Local Communities through Business

Harmony with Local Communities through Social Activities

Protecting Life and Property from Natural Disasters

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Bringing Together Diverse Capabilities

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Developing Human Resources

Diversity and Inclusion

Workstyles, Motivation and Smart Work

“Happiness” Health Management

Respecting Human Rights

Occupational Health and Safety

Occupational Health and Safety

Occupational health and safety activities at construction sites

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

- We focused on the points below as part of our “thorough measures to prevent falls,” which can lead to serious accidents (accidents that could be fatal).

1. Promote the use of full-harness crash prevention devices to prevent falls.
2. Start factory shipping of handrails to install around the outer periphery of buildings.

- In order to prevent public accidents, we monitored the occurrence of accidents nationwide in detail, shared information, and thoroughly implemented measures to prevent recurrence.

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



Poster calling for the prevention of the COVID-19 infections

Occupational accidents at construction sites in FY2020

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

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

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

Priority themes and outline of a plan for FY2021

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

Outline of annual health and safety plan for FY2021

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

Poster of slogan for FY2021



Implementation of health and safety training

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

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

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

Governance

IV. Governance

Addressing Material Issue ⑤
Embodying Integrity

Strengthening Our Corporate Governance
System

Promoting Compliance

Risk Management

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G

Governance

The Sekisui House Group has proceeded with governance reform designed to strengthen the effectiveness of governance while simultaneously ensuring sustainable corporate growth. In order to achieve this, it is essential that we revitalize communication and encourage the growth of each and every employee by promoting initiatives that combine innovation and communication.

Positioning 2018 as the first year of governance reform, we have steadily implemented specific measures comprising 21 items, including “Introduction of mandatory retirement at age 70 for representative directors,” “Establishment of the Management Meeting,” and “Clarification of departments under control of directors,” over the past three years.

In order to further enhance the effectiveness of corporate governance going forward, we will take steps to reform governance at the group employee level, as well as governance at the levels of top management and business management, in addition to fostering an organizational culture that thrives through innovation and communication.

Basic Concept

At the Sekisui House Group, we have established a corporate governance system, grounded in our corporate philosophy of love of humanity, committed to timely and trustworthy management. Moreover, we have published our Basic Policy on Corporate Governance to inform our stakeholders of our approach and framework.

Positioning 2018 as the first year of governance reform, we have steadily implemented each of these measures in an effort to establish a foundation of resilient management for long-term and sustainable growth in corporate value. We have adopted the concept of “integrity”—signifying a sincere and high-spirited sense of ethics—as our guiding principle for addressing governance reform. This resonates with “love of humanity,” our core philosophy, and with “truth and trust,” the stance encapsulated in our corporate philosophy. While prioritizing integrity in all our corporate operations, we are promoting reforms aimed at transforming us into a leading company in ESG management. We are moving forward with governance reform at three levels of “top management,” “business management” (as stated in our 5th Mid-term Management Plan), and “group employee.”

Governance reform at the top management level
 Building corporate governance mechanisms necessary for sustainable improvement of corporate value while gaining the trust of stakeholders

Governance reform at the business management level
 Creating mechanisms and rules to ensure thorough compliance with laws and regulations at each office organization while strengthening management functions

Governance Reform

Governance reform at the group employee level
 Becoming a driving force to revitalize in-group communication and advancing governance reforms at the levels of top management and business management

Themes and Key Performance Indicators (KPI)

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
Corporate governance	Percentage of independent outside directors	%	—	33.3%	40.0%	40% or higher
Further enhance the integrity of business management and strengthen the group governance system	Integrity training attendance status	—	Head office managers Over 50% in attendance	97% (74 out of 76 persons)	Group executives and managers Over 50% in attendance	Group executives and managers 100% attendance
	Governance Strategy Sheet initiatives	—	—	Operated by General Affairs chief managers of Sekisui House (121 persons in total)	Operated by General Affairs managers of group companies (223 persons in total)	Percentage of Governance Strategy Sheet initiatives adopted: 90%
Enhance communication among employees	Engaging in ESG Dialogue	—	—	Sekisui House managers	Sekisui House employees Group managers	Group employees

Strengthening Our Corporate Governance System

Initiatives for Governance Reform

The Sekisui House Group is pursuing governance reform designed to strengthen the effectiveness of governance while simultaneously ensuring sustainable corporate growth. In order to achieve this, it is essential that we revitalize communication and encourage the growth of each and every employee by promoting initiatives that combine innovation and communication.

To further enhance the effectiveness of group governance going forward, we will take steps to reform governance at the group employee level, as well as governance at the level of top management and business management, in addition to fostering an organizational culture that thrives through innovation and communication.

Governance reform at the top management level

During the period of the 5th Mid-term Management Plan, we have been strengthening management organizations, aiming at management innovation through collaboration (“co-creation”) with outside directors while encouraging fair and robust relationships.

In fiscal 2020, we strengthened our effectiveness by reviewing the structure of the Personnel Affairs and Remuneration Committee, a consultative body for the appointment/dismissal and remuneration of directors/executive officers. We also worked on a moderate separation of the management supervision function and the business execution function, and moreover, strengthening the management supervision function by enhancing the independence of the Board of Directors, and promoting the delegation of authority by reforming the Management Meeting and the Executive Officer System.

At the Personnel Affairs and Remuneration Committee, which is chaired by and composed of a majority of outside directors, active deliberations are held. Outside committee members participated from the selection stage of the skills matrix items for director candidates and proactively engaged in the appointment/dismissal process of representative directors, which has dramatically improved the effectiveness and transparency of the committee.

Chairperson of the Board: Mr. Toshifumi Kitazawa (Outside Director)
Chairperson of the Personnel Affairs and Remuneration Committee: Ms. Yukiko Yoshimaru (Outside Director)

Note: Three of the five are outside directors.

Governance reform at the business management level

The strength of the Sekisui House Group lies in our worksites where we view business issues from the customer’s perspective. We are also promoting governance reforms at the business management level to further enhance our capabilities at the worksite.

In fiscal 2020, the target of employees to be included in the integrity training program was changed to include not only managerial employees from Sales Administration Headquarters, but also managers at the head office and factories. During integrity training, participants conducted management diagnoses (multifaceted observations) and interviews with officers in charge, thereby substantially improving integrity. Going forward, we will apply these approaches to the executives and managers of our group companies.

With the aim of strengthening internal checks at the level of general affairs, chief managers in charge of general affairs at domestic branches are working to strengthen governance with the “Governance Strategy Sheet” action plan based on an analysis of governance problems and issues in each organization. Since fiscal 2021, general affairs managers of group companies have also been working on formulating governance strategies, and our efforts to strengthen governance has now gone group-wide.

Furthermore, we positioned general affairs managers in our sales divisions and group companies including overseas subsidiaries as “human resources for governance” who are there to promote strengthening of governance. We have built a “governance network,”—a reporting system to the administration division centered on the Auditing Department and Legal Department at head office—to ensure information sharing on governance.

Governance reform at the group employee level

The Governance Committee established under the ESG Promotion Committee implements measures to invigorate communication among employees and organizations within the group, so employees are encouraged to give bottom-up feedback, which is linked to the governance reforms at the level of top management and business management.

Throughout the group companies, “ESG Dialogue” is encouraged along the theme of happiness, such as “how we can make our customers, employees and society happy through our business,” thereby promoting initiatives aimed at creating a virtuous cycle of fostering employee engagement, accelerating communication, and generating innovation, which will then increase our corporate value.

We strive to revitalize communication that tends to be lacking amid the current trend of working from home by providing various opportunities for exchanging opinions on a group basis about our corporate philosophy and codes of conduct during Corporate Ethics Month (October) as set by the Japan Keidanren, in addition to thinking about human rights issues as part of human relations training, in which all employees participate every year, and exchanging opinions on an organizational basis based on the results of the anonymous “Governance Awareness Survey” questionnaire (conducted annually) on the awareness of corporate ethics, working environment and others.

Strengthening Our Corporate Governance System

Governance

Strengthening Our Corporate Governance System

Positioning 2018 as the first year of governance reform, we have steadily implemented specific measures comprising of 21 items over the past three years.

The 21 specific measures taken to strengthen our corporate governance system

	FY2018	FY2019	FY2020
Introduction of a mandatory retirement at age 70 for representative directors	▲ Resolved at the meeting of Board of Directors in Mar 2018		
Appointment of female outside officers	▲ Approved at the General Meeting of Shareholders in Apr 2018 (Elected one female external director and one female external Audit & Supervisory Board member)		
Transparency and invigoration of Board of Directors meeting operations	▲ Resolved at the meeting of Board of Directors in Feb 2018 (Separation of the chairperson of the Board and the convener)		
Establishment of the Management Meeting	▲ Resolved at the meeting of Board of Directors in Feb 2018 (Held 8 times in FY2018, 10 times in FY2019, and 8 times in FY2020)		
Clarification of departments under control of directors	▲ Resolved at the meeting of Board of Directors in Mar 2018 (Structural reform in Apr 2018)		
Evaluation of the effectiveness of the Board of Directors	▲ Resolved at the meeting of Board of Directors in Mar 2018 (Conducted an annual questionnaire survey, in FY2019, a questionnaire survey and individual interviews were conducted by an independent evaluation organization)		
<i>Ringi</i> (collective decision-making) system reform	▲ Implemented gradually from Jun 2018 (Clarification of departments responsible for deliberation, introduction of the <i>e-Ringi</i> system)		
Ensuring independence and strengthening internal checks on General Affairs senior managers of our Sales Administration Headquarters and chief managers of our Branch Offices (Construction of a governance network including our group companies)	▲ Started from Nov 2018 (Provided training for general affairs managers and reviewed process of team and personnel evaluation)		
Improving the integrity of branch managers Expansion of the target for integrity management training	▲ Started from Nov 2018 (Launched the <i>Keiei-juku</i> , a program to cultivate and select future branch managers) ▲ Target expanded (to include head office managers and group executives) in Aug 2020		
Development of next-generation managers and leaders	▲ Started from Oct 2019 “SHINE! Challenge Program”—a training course for the development of younger personnel)		
Introduction of a stock remuneration system with transfer restrictions	▲ Approved at the General Meeting of Shareholders in Apr 2019 (Paid in Jun 2019)		
Elimination of the officer bonus system for outside directors	▲ Approved at the General Meeting of Shareholders in Apr 2019		
Reviewing the director's term of office	▲ Policy resolved at the meeting of Board of Directors in Sep 2019 (Implemented in Apr 2020)		
Abolishment of the executive advisor system	▲ Policy resolved at the meeting of Board of Directors in Sep 2019 (Implemented in Apr 2020)		

IV. Governance

Addressing Material Issue ⑤
Embodying Integrity

Strengthening Our Corporate Governance System

Promoting Compliance

Risk Management

Strengthening Our Corporate Governance System

Governance

IV. Governance

Addressing Material Issue ⑤
Embodying Integrity

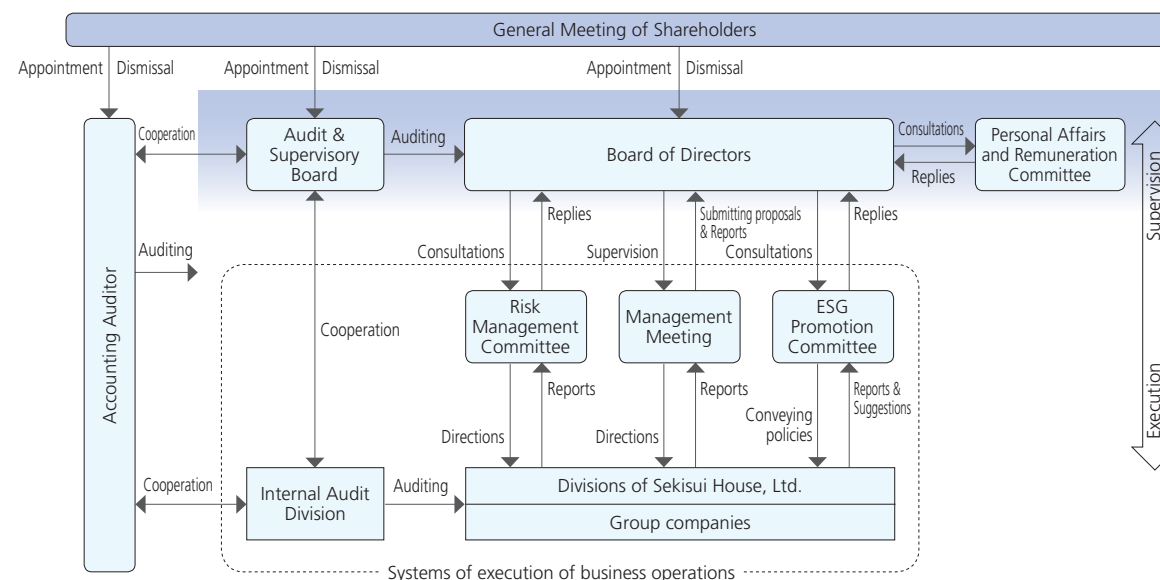
Strengthening Our Corporate Governance System

Promoting Compliance

Risk Management

	FY2020
Fundamental review of the officers' remuneration system	▲ Apr 2020
Introduction of guidelines for holding stock	▲ Implemented in Apr 2020
Establishment of Stock Compensation Refund Clause (Malus and Clawback)	▲ Implemented in Apr 2020
Creation of the criteria and procedures of the appointment/dismissal of executives	▲ Started from Apr 2020
Increase in independence of Board of Directors	▲ Proportion of outside directors: 1/3 in Apr 2020
Development of an internal reporting system at our overseas subsidiaries	▲ Started from Jun 2020 Established and launched the operation of the "Sekisui House Global Helpline" at local subsidiaries in the United States, Australia, the United Kingdom, and Singapore, using an (external) law office as the contact point for people seeking assistance.
Establishment of the Office of Directors	▲ Established in Aug 2020 (to support the productive activities of outside directors) Established an organizational structure to support productive activities in view of an increase in the number of outside directors. <ul style="list-style-type: none"> Reviewed opportunities for exchanging information and sharing understanding by holding regular meetings between outside directors and representative directors, outside directors and the Audit & Supervisory Board members, and outside directors and outside Audit & Supervisory Board members. Actively disseminated information from the Office of Directors to outside directors.

Corporate Governance Structure
(as of April 28, 2021)



Strengthening Our Corporate Governance System

Board of Directors

In principle, the Board of Directors meet once a month. To improve corporate value over the medium and long term, the Board of Directors shall be responsible mainly for establishing management policies, strategies and plans, and making decisions on the execution of important operations, as well as for supervising and evaluating the execution of duties by directors and executive officers and establishing systems to ensure the soundness of management, such as an internal control and risk management system.

To promote a constructive exchange of opinions, we decided not to combine the positions of the chairperson of the Board of Directors and the convener. Therefore, currently Mr. Toshifumi Kitazawa, an outside director, serves as the chairperson of the Board, while Mr. Yoshihiro Nakai, President & CEO, serves as the convener.

The Board of Directors comprises the optimum number of members for substantive discussions, and the proportion of independent outside directors on the Board of Directors shall be one-third or more. The board members are appointed after a skills matrix is formulated based on management strategies and plans, and shall include those who have good knowledge and expertise in financial accounting and legal compliance. Taking into account knowledge, experience, ability, term of office, gender and other factors, the board shall keep a good balance between diversity and an appropriate number of people. Additionally, as a system to support the duties of outside directors, we have set up the Office of Directors with multiple employees assigned to those positions.

In the fiscal year ended January 2021, the Board of Directors met 13 times with an attendance rate of 99.5% (including an attendance rate of 100% for outside directors and 98.6% for outside Audit & Supervisory Board members). Moreover, we regularly analyze and evaluate the effectiveness of the Board of Directors as a whole using a third-party organization to promote ongoing reforms and improvements to strengthen its functions.

Board of Director composition (as of April 28, 2021)

Directors	Of which are outside directors	Age		
		Under 50	50 to 59	60 and above
10 (seven male, three female)	4 (one male, three female)	0	2	8

Average age: 62.3

Audit & Supervisory Board

The Audit & Supervisory Board formulates audit plans and, based on such plans, conducts hearings regarding risks and other issues pertaining to the assigned duties of directors, executive officers, senior managers of major departments, directors of subsidiaries and others in a planned manner, and inspects offices when necessary.

In addition, the Audit & Supervisory Board members exchange opinions and work in close coordination with the Internal Audit Division, hold regular meetings with accounting auditors and engage in mutual cooperation to ensure that all audit activities are carried out efficiently and effectively.

Furthermore, we have established the Office of Audit & Supervisory Board as a dedicated organization to which several employees including full-time staff are allocated for assisting Audit & Supervisory Board operations. If said employees are concurrently assigned to other duties, they must not be influenced by guidance and commands from the division to which they are concurrently assigned and, with regard to human resource matters pertaining to these employees, the opinions of Audit & Supervisory Board members must be considered to ensure the independence of their duties with regard to Audit & Supervisory Board operations.

Audit & Supervisory Board composition (as of April 28, 2021)

Audit & Supervisory Board members	Of which are outside members	Age		
		Under 50	50 to 59	60 and above
6 (four male, two female)	4 (three male, one female)	0	0	6

Average age: 68.0

Personnel Affairs and Remuneration Committee

As a consultative body to the Board of Directors, the Personnel Affairs and Remuneration Committee provides opinions on matters relating to the personnel affairs of Directors and Executive Officers and their remuneration to ensure fairness and transparency.

Chaired by an independent outside director (Ms. Yukiko Yoshimaru), the majority of the members of the Committee are independent outside directors.

Management Meeting

The company has established the Management Meeting for the purpose of holding prior deliberations on important matters to be delegated to the Board of Directors, making decisions on the execution of individual operations based on management policies and strategies, and sharing information on business execution policies and issues among entrusted executive officers.

The meeting shall be attended by entrusted executive officers. Outside directors and Audit & Supervisory Board members may attend voluntarily as observers.

ESG Promotion Committee

Chaired by the officer in charge of ESG Division, with two experts (outside members) added to the internal committee members, active discussions on ESG management are made once every three months. The details of discussions at the ESG Promotion Committee are reported to the Board of Directors for deliberation.

Risk Management Committee

As a consultative body to the Board of Directors, the Risk Management Committee is chaired by Mr. Satoshi Tanaka, Representative Director, Executive Vice President & Executive Officer, and this committee provides opinions to the Board of Directors on matters relating to the maintenance of risk management systems with the aim of creating appropriate risk management systems and ensuring effective operating conditions.

Responsible departments are monitored regarding important themes of “governance,” “human rights/labor management,” “compliance,” “quality management,” and “BCP” to grasp and verify the operational status of domestic and overseas risk management systems in each division and across the entire group.

Strengthening Our Corporate Governance System

Highlights

Executive officer system reform

In April 2021, we reformed the executive officer system with the aim of clarifying authority and responsibility to promote “moderate separation of management supervision and business execution functions.” Through this executive officer system reform, the management hierarchy has been changed to a four-tier structure: Entrusted Executive Officers (President, Vice Chairman, Vice President and Senior Managing Officers) who also concurrently serve as directors, Entrusted Executive Officers (Managing Officers) who are candidates for future directors, Employed Executive Officers, and Operations Officers. Officers in the last two positions maintain their employee status, enabling flexible appointment. By clarifying the roles, personnel requirements, and the process of appointment and dismissal of each class of positions, we will strengthen the development of senior management officers in each division and build a sustainable leadership pipeline. Additionally, by having Employed Executive Officers and Operations Officers participate in presentations and Q&A sessions at the Management Meeting, ESG Promotion Committee and others, we will ensure opportunities for outside officers who can participate as observers to monitor senior management officers.

Divisions	The Personnel Affairs and Remuneration Committee supervises the appointment and dismissal process.		The Personnel Review Meeting (comprising of internal directors and others) deliberates appointments and dismissals, as well as personnel allocation and development.	
	Directors & Entrusted Executive Officers (Senior Managing Officer or higher rank)	Entrusted Executive Officers (Managing Officers)	Employed Executive Officers	Operations Officers
	Implement moderate separation of supervision and execution functions, control and take responsibility for business execution of the division in charge to achieve the goals set out in our Mid-term Management Plan.	As director candidates, take charge of main areas of the division in charge and take responsibility for business execution in those areas to achieve the goals set out in our Mid-term Management Plan.	As candidates for entrusted executive officers, take responsibility for the division in charge and business execution of the division to achieve the goals set out in our Mid-term Management Plan.	As candidates for employed executive officers, take responsibility for the division in charge and business execution of the division to achieve the goals set out in our Mid-term Management Plan.
Built-to-Order Business Supplied Housing Business	Yoshihiro Nakai Kunpei Nishida	Hiroshi Shinozaki	7 officers	11 officers
Development Business	Toru Ishii		2 officers	3 officers
Business Strategies	Yoshihiro Nakai	Kohei Hirota	2 officers	5 officers
Finance & ESG	Yosuke Horiuchi	Haruhiko Toyoda	3 officers	1 officer
Administration & Human Resources	Satoshi Tanaka	Osamu Minagawa Keizo Yoshimoto	2 officers	2 officers
Technology & Production	Toshiharu Miura	Kohei Joki	6 officers	5 officers

Internal Control System

Based on the Companies Act and the Regulation for Enforcement of the Companies Act, the company developed and manages internal control systems, with internal control system basic policies deliberated by the Board of Directors.

The Auditing Department, a specialized internal audit department, conducts on-site audits to confirm whether internal controls and internal management are being conducted appropriately and properly based on laws and regulations and internal rules to ensure effective management, and when necessary suggests corrective actions. Results of these audits are reported to directors and Audit & Supervisory Board members as well as related departments. Moreover, the Auditing Department and accounting auditors cooperate to execute effective internal audits.

We dispatch directors and others for internal control of group companies, including those overseas, and receives reports on their management status and important work execution. In addition, the company’s internal audit department periodically audits important subsidiaries and strengthens the audit system for overseas group companies by setting up an International Auditing Office.

Accounting Auditor

The accounting auditor evaluates whether the Audit & Supervisory Board possesses independence and expertise in accordance with the selection criteria for accounting auditors as well as internal rules and determines items for election based on relevant assessments.

If the accounting auditors discover fraud, a report will be made to the Audit & Supervisory Board, and if they discover deficiencies or problems, a report will be made to the Board of Directors, who will then take corrective actions.

Promoting Compliance

Promoting Compliance

Recognizing “compliance” as an important management concern, the Sekisui House Group extracted themes to be addressed and strives to make improvements while paying attention to the PDCA cycle. In October 2003, the Group formulated the Sekisui House Corporate Ethics Guidelines and put them into effect as the standards to be followed by the company, its officers and employees. The content of these Guidelines is revised as necessary in line with changes in the business environment. Since 2005, we also hold a Compliance with Corporate Ethics Check every October in which all executives and employees of the group submit a Pledge Regarding Compliance with the Essentials of Corporate Ethics. This submission is made to thoroughly enforce our policy on corporate ethics throughout the entire group. Moreover, we provide all group employees with legal training every year on different themes as a continuous effort to foster compliance awareness. Revision of the Civil Code was the training theme for fiscal 2020.

Main statements regarding compliance in the Sekisui House Group Corporate Ethics Guidelines (excerpt)

<p>2-3 Compliance with Various Industry Laws and Related Laws and Regulations</p> <p>(1) Comply with the industry laws related to the manufacturing, development, importing, storing, design, construction, sales, transport, exporting, and repair of housing, materials for housing, and equipment relating to housing, the buying, selling, leasing, intermediary services, agency services, and management in respect of real estate, residential area development and urban development. Along with executing proper procedures for acquiring permissions and submitting documents, take sufficient caution not to violate laws during all business operations.</p> <p>(2) Comply with various related laws and regulations in the execution of other related businesses and take sufficient caution to conduct business operations according to laws.</p> <p>2-4 Restrictions on Donations and Political Contributions</p> <p>(1) Upon donating to various organizations, etc., recognize the roles of companies in society, proactively judge the need for donations, comply with related laws and regulations, and follow proper methods.</p> <p>(2) Upon making political donations, comply with related laws and regulations including the Public Offices Election Act and the Political Funds Control Act, carefully avoid any and all action that can be misunderstood as colluding with politicians or government officials by bribery and payoffs, and strive to create healthy and transparent relationship with all parties.</p> <p>(3) Receive prior authorization according to internal rules upon making various donations and contributions.</p>	<p>2-7 Compliance with Laws and Regulations Related to Importing and Exporting</p> <p>(1) Conduct proper customs clearance procedures according to related laws and regulations upon importing or exporting products or raw materials.</p> <p>(2) Do not export goods prohibited from being exported and do not import goods prohibited from being imported.</p> <p>(3) Do not handle products or raw materials which were produced, manufactured, or transported under conditions which violate human rights, including child labor or forced labor.</p> <p>3-3 Compliance to the Antimonopoly Act</p> <p>In all circumstances, do not act in a manner which violates the Antimonopoly Act, including forming cartels, bid-rigging, fixing resale prices or abuse of superior position. Ensure free and fair competition between companies.</p> <p>(1) Do not place improper restrictions on transactions, such as colluding with other companies or organizations in the same industry to discuss or conclude agreement for fixing prices, volume, or production facilities as well as bid-rigging.</p> <p>(2) Do not engage in unfair business practices in collusion with other companies or organizations in the same industry, such as refusing transactions with specified business entities or new market entrants, or placing constraints on sales prices with purchasers.</p>	<p>3-4 Appropriate Transactions with Suppliers and Compliance with the Subcontract Act</p> <p>Handle transactions with building contractor partners and other business partners fairly and equally, based on conscientiousness and honesty.</p> <p>(1) Upon selecting a supplier from multiple options, fairly compare and evaluate factors such as quality, price, delivery speed, technical development capabilities, stable supply, corporate attitude, social responsibility initiatives, etc., in order to determine the most appropriate business partner.</p> <p>(2) Upon selecting and evaluating suppliers, do not use influences which grant specified suppliers an advantageous treatment.</p> <p>(3) Form contracts and conduct transactions with suppliers after sufficiently comprehending the Construction Business Act and the Subcontract Act and taking heed not to committee any violation such as delays in payment or unreasonable demands for discounts.</p> <p>3-5 Prevention of Unfair Competition</p> <p>(1) No matter the reason, do not acquire nor use trade secrets of another company through unfair means, such as theft.</p> <p>(2) Do not acquire nor use trade secrets of another company in knowing that they were obtained or possibly obtained through unfair means.</p> <p>(3) Do not slander nor libel other companies, such as competitors.</p>
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Promoting Compliance

Legal compliance status

There was no major violation of laws or voluntary standards in the relevant fiscal year.

Penalties for non-compliance of the anti-corruption policy

No disciplinary action or dismissal took place against any employee for non-compliance of the anti-corruption policy. To the best of our knowledge, no cost was incurred on penalties, surcharges or settlement related to corruption.

Infractions and penalties related to the environment

There were no major infractions or penalties of environmental laws or regulations. There were no accidental spills or other incidents impacting the environment surrounding our factories. No environment-related fines were imposed on the group.

Infractions and penalties related to products and services, safety and hygiene

There were no legal or regulatory infractions or penalties paid related to the provision and use of our products and services. There were also no infractions of health and safety related regulations or voluntary standards.

Infractions and penalties related to customer privacy

There were no substantiated petitions for redress related to customer privacy infringements or customer data loss.

Legal action related to monopolistic practices

The group faced no legal action, substantial fines or punitive measures in connection with violations of laws or regulations related to competition and monopolistic practices.

Internal reporting system and whistleblower protection

The Sekisui House Group has an internal reporting system, known as the Sekisui House Group Compliance Support (SCS System), based on the Whistleblower Protection Act. It is designed to ensure that an employee who has witnessed an unlawful act or any conduct that violates our corporate ethics policy can report it in confidence to the Compliance Office of the Legal Department by phone, e-mail, or other channels. Our SCS System guidelines on internal reporting explicitly stipulate that the identity of whistleblowers and the detail of their reports shall be treated as classified information and that such information shall not be used against their interests.

In October 2016, we added our corporate law office as an external point of contact. We also provide helplines that provide counseling on labor management issues in general and hotlines dedicated to consultation regarding sexual and power harassment.

Though it would be ideal to solve problems through discussions in the workplace, we also believe it is important to have an internal reporting system in place that employees can freely turn to for help. Efforts are made to familiarize employees with this system through leaflets and human relations training.

At the same time, in October 2016, we established the Sekisui House Group Supplier Company Corporate Ethics Helpline as system for handling consultation regarding concerns pertaining to legal and corporate ethics infractions and transaction-related issues connected to Sekisui House Group business activities from directors or employees of partner building constructors and supplier companies with whom the group has an ongoing business relationship. Similar to the SCS System, the Legal Department Compliance Office is the internal point of contact and our corporate law office is the external point of contact. Furthermore, in June 2020, we established and began operations of the Sekisui House Global Helpline for employees of our overseas subsidiaries in English-speaking regions, using a third-party law firm as a contact point (another contact has been established for subsidiaries in China).

Sekisui House Group internal reporting system

	Point of contact	Method	Content of report
SCS (Sekisui House Group Compliance Support) System	Compliance Office, Legal Department (External) Sekisui House corporate law office	Phone E-mail Postal mail (registered mail receivable only by the addressee)	Witness account of an unlawful act or any conduct that violates laws or our corporate ethics policy
Sekisui House Group Supplier Company Corporate Ethics Helpline	Compliance Office, Legal Department (External) Sekisui House corporate law office	Phone E-mail Written correspondence	When partner building constructors or supplier companies suspect illegal activities, are uncertain about or have concerns regarding the Sekisui House Group and its transactions and business activities
Sekisui House Global Helpline	(External) law office	E-mail (English language support is available)	Witness account of an unlawful act or any conduct that violates laws or our corporate ethics policy by our overseas subsidiaries
Sexual and power harassment hotline	Human Relations Office, Legal Department	Phone E-mail	Consultation pertaining to sexual/power harassment and other human rights issues, including concerns and problems related to interpersonal relationships; consultation aimed at creating a comfortable workplace for disabled employees, etc.
Personnel related hotline	Personnel Department	Intranet	Labor management issues in general, such as work hours and working on scheduled days off

Note: We also provide an external (outside the company) contact for counseling by a professional for group employees and their families.

Promoting Compliance

Personal information protection initiatives

We have established Rules for Handling Personal Information and we strive to handle personal information appropriately. Our Privacy Policy and Information Security Policy are disclosed on our website.

We handle customers’ personal information at Sekisui House Group worksites, such as housing exhibitions and land sales offices. In accordance with the Personal Information Protection Law and the Rules for Handling Personal Information, we have implemented e-learning and educational training for employees on a continual basis. The e-learning activities include tests to confirm how well employees understand the proper protection of personal information. We have also established a Customer Information Service Office, which is a dedicated department that unifies responsibility for the protection of personal information and is led by the CS Promoting Department senior manager who is also an executive officer. This structure enables the entire group to comply with the Personal Information Protection Law. From the customer’s perspective, customers may request disclosure, correction, suspension of use, erasure, etc. of their own personal data through lodging a Contact for Inquiries About Customer Information application with the Customer Information Service Office. In the event of the loss or theft of customers’ personal information, in addition to informing customers about the issue immediately, we shall post information concerning what information was lost or stolen on our website as necessary, as well as notices regarding our future handling of the situation. At the same time, we shall make every attempt to recover this information.

Additionally, in view of the fact that personal information protection laws are being put in place in various countries around the world, we are making efforts to protect personal information in our overseas businesses as well, by developing systems, providing training and other means in accordance with the businesses we operate in each country to comply with local laws and regulations.

Basic policy on tax

The Sekisui House Group’s basic stance on tax has been disclosed, recognizing that it has a significant responsibility to respect the stakeholders’ trust, for which our group is required to comply with the tax laws and regulations of the regions where it operates its businesses and make tax payments in a transparent and appropriate manner, observing the principle of fairness regarding taxes.

Sekisui House, Ltd. Basic Policy on Corporate Governance (Excerpt)

Chapter 6: Other

6. Basic policy on tax

The Group recognizes that it has a significant responsibility to respect the stakeholders’ trust for which the Group is required to comply with the tax laws and regulations of the regions where it operates its businesses and make tax payments in a transparent and appropriate manner, observing the principle of fairness regarding taxes. The Group’s basic stance on tax is as follows.

(1) Basic policy on tax

All officers and employees of the Group shall ensure that the highest priority is placed on compliance with the tax laws and regulations of the regions in which they operate. They shall also strive to fulfill tax responsibilities in good faith without engaging in any abnormal transactions intending tax avoidance.

(2) Transfer pricing

The Group aims to avoid double taxation on the international stage by conducting international transactions within the Group based on the arm’s length principle in accordance with the OECD Transfer Pricing Guidelines.

(3) Awareness-raising efforts

The personnel in charge of taxation for the Group shall endeavor to collect necessary information by participating in external opportunities including but not limited to seminars and strive to spread and establish tax compliance awareness. If any tax issues or other matters to be addressed are identified, measures for improvement shall be promptly implemented.

(4) Relationships with tax authorities

The Group shall strive to ensure tax transparency by providing appropriate information in accordance with the requests of the tax authorities in each country, and shall engage in appropriate dialogues with tax authorities in each country to develop sound relationships. In addition, if questions arise regarding the interpretation of relevant tax legislation, the Group shall explain the facts of the situation to the tax authorities and seek confirmation as necessary in order to avoid discrepancies resulting from differences in opinion.

(5) Governance

The Group shall strongly call for thorough familiarity with the basic policy on tax so that it may comply with the tax laws and regulations of the regions in which it operates and make tax payments in an appropriate manner. The Board of Directors of the Company shall be responsible for managing and supervising the practice of this basic policy on tax.

Risk Management

Risk Management

Our Risk Management System

The group has established a Risk Management Committee (chaired by Mr. Satoshi Tanaka, Representative Director, Executive Vice President & Executive Officer) as a consultative body to the Board of Directors, with the aim of accurately understanding important risks in its business activities, preventing the occurrence of those risks, and mitigating the impact on the group's businesses in the event that such risks materialize.

As a general rule, the Committee meets once a month, and based on the monitoring results of responsible departments of the head office regarding each case of risk, the Committee then summarizes and verifies the status of the development of the risk management system and gives necessary advice. Details of committee deliberations are reported regularly to the Board of Directors.

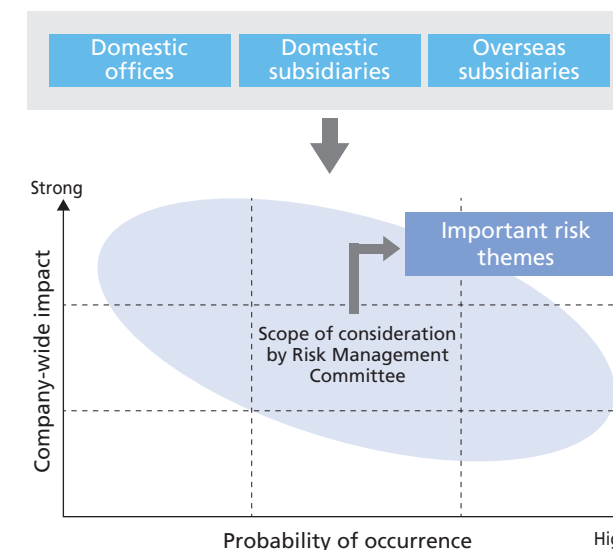
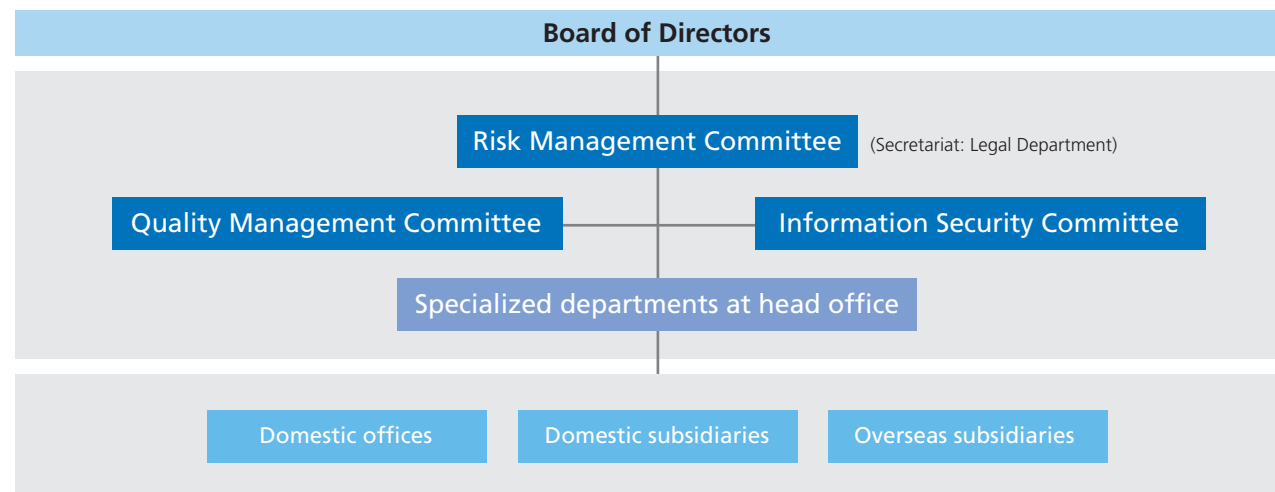
Additionally, the Quality Management Committee and the Information Security Committee have been established as subordinate organizations of the Risk Management Committee to discuss risk recognition and countermeasures from a more professional perspective. Details of deliberations made at each committee meeting are reported to the Risk Management Committee on a regular basis.

In the event of the occurrence of a serious risk, said risk shall be reported to the Risk Management Committee through the secretariat. If any crucial detail such as reputation risk is observed in the content of these reports, we have a system in place to seek ways to respond by setting up a specialized team called a Crisis Countermeasures Headquarters.

Risk Management Process

The Risk Management Committee considers the selection of risk themes by assessing importance from the perspective of the probability of occurrence and the degree of impact on the group among risks extracted by each of the group's domestic offices, domestic and overseas subsidiaries. The department responsible for each important risk theme formulates a basic risk management plan at the beginning of the term, reports on progress to the Risk Management Committee, and pursues improvements based on the opinions of the Committee, thereby running a PDCA cycle in risk management.

Risk Management System Diagram



Risk Management

Initiatives to strengthen information security

The group has positioned information security as one of the important management issues to address in order to minimize risks that may hinder the continuation of the business itself, such as information leakage or suspension of operations caused by a cyberattack. For that reason, we have established the Information Security Committee (chaired by Mr. Osamu Minagawa, Managing Officer) under the Risk Management Committee, which is a consultative body to the Board of Directors. With our information security policy established in July 2020, we are working to strengthen security. The instructions that our employees should follow when they notice a suspicious person are given to all group employees through regular training, etc., and disciplinary action for information security violations has become part of an employee's performance assessment.

Additionally, in response to diversifying workstyles amid the prevailing trend of telework and the new threat of cyberattacks, we are strengthening technical measures and enhancing organizational strength at the same time.

Regarding business continuity planning and procedures to prevent IT system failures and cyberattacks, we are continuously striving to increase the e-literacy of employees and improve the procedures by providing educational training every year and on other occasions as necessary.

Response in the event of a natural disaster

The Sekisui House Group recognizes that it is the mission of housing manufacturers to quickly restore the lives of customers suffered from large-scale natural disasters and provide new housing, including emergency temporary housing. To this end, we have established the Action Program for Handling Natural Disasters that prescribes company-wide policies and measures.

In the event of a large-scale natural disaster, the first step toward recovery is to quickly ascertain the condition of employees and their families in the affected region. The speed of initial responses is linked to the formation of support systems for worksites and the rapid response to company-wide needs, which

in turn enables us to promptly provide support to customers. For this reason, we not only conduct periodic evacuation drills at each worksite, but also require all employees to always carry an initial response card to be used when natural disaster strikes. This card contains information on measures to be taken and safety reporting in the event of a natural disaster.

Fortunately, in fiscal 2020 we did not witness any large-scale natural disasters. However, in fiscal 2019, typhoons No. 15 and No. 19 hit from September to October and the subsequent heavy rains caused great damage mainly in eastern Japan, and more than 1,300 houses built by Sekisui House also suffered flooding under and above the floor. We confirmed the safety of our employees and their families, while setting up a Disaster Response Headquarters at our head office to transport relief supplies using our Tohoku Factory as a base to enable a quick response. We also organized relief teams arrived from all over the country to repair or remove mud from customer houses that had been flooded in cooperation with local response headquarters.

In addition, we currently have a Customer Service Center Owner Desk in Osaka and Fukuoka that can respond to house owners' requests for consultation and urgent repair 24 hours a day, 365 days a year. We carry out integrated and complementary operations to ensure that these desks can fill-in for each other in the event of a large disaster and support customers by serving as Disaster Reception Centers capable of coordinating with the Customer Service Center in the affected region as well as with Sekisui House Remodeling, Ltd.

Business continuity planning (BCP) maintenance

The Sekisui House Group maintains preparedness for business continuity planning (BCP) to cope with major natural disasters. The group has also formulated a Sekisui House Group Basic Policy Concerning Disaster Countermeasures. A disaster manual has also been released to our Sales Administration Headquarters and business headquarters, as well as to head office, and we are prepared for ensuring business continuity at each business base in the event of a disaster.

Additionally, in the increasingly likely event of a Nankai Trough megathrust earthquake in the near future, enormous damage is expected in Osaka, where our head office (Umeda Sky Building) is located. In preparation for the likelihood of business continuity challenges at our head office, we are creating an initial response manual to establish a Sekisui House Disaster Response Headquarters. In the event of a disaster at the head office, we are prepared to continue business activities with the Tokyo office (Akasaka, Minato-ku) as well as from the Comprehensive Housing R&D Institute (Kizugawa, Kyoto) that can serve as substitute head offices.

Since numerous components and parts are required for manufacturing of houses, supply of components should not be suspended even in the event of a large-scale disaster. For this reason, we are also strengthening the supply chain by having multiple component lineups, multiple supplier companies, multiple production bases, and multi-purpose components.

We conduct business activities at the global level, which puts our local staff and employees on international business trips at risk of natural disasters, terror attacks and riots. In preparation for such event, an emergency procedure manual has been created to form a system for prompt information sharing. Along with that, we have established a system to support local employees in cooperation with an external specialist company in the event of an emergency.

Risk Management

Comprehensive Evaluation Report on Problems with the Purchase of Land for Condominiums

On December 7, 2020, Sekisui House received a Comprehensive Evaluation Report (hereafter, the “Report”) from its Comprehensive Evaluation Committee. At the request of the Board of Directors, this committee had conducted a comprehensive evaluation of the causes of an incident involving transactions for land for condominiums in Nishi Gotanda, Shinagawa-ku, Tokyo that occurred in 2017 (hereafter, the “Transaction Incident”), as well as measures to prevent recurrence and other matters. The Report was disclosed to the public on the same day.

In addition to details regarding the facts that had been determined, the Report verified and

made recommendations regarding Sekisui House’s response and approach to information disclosure after the discovery of the Transaction Incident. Topics included whether cases similar to the Transaction Incident have occurred, cause analysis (direct causes in the course of the transactions and cause analysis of internal environment and internal control system), recurrence prevention measures implemented and their dissemination and awareness promotion among employees and their effectiveness, the investigation by the 2017 committee and the content of the 2018 report.

Background of Preparation of the Report

By June 2020, first-instance convictions were handed down on all the criminal groups indicted in the Transaction Incident. In view of this fact, the Board of Directors decided in September 2020 to conduct a comprehensive evaluation of the Transaction Incident and other matters for the purpose of fulfilling its accountability to stakeholders, including its shareholders, customers, suppliers, officers and employees, by accurately disclosing the background of facts and other matters regarding the Transaction Incident. The Board of Directors then established the Comprehensive Evaluation Committee (hereinafter, the “Committee”) (Head of Committee: Shin Kikuchi of Gaien Partners), which was entrusted to external experts to ensure independence.

From September to November 2020, the Committee examined materials related to transactions, materials related to the 2017 survey and other related materials such as the minutes of Board of Directors meetings. During that time, it also held interviews with related parties and conducted a digital forensic study of e-mails of related parties, among other activities, and prepared a report (hereinafter, the “Report”) that incorporates expert opinions.

Evaluation and Recommendations of the Report

The Report acknowledged Sekisui House’s response to the cause analysis in the measures to prevent recurrence it had implemented, and positively evaluated those measures to a certain extent, but suggested that because Sekisui House did not formulate comprehensive measures to prevent recurrence, it was desirable to conduct a serious re-examination of whether effective countermeasures to the problems indicated had been taken. The Report also suggested that in order to prevent similar negative impact, in-house training and education based on the Transaction Incident was necessary due to the extreme importance of raising the awareness of each individual who operates systems, and that comprehensive reforms were needed to improve the corporate culture, including personnel rotation throughout the organization and personnel evaluations that emphasize integrity.

Initiatives in Response to Report Recommendations

In response to the recommendations of the Report, the Board of Directors resolved to have the Risk Management Committee re-examine the effectiveness of the recurrence prevention measures implemented by Sekisui House from the perspective of their correspondence to the cause analysis indicated in the Report; to conduct education and training using the Transaction Incident as a lesson in point; and to implement personnel rotation to help improve the corporate culture.

For education and training, we conduct a program using the Transaction Incident as a specific case study to increase awareness of risks. It fosters approaches toward work that use intuition on top of social common sense, specialized knowledge, experience and other factors. In addition, we conduct a program for managers that focuses on the problem of sectionalism, which was the cause of the internal environment that led to the Transaction Incident, and on the importance of checks and balances among divisions.

For personnel rotation, since 2019 we have been conducting transfers among the Condominium Headquarters, Development Department and International Business Department, as well as transfers of general managers and branch managers outside their headquarters in connection with our reorganization of the various sales administration headquarters, and other measures. Going forward, we will work proactively to systematically cultivate the next generation of leaders, which will lead to improvements in corporate culture and communication.

Once again, we sincerely apologize for causing great concern to our shareholders, customers, suppliers and other stakeholders regarding this matter. We take the recommendations of the Report seriously and will make further efforts to improve the effectiveness of our governance, strengthen internal controls and raise awareness of risks.

V. ESG Initiatives Overseas Business

Activity Report: United States

Activity Report: Australia

Activity Report: United Kingdom

Activity Report: China

Activity Report: Singapore

Activity Report: Common to All Countries

ESG Initiatives Overseas Business

Making Sekisui House technologies the global de facto standard

Since its founding 60 years ago, Sekisui House has contributed solutions to society's challenges by providing housing suited to the needs of the times. We remain dedicated to solving the diverse problems that arise in the countries in which we operate and improving living environments while responding to our customers' needs. Grounded in our Global Vision of making home the happiest place in the world, we are applying the Sekisui House technologies we have refined throughout our history, especially those technologies focused on safety, security, and comfort.



ESG Initiatives / Overseas Business

V. ESG Initiatives Overseas Business

Activity Report: United States

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Activity Report: Common to All Countries

Activity Report United States

Due to the large land area of the U.S.A., the issues that present housing challenges differ from region to region. To contribute to a societal commitment to sustainability, we aim to solve environmental and social issues and provide homes offering new value in accordance with our common philosophy. We are achieving this by partnering with local companies and by re-employing in the U.S.A. the same initiatives that have succeeded in Japan.

E Leading the way to a decarbonized society

Raising environmental awareness in the community through large-scale park development coupled with the *Gohon no ki* Project

The ongoing Tehaleh Community Development Project located on a 19-square-kilometer site near Seattle is a large-scale development of 9,500 planned dwelling units alongside commercial, office, and R&D facilities. Discovery Park, an extensive 7.3-hectare project, is currently under construction. Working together with the residents, we have created a conceptual plan that creates synergies with other preservation zones and open spaces in the surrounding area.

In addition, from a location adjacent to the local elementary school, we have planted native tree species and installed birdhouses as part of the *Gohon no ki* Project so that young people in the area can learn more about the natural environment.

Here, we are developing an environment in which plants naturally pollinate and are creating spaces that make local residents more aware of the need to live in harmony with nature.



The Tehaleh Project

Collaborating with Woodside Homes to develop more environment-friendly products

California, a state committed to environmental conservation, has been proactive at enacting environmental legislation. Laws mandating reductions in greenhouse gas emissions have been enacted, and legislation requiring new homes to be equipped with photovoltaic panels was introduced in 2020, marking the first time such a policy has been adopted in the U.S.A.

Our subsidiary, Woodside Homes, is strengthening the development of environment-friendly products to promote Zero Net Energy (ZNE, the U.S. equivalent of ZEH) housing in line with revisions to the state's environmental and energy-efficiency standards for buildings.

In Glendale, Arizona, plans are under way to obtain LEED Certification* for an environment-friendly community that is scheduled to open in 2022.

* Leadership in Energy and Environmental Design, an environmental performance evaluation and certification system for buildings and sites that was developed and operated by the US Green Building Council (USGBC)



A home office setting in a model home

S Pursuing the potential of the home

Offering options for healthy home living

In October 2020, Woodside Homes introduced the Healthy Home Package, which embodies the idea that the health of residents is of paramount importance. Furthermore, in December, the company released the Conscious Comfort Package, an option that combines solar panels, high-performance thermal insulation, and high-efficiency home appliances to offer a comfortable way of life that is also eco-friendly.

Our "concept home" exhibit at IBS 2020 paved the way to our new SHAWOOD pilot project.

In January 2020, we became the first* Japanese house builder to exhibit at the largest U.S. trade show for the housing industry, the International Builders' Show (IBS) in Las Vegas. There, we constructed and opened to the public the first SHAWOOD concept home in the United States (Sekisui House's original wooden house model). Built to the U.S. equivalent of ZEH housing, it incorporates Bellburn porcelain panels for exterior walls that offer fire protection and low maintenance. It also features high seismic resistance, solar power generation, and storage batteries. It was highly evaluated by the participants for suggesting ways to address societal issues that have arisen in the United States.

Following the display of this concept home project at IBS, a new SHAWOOD pilot project was launched in April 2020. These efforts represent a valuable opportunity for us to convey our commitment to making a better society through housing while aiming to resolve issues through the export of SHAWOOD technology to the U.S.A.

* Our research of various display materials suggests we were the first Japanese housebuilder to exhibit at IBS, an annual housing fair that attracts more than 85,000 participants involved in the construction industry as well as institutional investors from around the world. A "concept home" is a full-size model home exhibited by a selected company. We constructed our concept home exhibit at IBS 2020 in collaboration with Woodside Homes.

ESG Initiatives / Overseas Business

V. ESG Initiatives Overseas Business

Activity Report: United States

Activity Report: Australia

Activity Report: United Kingdom

Activity Report: China

Activity Report: Singapore

Activity Report: Common to All Countries



Interior view of the SHAWOOD concept home built to ZEH specifications and featuring high seismic resistance

S Coexisting with local communities

Contributing to local communities by participating in charities and other events

Since 2019, Woodside Homes has been contributing to the Dream Home Giveaway^{*1}, a series of charity events held by St. Jude Children's Research Hospital^{*2}. After its initial participation in Las Vegas, the company added the Sacramento event in 2020 and continued participating in 2021.

These events are held in about 40 cities across the U.S.A. Woodside Homes covered almost all the construction and material costs associated with construction of the lottery homes in Las Vegas and Sacramento. By supporting the activities of St. Jude hospital, it is helping to improve pediatric medical services in the U.S.A.

Woodside Homes also contributes to local communities by participating in various charity events, while its employees take part in local cleanup events.

- *1: A charity lottery in which a portion of solicited donations, in the form of houses and land, are awarded to the lottery winners
- *2: Established in Memphis, Tennessee in 1962, this globally renowned pediatric treatment and research facility provides medical treatment to children and supports their families free of charge.



Groundbreaking ceremony for the home provided by Woodside Homes to the Dream Home Giveaway charity event

S Bringing together diverse capabilities

Appointments of first female corporate officer and division head announced

The percentage of female employees tends to be higher in companies outside Japan, and the number of women appointed to management positions is also increasing year by year. In 2020, the Central Valley Branch of Woodside Homes in California appointed the company's first female branch manager; moreover, in April 2021, a female employee was appointed to the position of Chief Insight and Marketing Officer (CIMO), representing the first woman named to the position of corporate officer.

Activity Report Australia

By developing a version of our SHAWOOD construction method exclusively for Australia, we are providing comfortable housing of Japanese quality to accommodate the local weather, climate, and needs. In addition to developing technology, we are engaged in large-scale development in pursuit of comprehensive sustainability that also reflects social values, environmental issues, the economic situation, and residents' needs. These efforts have won awards for many of our projects, including West Village and Central Park, which have earned global recognition for its environment-friendly technologies.



The Central Park Project features aerial gardens, impressive green walls, and reflectors to take advantage of natural light. In 2019, one of the project's high-rise condominium buildings received the world's highest award from the Council on Tall Buildings and Urban Habitat (CTBUH), having been evaluated as "world's best" in both name and reality.

ESG Initiatives / Overseas Business

V. ESG Initiatives Overseas Business

Activity Report: United States

Activity Report: Australia

Activity Report: United Kingdom

Activity Report: China

Activity Report: Singapore

Activity Report: Common to All Countries

E Leading the way to a decarbonized society

SHINKA House, a project built to ZEH specifications

The standard specifications for SHAWOOD buildings greatly exceed the standards for local houses in terms of sustainability indicators; the high thermal insulation and airtightness of the structure contribute significantly to this performance. In 2020, SHINKA House, a pilot home built to ZEH standards equipped with solar power generation facilities, was completed in The Hermitage, a residential area offering for-sale housing that is currently under development in suburban Sydney.

All our projects in Australia, whether SHAWOOD housing, residential land development, or condominium development, incorporate the *Shin-Satoyama* biodiverse garden concept and the *Gohon no ki* Project that we are promoting in Japan. At the initial stage of studying the development plan, we investigate the topography of the planned site in detail, leave existing trees untouched as much as possible, and devise a plan for streets and buildings that takes advantage of local features to the maximum. In addition, when planting trees, we focus on native species to conserve the local ecosystem.



SHINKA House, a SHAWOOD project built to ZEH standards

Three Green Star-certified projects

Ecco Ripley, a large-scale mixed-use development in the suburbs of Brisbane, is focused on reducing power consumption in common areas by installing solar panels on the roofs of a commercial parking garage. Customers are encouraged to monitor the amount of power generated and consumed. In this way, we are promoting our corporate policy of visualizing global warming prevention measures. Under the Green Star rating system* introduced by the Green Building Council of Australia (GBCA), Ecco Ripley earned a 5 Star Green Star rating in 2015 and again in 2020. The Ripley Town Center on the site also acquired a Green Star rating.

Together with West Village, which received a 6 Star Green Star rating, the highest rating available, in 2017, three of our projects have earned Green Star ratings.

* An internationally recognized sustainability rating system that evaluates buildings, equipment, communities, and other attributes of a project



Ecco Ripley's townscape earned a 5 Star Green Star rating.

Large-scale projects utilizing Sekisui House environmental technology are under way in several locations

Brisbane's West Village preserves the exterior structure of a former ice cream factory on the site that has been designated a historic building. Leftover tiles from the repair project were reused as sidewalk tiles. We collect 100% of the food scraps from the food service tenants in the commercial section and reuse them for biofuel and compost (a method of using microorganisms to decompose organic matter into usable compost).



West Village incorporating historic buildings

ESG Initiatives / Overseas Business

V. ESG Initiatives Overseas Business

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Activity Report: Common to All Countries

S Bringing together diverse capabilities

Progress in diversity & inclusion: A female employment rate of 50%, with 8% female management

In 2020, our sales and marketing representative for West Village won the “2020 Women in Leadership Award for Excellence” sponsored by the Urban Development Institute of Australia Queensland (UDIA Queensland).



Winner of the “2020 Women in Leadership Award for Excellence”

G Embodying integrity

Initiatives to Strengthen Corporate Governance

For each project, local management and employees in charge attend monthly project control meetings held to provide an opportunity for reporting and decision-making.

Training on how to deal with power harassment and sexual harassment and maintain compliance is provided on an ongoing basis at the time of hiring and thereafter. Both local employees and Japanese employees take these courses and work together.

A statutory accounting audit is conducted at the end of the fiscal year, and an annual internal control audit is conducted by Sekisui House head office.

Activity Report United Kingdom

In May 2019, we undertook full-scale entry into the UK housing market in partnership with Homes England, a UK government agency, and Urban Splash, an integrated real estate company.

The UK faces a serious housing shortage that has become a major social issue. In addition, the traditional stone-and-brick construction methods used for local houses are associated with challenges in terms of productivity, construction time, and quality, and a high-quality housing alternative is needed. We believe we can contribute solutions to these issues by employing our high-quality, short-schedule industrialized housing technology.

E Leading the way to a decarbonized society

Promoting ZEH in line with local government measures: The *Gohon no ki* Project targeting the essential issue of ecosystem conservation

In the UK, government ministries and local governments are taking a proactive stance in support of the government’s commitment to become carbon-free by 2050. As the housing industry needs to undergo a natural transformation, we are contributing solutions to environmental issues in the UK by employing our ZEH technology and by building on our achievements in Japan.

Sekisui House will supply grade A and grade B homes meeting the two industry-leading standards under the UK’s Energy Performance Certificate (EPC) system. We are also considering the possibility of introducing zero-carbon housing in support of government policies.

In the interests of biodiversity conservation, we plan to introduce the Sekisui House concepts associated with the *Gohon no ki* Project in multiple projects. Since 2020, biodiversity conservation has been identified as a critical issue that must be resolved by the UK government. The approach embodied in the *Gohon no ki* Project has been well received in the UK and is on the path toward steady implementation.

For the new Northstowe project, we are proposing ways to utilize gardens to best accommodate the orientation of the building. We are also contributing to lifestyles in harmony with nature as a sales promotion tool. We seek to differentiate our offerings by enhancing the added value of both the building and the garden in tandem.



The ongoing housing development project in Northstowe

ESG Initiatives / Overseas Business

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Activity Report: Singapore

Activity Report: Common to All Countries

G Embodying integrity

Strengthening risk management while ensuring healthy finances

Since the establishment of our consortium in 2019, we have sought to clarify our reporting lines, specifically in terms of our command system and information sharing tree. We are also creating a new management system with stronger organization and meeting bodies in order to provide a means of visualizing our progress. We are currently designing a simple and clear organizational structure with reporting lines and are working toward implementation of centralized management.

As for risk management, we are considering the formation of a committee to comprehensively strengthen risk management and manage budget performance. We have also instituted clear discipline and risk management frameworks to help ensure a sound financial footing.

Activity Report China

We are developing a townhouse business in the cities of Shenyang, Suzhou, Wuxi, and Taicang that makes use of Japan's track record of environment-friendly housing under our own Sekisui House Yuqin brand. We are also engaged in developing condominiums offering world-class living spaces as well as projects involving commercial facilities.

We have a deep understanding of China's history and culture, and we demonstrate our appreciation as we build sustainable housing and engage in urban development.

E Leading the way to a decarbonized society

Addressing national issues by supplying environment-friendly housing

China has the world's highest CO₂ emissions. While the entire country is addressing its environmental issues, we are also evaluating our building materials and specifications in order to develop projects offering environment-friendly housing. In our Taicang I Project, we achieved a 2 star class rating for Green Buildings in both the design and operation divisions, the highest grade for residential construction under the environment-friendly building evaluation system in China.

In adopting the *Gohon no ki* Project, we are planting a combination of native species on the grounds of our projects. We strive to produce a *satoyama*-type biodiverse landscape while creating an environment conducive to the natural cycles of birds and butterflies.



Taicang Yuqin Garden, highly regarded as an environment-friendly building

S Pursuing the potential of the home

Interior planning from the residents' perspective and enhanced after-sales maintenance

In the Chinese housing market, houses are typically sold in a bare-bones state with minimal appointments. When building a home, we believe it is essential for the builder to take responsibility for completing the interior. We thus provide high-quality interiors and dwelling units equipped with storage facilities adhering to a detailed storage plan that takes into account the residents' perspective. In addition to our focus on construction and quality, we also offer after-sales maintenance and strive to provide reliability, safety, and peace of mind throughout the period of residence, ensuring the satisfaction of the homeowners.

After-sales service is provided by customer service employees who have been assigned to each location. Among the wealthy in China, expectations for construction management and after-sales service are extremely high, and we are striving to establish the Yuqin brand by providing a value experience that exceeds customer expectations.

G Embodying integrity

Transforming our systems to strengthen corporate governance and anti-corruption measures

In fiscal 2021, we began strengthening cooperation with our International Business Department and transformed our approval system to require double- and triple-checking without allowing for independent decision-making. This initiative has helped to strengthen our corporate governance.

We are also promoting compliance by conducting audits through our International Auditing Office and third-party organizations. We also hold various workshops and have instituted an internal reporting system.

As for finance, the people responsible for financial reporting at each special purpose company were appointed as Deputy General Managers in fiscal 2021 in an effort to strengthen our financial soundness.

ESG Initiatives / Overseas Business

Activity Report Singapore

In Singapore, we are working with leading development partners to build housing with high added value that is suited to local lifestyles.

Our objective is to create sustainable communities in all our developments, including the One Holland Village project, which is attracting attention as a large-scale residential and commercial mixed-use development.

We are creating value by introducing Sekisui House housing developments, urban development concepts, and designs in styles that suit local environments and ways of life.

E Leading the way to a decarbonized society

Waterway Point: An energy efficiency and water conservation initiative

Featuring a beautifully landscaped promenade and large shopping mall, Waterway Point is a commercial facility that benefits from its exceptional setting alongside a canal. We developed this project in collaboration with a joint venture partner. We have implemented energy-efficiency and water conservation measures by upgrading facade lighting and sanitary equipment. In addition, following our certification of registration with the ISO 14001 international standard for environmental management systems, we are working toward registration with ISO 50001, the standard for energy management systems. In compliance with these international standards, we are promoting the construction of environmental and energy management systems as we focus on efforts targeting continuous improvement.



The Waterway Point Commercial Facility and Water Town Condominiums offered for sale have earned a Gold-Plus rating under Singapore's Green Mark* certification system.
* An environmental performance evaluation that defines building specifications and performance

S Pursuing the potential of the home

Suggesting ways to enhance lifestyles

One Holland Village is a multi-development project offering housing, serviced apartments, commercial facilities, and offices. We are promoting this project with our joint venture partners by introducing our "slow living" concept. In Singapore, marketing of residences typically tends to focus on room size, finishes, appliance specifications, and the like, but we are working with our local partners on a sales approach we call "lifestyle proposal" that enables us to differentiate our offerings from our competitors.

In light of the changes brought by the COVID-19 pandemic, we are providing value to our customers by preparing model rooms incorporating the Sekisui House child-friendly housing design concept of *Kodomo idokoro* as well as innovative ideas for those working from home.

Activity Report Common to All Countries

G Embodying integrity

Strengthening governance through close collaboration with Japan

To maintain open communication, we hold separate meetings twice monthly with our local subsidiaries in each country in which we operate.

Providing a full English-language edition of our corporate philosophy

As we expand our business into other countries, we have published our corporate philosophy in an English-language edition for the benefit of employees outside Japan. We believe it is essential that all employees develop a deep understanding of our corporate philosophy as they engage in their business activities. Going forward, we intend to develop a related training system as we disseminate our corporate philosophy across the globe.

Activities of the International Auditing Office and establishment of our internal reporting system

We established our International Auditing Office in April 2019, and in June 2020 we set up the Sekisui House Global Helpline as an internal reporting system for employees of subsidiaries in English-speaking countries. It provides a point of contact with third-party law firms, while a separate point of contact has been established for employees of our subsidiaries in China.

Strengthening risk management by formulating response guidelines for crises occurring outside Japan

As part of our efforts to strengthen our risk management, we are developing guidelines for responding to crises that occur outside Japan. We have also developed a common understanding and attitude toward crisis response. The system we are building enables our head office and locations outside Japan to respond in a timely manner with a broad multifaceted approach.

V. ESG Initiatives Overseas Business

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Main themes and KPIs for implementation of materiality (new)

Themes	KPI	Unit	2016	2017	2018	2019	2020			2021	2022
			Results	Results	Results	Results	Targets	Results	Evaluation	Targets	Targets
Reducing carbon emissions at the residential stage	Number of ZEH units for rent* ¹	Housing units	–	–	380	450	1200	2976	◎	1800	2500
	Number of ZEH condominiums for sale (cumulative number of units)* ²	Housing units	–	–	12	–	32	32	○	196	540
	Number of <i>Idocoro Dan-netsu</i> houses* ³	Housing units	–	–	–	–	1000	1005	○	1200	1250
Reducing carbon emissions from business operations	RE100 achievement rate* ⁴	(%)	–	–	–	1%	6%	16.4%	◎	25%	35%
	Supplier science-based target-setting rate* ⁵	(%)	–	–	–	–	–	18.6%	–	80% by 2030	

*1: Number of orders place for ZEH Ready or higher units

*2: Number of completed units ranked as ZEH Oriented or higher

*3: Number of units renovated to *Idocoro Dan-netsu* concept with partial thermal insulation and heating systems (p. 32)

*4: Ratio of the amount of post-FIT photovoltaic power and other power purchased by Sekisui House Owner Denki (p. 33) to the total amount of electricity consumed in our business operations

*5: Percentage of our major suppliers who have adopted science-based targets

Main themes and KPIs related to governance set in the Sustainability Report 2020

Main Themes	KPI	Unit	2016	2017	2018	2019	2020			2021	2022
			Results	Results	Results	Results	Targets	Results	Evaluation	Targets	Targets
Reducing carbon emissions at the residential stage	Ratio of detached ZEH homes* ⁶	(%)	74%	76%	79%	87%	88%	91%	◎	89%	90%
	Rate of CO ₂ emissions reduction from new housing* ⁷	(%)	27.7%	36.1%	38.1%	41.6%	42%	54.7%	◎	45% reduction by 2030* ⁹	
Reducing carbon emissions from business operations	Rate of CO ₂ emissions reduction from business operations* ⁸	(%)	13.0%	16.0%	21.5%	27.4%	29%	19.4%	–	50% reduction by 2030* ⁹	
Society in which humans and nature coexist	Sustainable wood procurement rate* ¹⁰	(%)	92.6%	91.9%	93.6%	95.3%	95.5%	97.0%	○	97.2%	97.4%
	Eco-friendly tree planting* ¹¹	×10000	1306	1409	1502	1611	1700	1709	○	1800	1900
Creation of circular economy	Waste rate (new construction)* ¹²	(%)	5.6%	5.5%	5.5%	5.8%	5.5%	5.8%	×	5.5%	5.2%
	Waste recycling rate (new construction)* ¹³	(%)	100%	100%	100%	100%	100%	100%	○	100%	100%
	Waste recycling rate (maintenance and remodeling)* ¹⁴	(%)	94.0%	95.5%	94.9%	94.3%	90% or higher	92.8%	○	90% or higher	90% or higher

*6: ZEH ratio of contracted and for-sale housing in areas other than Hokkaido

*7: Scope 3 Category 11 emissions reduction rate relative to FY2013 levels. Calculation is based on the current science-based target boundary (excluding Konoike Construction Co., Ltd.)

*8: Scope 1 and 2 emissions reduction rate relative to FY2013 levels (FY2020 emission results include those of Konoike Construction Co., Ltd.)

*9: Targets including those of Konoike Construction are under review.

*10: Procurement ratio of Rank S and Rank A wood products (according to Wood Procurement Guidelines)

*11: Cumulative number of trees planted under the *Gohon no ki* Project

*12: Waste ratio from raw material production and resource inputs for new industrialized housing products

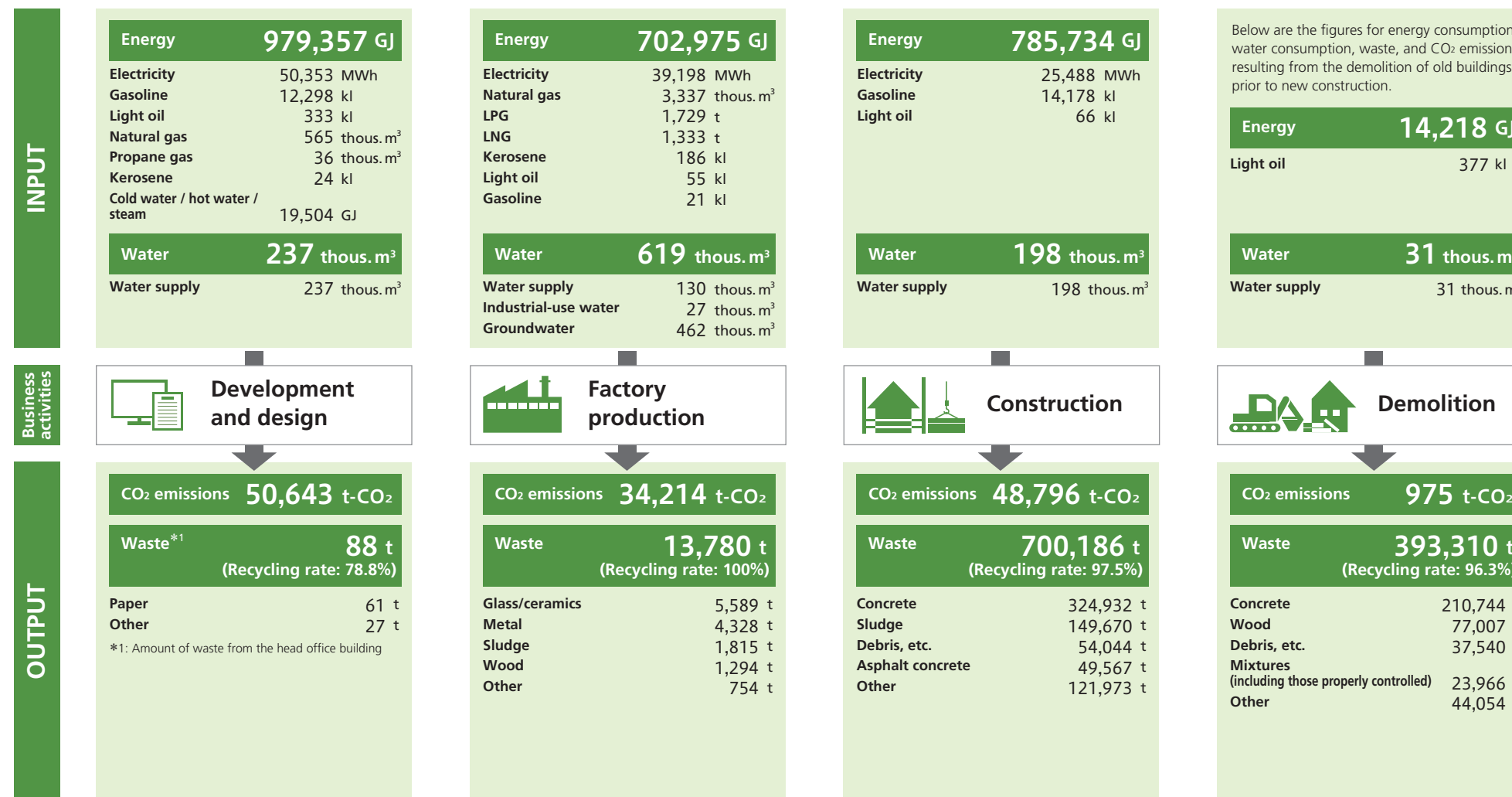
*13: Waste recycling rate for new industrialized housing products

*14: Waste recycling rate for maintenance and remodeling work

Environmental Data ②

Material balance (monitoring of environmental impact of business activities in FY2020)

To make its environmental-conservation activities as effective as possible, the Sekisui House Group monitors and reports on environmental impacts at each stage of the housing-product lifecycle, including development and design, factory production, construction and demolition in Japan and overseas.



All the figures for waste from business activities include valueables.
 Scope: The subjects of this survey are Sekisui House, Ltd., its major consolidated subsidiaries in Japan (40 companies), and major consolidated subsidiaries overseas (12 companies). Scope 3 CO₂ emissions include those attributable to parties outside the Sekisui House Group.
 Period: The data is for FY2020 (from February 2020 to January 2021). The figures include estimates in cases where final data was unavailable at the time of calculation.

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Environmental Data ③

Data calculation standard

Activities	Environmental index	Calculation method
Development and design	Energy and CO ₂	<ul style="list-style-type: none"> Energy consumption and CO₂ emissions at Sekisui House (non-consolidated), 40 major domestic consolidated subsidiaries and 12 major overseas consolidated subsidiaries Energy consumption = (Purchased electricity) × (Calorific value per unit of electricity) + Σ[(Fuel consumption) × (Calorific value per unit of fuel)] + Σ(Heat consumption) (including the calculated performance of the US offices, which is partially estimated) Calorific values per unit of electricity/fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming*. CO₂ emission (t-CO₂) = (Purchased electricity) × (CO₂ emission factor) + Σ[(Fuel consumption) × (Fuel CO₂ emission factor)] + Σ[(Heat consumption) × (Heat CO₂ emission factor)] Domestic CO₂ emission factor refers to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming* while overseas electricity CO₂ emission factors are based on the “CO₂ Emissions from Fuel Combustion 2019 (IEA).”
	Waste	<ul style="list-style-type: none"> Amount of waste generated from Sekisui House (non-consolidated) head office including consolidated subsidiary offices in the same building
Factory production	Energy and CO ₂	<ul style="list-style-type: none"> Energy consumption and CO₂ emissions at Sekisui House’s (non-consolidated) five domestic factories, Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd., and the Ingleburn Manufacturing and Quality Control Centre (Australia) Energy consumption = (Purchased electricity) × (Calorific value per unit of electricity) + Σ[(Fuel consumption) × (Calorific value per unit of fuel)] Calorific values per unit of electricity/fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming*. CO₂ emission (t-CO₂) = (Purchased electricity) × (CO₂ emission factor) + Σ[(Fuel consumption) × (Fuel CO₂ emission factor)] CO₂ emission factors of electricity/fuel refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming* while electricity CO₂ emission factors at Sekisui House Advanced Manufacturing (Shenyang) Co., Ltd., and the Ingleburn Manufacturing and Quality Control Centre (Australia) refer to those specified in the “CO₂ Emissions from Fuel Combustion 2019 (IEA).”
	Waste	<ul style="list-style-type: none"> Amount of waste generated from Sekisui House’s (non-consolidated) five domestic factories
Construction	Energy and CO ₂	<ul style="list-style-type: none"> Energy consumption and CO₂ emissions resulting from new construction by Sekisui House (non-consolidated), 17 Sekiwa Construction companies and partner building constructors, and from domestic construction/civil engineering work by Konoike Construction (excluding demolition work) Electricity consumption at new construction sites (excluding those of Konoike Construction) = [Electricity consumption resulting from site temporary construction, estimated based on Sekisui House’s performance (kWh/day)] × [Average construction period of a detached house (day/house)] × [Number of houses built per year (shipment-based) (house)] Light oil consumption = [Heavy machinery light oil consumption (L/house) per detached house (based on Sekisui House’s performance)] × [Number of houses built per year (shipment-based) (house)] Energy consumption (GJ) = (Energy consumption mentioned above) × (Calorific value per unit of energy use) Energy consumption and CO₂ emissions resulting from new construction by Konoike Construction refer to those resulting from domestic construction/civil engineering work it supervises (excluding demolition work). The fuel consumption by construction machinery is calculated from the number of operating days of construction machinery using the Japan Construction Machinery and Construction Association’s loss table for construction machinery. Energy consumption and CO₂ emissions are only estimated for small-scale construction work at contracted amounts of less than 100 million yen. CO₂ emissions are calculated by multiplying the energy consumption mentioned above by the CO₂ emission factor for each energy type. However, fuel economy, calorific value per unit of energy and CO₂ emission factor refer to those specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming*. (CO₂ emissions resulting from construction workers’ commuting are based on 2020 results and included in Scope 3, Category 7.)
	Waste	<ul style="list-style-type: none"> Amount of waste generated from new construction, after-sales maintenance and remodeling by Sekisui House (non-consolidated), 17 Sekiwa Construction companies and Sekisui House Remodeling Ltd. Amount of waste generated from Konoike Construction’s domestic construction/civil engineering work
Demolition	Energy and CO ₂	<ul style="list-style-type: none"> Energy consumption and CO₂ emissions resulting from use of heavy machinery for demolition of detached houses by Sekisui House (non-consolidated), 17 Sekiwa Construction companies and partner building constructors Energy consumption = [Heavy machinery light oil consumption per house demolished (L/house) (based on Sekisui House’s performance)] × (Number of houses demolished) × (Calorific value per unit of light oil) Calorific value per unit of light oil refers to that specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming. CO₂ emissions = [Heavy machinery light oil consumption per house demolished (L/house)] × (Number of houses demolished) × (Light oil CO₂ emission factor) Light oil CO₂ emission factor refers to that specified in the Law Concerning the Promotion of the Measures to Cope with Global Warming.
	Waste	Amount of waste generated from demolition of houses and buildings by Sekisui House (non-consolidated), 17 Sekiwa Construction companies and Sekisui House Remodeling Ltd.

* Calorific value per unit of energy and CO₂ emission factor are based on the Law Concerning the Promotion of the Measures to Cope with Global Warming while electricity emission factors refer to those of electricity utility, which was announced by the Ministry of the Environment and the Ministry of Economy, Trade and Industry (R3.1.7) (FY2019 results).

Environmental Data ④

Value chain greenhouse gas (GHG) emissions (FY2020)

Scope 1 and 2 greenhouse gas emissions

(t-CO₂e)

Scope	Description	CO ₂ * ¹	HFC* ²	Other* ³	Total emissions	Targets
Scope 1	CO ₂ emissions from use of primary fuels	85,699	201	0	85,901	Sekisui House (non-consolidated) and 52 major consolidated subsidiaries* ⁴
Scope 2* ⁵	CO ₂ emissions associated with purchased electricity and heat	48,928	–	0	48,928	Sekisui House (non-consolidated) and 52 major consolidated subsidiaries* ⁴
Total		134,627	201	0	134,828	–

*1: Energy-derived CO₂ emissions resulting from Sekisui House Group's development, design, production, construction and demolition work

*2: Hydrofluorocarbon released by Sekisui House (non-consolidated)

*3: CH₄ (methane), N₂O (nitrous oxide), PFC (perfluorocarbon), SF₆ (sulfur hexafluoride), etc.

*4: Forty major domestic consolidated subsidiaries: 17 Sekiwa Construction companies, 13 Sekisui House Real Estate companies, 10 group companies (including Konoike Construction) and 12 overseas major consolidated subsidiaries

*5: Calculated based on market standards

Scope 1 and 2 greenhouse gas (GHG) emissions by region

(t-CO₂e)

Japan	China	Australia	United States	United Kingdom	Total
132,518	1,182	349	775	4.7	134,828

Scope 3 greenhouse gas emissions

(t-CO₂)

Scope	Target category		Emissions	Targets
(Upstream)	Category 1	Purchased goods and services (raw materials)	2,040,003	Sekisui House (non-consolidated), Konoike Construction
	Category 2	Capital goods	74,528	Sekisui House (non-consolidated)
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	18,153	Sekisui House (non-consolidated), 52 major consolidated subsidiaries* ⁴
	Category 4	Upstream transportation and distribution (transport)	29,631	Sekisui House (non-consolidated), Konoike Construction
	Category 5	Waste generated in operations (business waste)	130,732	Sekisui House (non-consolidated), Konoike Construction
	Category 6	Business travel	6,112	Sekisui House (non-consolidated)
	Category 7	Employee commuting	18,923	Sekisui House (non-consolidated)
	Category 8	Upstream leased assets	–	CO ₂ emissions from leased vehicles (company vehicles) are included in Scope 1.
(Downstream)	Category 9	Downstream transportation and distribution	–	(Not applicable)
	Category 10	Processing of sold products	–	(Not applicable)
	Category 11	Use of sold products (dwellings)	2,792,332	Sekisui House (non-consolidated)
	Category 12	End-of-life treatment of sold products (product waste)	154,510	Sekisui House (non-consolidated), Konoike Construction
	Category 13	Downstream leased assets	6,174	Sekisui House (non-consolidated)
	Category 14	Franchise	–	(Not applicable)
	Category 15	Investment	–	(Not applicable)
Total			5,271,098	–

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Environmental Data ⑥

Emissions and transfer of PRTR-listed substances

(kg/year)

Factory	PRTR legislative decree number	CAS NO.	Substance	Emissions				Transfer		Amount handled
				Discharged into the atmosphere	Discharged into bodies of water	Discharged into the soil	Landfill disposal at the business site	Transfer to the sewer system	Transfer outside of the relevant business site (waste disposal)	
Tohoku Factory	349	108-95-2	Phenol	0	0	0	0	0	0	4,567
	405	—	Boron and its compounds	0	7,349	0	0	0	9,191	18,012
	412	—	Manganese and its compounds	18	0	0	0	0	103	1,254
	—	—	(Total amount of substances not subject to administrative reporting)	22	650	0	0	0	36	1,122
	Subtotal			40	7,999	0	0	0	9,330	24,955
Kanto Factory	1	—	Water-soluble zinc compounds	0	0	0	0	0	121	1,019
	80	1330-20-7	Xylene	1,227	0	0	0	0	0	1,227
	240	100-42-5	Styrene	0	0	0	0	0	0	1,845
	300	108-88-3	Toluene	11,526	0	0	0	0	0	11,526
	412	—	Manganese and its compounds	172	0	0	0	0	1,123	5,374
	412	—	(Total amount of substances not subject to administrative reporting)	2,334	0	0	0	0	0	2,877
Subtotal			15,260	0	0	0	0	1,244	23,868	
Shizuoka Factory	1	—	Water-soluble zinc compounds	0	0	0	0	0	83	2,299
	300	108-88-3	Toluene	5,555	0	0	0	0	0	5,587
	349	108-95-2	Phenol	0	0	0	0	0	0	7,308
	405	—	Boron and its compounds	0	1,605	0	0	0	5,666	20,443
	411	50-00-0	Formaldehyde	0	0	0	0	0	0	514
	412	—	Manganese and its compounds	118	0	0	0	0	740	3,789
	—	—	(Total amount of substances not subject to administrative reporting)	133	14	0	0	0	70	879
Subtotal			5,807	1,619	0	0	0	6,559	40,819	
Hyogo Factory	—	—	(Total amount of substances not subject to administrative reporting)	1,449	0	0	0	0	0	1,435
	Subtotal			1,449	0	0	0	0	0	1,435
Yamaguchi Factory	1	—	Water-soluble zinc compounds	0	35	0	0	0	455	1,377
	53	100-41-4	Ethylbenzene	1,536	0	0	0	0	0	1,536
	80	1330-20-7	Xylene	4,541	0	0	0	0	0	4,541
	296	95-63-6	1,2,4-Trimethylbenzene	2,632	0	0	0	0	0	2,632
	300	108-88-3	Toluene	4,632	0	0	0	0	0	4,632
	412	—	Manganese and its compounds	82	48	0	0	0	619	2,618
	—	—	(Total amount of substances not subject to administrative reporting)	2	0	0	0	0	0	1,265
	Subtotal			13,425	83	0	0	0	1,074	18,601
Total			35,980	9,701	0	0	0	18,208	109,678	

Data collection period: April 2019–March 2020

ESG Data

VI. ESG Data

Environmental Data

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Environmental Data ⑦

Energy consumption in the group (TJ)

	FY2016	FY2017	FY2018	FY2019	FY2020
Development and design	1,097	1,065	1,026	966	980
Factory production	880	869	838	812	703
Construction	464	450	415	404	786
Demolition	25	22	21	20	14
Total	2,466	2,405	2,299	2,202	2,483

Energy consumption intensity (MJ/million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Development and design	541	493	475	400	400
Factory production	434	402	388	336	287
Construction	229	208	192	167	321
Demolition	12	10	10	8	6
Total	1,216	1,113	1,065	911	1,014

Purchased renewable energy (electricity) (MWh)

	FY2016	FY2017	FY2018	FY2019	FY2020
Purchased electricity (total)*	120,552	117,493	112,547	106,720	115,039
Renewable energy	1,440	1,440	1,440	2,368	6,609

* FY2020 results include those of Konoike Construction (15,317 MWh).

Energy consumption by factory (breakdown by type)

	Unit	FY2016	FY2017	FY2018	FY2019	FY2020
Electricity	MWh	51,116	49,613	47,155	45,610	39,198
Natural gas	thous. m ³	3,547	2,576	4,067	3,920	3,337
LPG	t	2,904	3,835	2,055	1,982	1,729
LNG	t	1,623	1,523	1,439	1,437	1,333
Kerosene	kl	240	234	223	214	186
Light oil	kl	90	76	73	64	55
Gasoline	kl	46	37	33	29	21
Heavy oil	kl	0	0	0	0	0
Hot water	GJ	2,433	0	0	0	0

Amount of materials input into production (thous. t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Metal	308	300	276	271	239
Concrete	269	264	246	243	213
Glass and ceramics	270	255	237	229	198
Lumber	162	153	145	139	124
Other	89	86	80	78	69
Total	1,098	1,058	984	960	843

Water use in the group (thous. m³)

	FY2016	FY2017	FY2018	FY2019	FY2020
Water supply	698	666	645	634	597
At production factories	154	146	149	140	130
Groundwater	488	478	529	446	462
At production factories	488	478	529	446	462
Industrial-use water (reclaimed water)	33	30	32	32	27
At production factories	33	30	32	32	27
Total	1,219	1,174	1,206	1,112	1,086
At production factories	675	654	710	618	619

Ratio of green procurement, etc.* (%)

	FY2016	FY2017	FY2018	FY2019	FY2020
Green procurement ratio	95.4	93.0	92.7	91.7	89.5
Recycled copy paper usage ratio	99.6	99.5	99.7	99.8	99.7

* On a non-consolidated basis (Sekisui House only)

Environmental Data ⑧

Trends in GHG emissions (Scope 1, 2, 3)

(thous. t)

Scope			FY2016	FY2017	FY2018	FY2019	FY2020
Scope 1, 2	Scope 1	CO ₂ emissions from use of primary fuels	80	77	73	71	86
	Scope 2	CO ₂ emissions associated with purchased electricity and heat	67	63	58	51	49
	Total of Scope 1, 2		147	140	131	121	135
Scope 3	Category 1	Purchased goods and services (raw materials)	1,539	1,582	1,561	1,538	2,040
	Category 2	Capital goods	82	26	99	51	75
	Category 3	Fuel- and energy-related activities not included in Scope 1 or Scope 2	17	17	17	15	18
	Category 4	Upstream transportation and distribution (transport)	36	34	32	31	30
	Category 5	Waste generated in operations (business waste)	118	111	95	98	131
	Category 6	Business travel	7	7	7	7	6
	Category 7	Employee commuting	2	2	2	2	19
	Category 8	Upstream leased assets*	—	—	—	—	—
	Category 9	Downstream transportation and distribution	—	—	—	—	—
	Category 10	Processing of sold products	—	—	—	—	—
	Category 11	Use of sold products (dwellings)	4,461	3,944	3,817	3,605	2,792
	Category 12	End-of-life treatment of sold products (product waste)	201	185	137	152	155
	Category 13	Downstream leased assets	18	13	11	6	6
	Category 14	Franchise	—	—	—	—	—
	Category 15	Investment	—	—	—	—	—
Total of Scope 3			6,481	5,921	5,778	5,505	5,272
Total of Scope 1, 2, 3			6,628	6,061	5,909	5,626	5,407

*CO₂ emissions from leased vehicles (company vehicles) are included in Scope 1.

Environmental Data ⑨

Trends in GHG emissions (Scope 1, 2) (thous. t-CO₂)

	FY2016	FY2017	FY2018	FY2019	FY2020
Development and design	67	63	60	54	51
Factory production	48	47	44	42	34
Construction	31	29	26	25	49
Demolition	2	2	1	1	1
Total	148	141	131	122	135

GHG emission intensity (Scope 1, 2) (kg-CO₂/million yen)

	FY2016	FY2017	FY2018	FY2019	FY2020
Development and design	32.8	29.4	27.6	22.3	20.7
Factory production	23.7	21.7	20.4	17.2	14.0
Construction	15.1	13.2	12.1	10.4	19.9
Demolition	0.9	0.7	0.7	0.6	0.4
Total	72.5	65.0	60.8	50.5	55.0

GHG emission intensity at production factories (business operation) (Scope 1, 2) (kg-CO₂/m³*)

	FY2016	FY2017	FY2018	FY2019	FY2020
Factory production	13.7	13.9	14.1	13.7	12.8

*Total floor area of buildings from which materials, etc. are shipped

Reduction rate of CO₂ emissions from detached houses (compared to 1990 levels) (%)

	FY2016	FY2017	FY2018	FY2019	FY2020
Detached house CO ₂ reduction rate	80.1	83.6	82.6	82.7	86.1

Emissions and transfer of PRTR-listed substances (t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Emissions and transfers	121.8	103.9	78.6	81.0	63.9

Note: Fiscal years in which administrative reports were made (e.g., FY2015 results are reported in FY2016)

Volume of waste generated (thous. t)

		FY2016	FY2017	FY2018	FY2019	FY2020
Volume of waste generated*		725.2	678.6	638.4	619.8	1,107.4
Breakdown	Non-recyclable waste	26.3	22.3	17.9	16.3	33.4
	Recyclable waste	699.0	656.3	620.4	603.6	1074.0
			96.4%	96.7%	97.2%	97.4%

*FY2020 results include those of Konoike Construction (574,700 tonnes).

Release of hazardous waste (thous. t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Release of industrial waste subject to special controls*	0.0437	0.081	0.1037	0.1627	0.962

*FY2020 results include those of Konoike Construction (726 tonnes).

Wastewater volume by discharge destination (thous. m³)

	FY2016	FY2017	FY2018	FY2019	FY2020
Sewers	509	485	459	455	443
	At production factories	20	13	9	8
Rivers	365	325	362	342	345
	At production factories	365	325	342	345
Total	874	810	821	797	788
	At production factories	385	338	351	353

Biological oxygen demand (BOD) (t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Tohoku Factory	0.079	0.070	0.069	0.071	0.053
Kanto Factory	0.364	0.359	0.340	0.653	0.755
Shizuoka Factory	0.092	0.103	0.077	0.057	0.088
Hyogo Factory	0.427	0.511	0.380	0.170	0.043
Yamaguchi Factory	0.341	0.391	0.364	0.303	0.238
Total	1.303	1.435	1.230	1.255	1.178

Chemical oxygen demand (COD) (t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Kanto Factory	1.398	1.980	1.717	2.482	2.187
Hyogo Factory	0.427	0.383	0.311	0.174	0.061
Yamaguchi Factory	0.873	0.920	0.897	0.920	0.753
Total	2.698	3.284	2.925	3.577	3.001

Note: Data on other factories are not available as they are not regulated, with no discharge into bodies of seawater.

SOx and NOx emissions (factories in Japan) (t)

	FY2016	FY2017	FY2018	FY2019	FY2020
Sulfur oxides (SOx)	0.065	0.058	0.063	0.061	0.055
Nitrogen oxides (NOx)	5.33	5.57	5.36	4.65	3.44

Environmental Data ⑩

The Sekisui House Group’s five domestic factories (Tohoku, Kanto, Shizuoka, Hyogo, and Yamaguchi) have compiled and reported on their energy consumption, emissions, water quality management status and other environmental activities at the production stage for fiscal 2020.

Steel frames and panels are manufactured and timbers are processed at the factories in Tohoku, Kanto, Shizuoka and Yamaguchi; high-performance concrete exterior-wall panels (Dyne-Concrete), at those in Hyogo and Kanto; and ceramic exterior walls (Bellburn) designed for the SHAWOOD wood-frame detached houses, at those in Tohoku and Shizuoka. All these factories have a stringent quality control system in place while monitoring and controlling emissions into the atmosphere and discharge into waters for environmental conservation purposes, according to self-imposed standards that go beyond legal requirements.

No serious accidental releases of chemical substances, oil and fuels were reported in fiscal 2020.

The numerical data in the Site Report is a compilation of figures from the production stage at the five domestic factories mentioned above. Excluded from the scope of reporting is the Recycling Centers, which handle waste from construction sites.



Tohoku Factory



Kanto Factory



Shizuoka Factory



Hyogo Factory



Yamaguchi Factory

Environmental Data ⑪ (Site Report)

Tohoku Factory

	Location:	8 Ohara, Shikama-cho, Kami-gun, Miyagi
	Establishment:	August 1997
	Total factory area:	121,458 m ²
	Factory floor area:	60,420 m ²
	Max. production capacity:	300 houses/month

Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	4,963
Kerosene	kl/year	0.3
Light oil	kl/year	3.0
LPG	t/year	984
Biodiesel fuel	kl/year	0.3
Water supply	thous. m ³ /year	22.7

Amount of waste generated and recycling rates

Tohoku Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	2,044.4	100%	100%
Metal	181.4	100%	100%
Sludge	77.0	100%	100%
Wood	20.1	100%	0.0%
Other	60.7	100%	57.5%
Total	2,383.6	100%	98.1%

Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m ³	23.1	—	23.1

Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	Less than 15	180	60
SOx	Nm ³ /h	Less than 0.025	17.5	0.175
Soot and dust	g/Nm ³	0.006	0.25	0.025

Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.4	5.8–8.6	5.8–8.6	5.9–8.5
Total chromium	mg/l	Less than 0.1	2	—	1
Copper	mg/l	Less than 0.1	3	—	1.5
Phenol	mg/l	Less than 0.1	5	—	2.5
n-Hex	mg/l	Less than 0.5	5	5	3
Manganese	mg/l	Less than 0.1	10	—	5
Iron	mg/l	Less than 0.1	10	—	5
Fluorine	mg/l	0.4	8	—	4
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	kg/day	—	—	—	—
BOD	mg/l	2.3	120	20	20
SS	mg/l	6	150	150	60
E. coli	count/cm ³	311	3,000	3,000	1,500
Other	—	—	—	—	—
Zinc	mg/l	0.2	2	—	1

1. Reduction of CO₂ emissions from production (production at the factories, shipping and transportation)

In the molding process of our ceramic exterior wall material (Bellburn), heat radiation was suppressed by insulating the exterior of the water-repellent drying furnaces, and measures were taken to improve the yield rate, leading to increased production efficiency and energy conservation. In the electrodeposition coating process, we added operational innovations, such as consolidating operations and setting planned shutdown days. As an effort to reduce CO₂ emissions from transportation, we reduced the number of trucks by improving the loading efficiency of some of the shipping materials by delivering them to multiple buildings and stacking them together.



Insulation on the exterior of a drying furnace

2. Resource recycling

A “return conveyor” system is in place, where the exterior of an extruded, molded Bellburn ceramic wall is monitored, with rejects returned upstream for recycling and waste reduction purposes. Other manufacturing processes also incorporate yield-improvement measures to improve overall manufacturing efficiency.

Meanwhile, our recycling centers are stepping up efforts to inspect waste materials from new construction sites, investigate key materials and provide detailed feedback to branch offices for system improvement and waste reduction purposes.



Return conveyor

3. Rehabilitation of ecosystem networks and contribution to society

As in previous years, a program dubbed the “Spring Zero Waste Initiative” was rolled out this year to contribute to local communities, though other social contribution programs were canceled due to the COVID-19 pandemic.



Community cleanup activities (roadside cleanup)




Community cleanup activities (waste separation and collection)

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Environmental Data ⑫ (Site Report)

Kanto Factory

	Location:	2 Kitatone, Koga, Ibaraki
	Establishment:	August 1970
	Total factory area:	309,547 m ²
	Factory floor area:	114,243 m ²
	Max. production capacity:	870 houses/month

Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	12,255
Kerosene	kl/year	11.1
Light oil	kl/year	21.0
LPG	t/year	110
Natural gas	thous. m ³ /year	2,431
Water supply	thous. m ³ /year	14.6
Groundwater	thous. m ³ /year	446.0

Amount of waste generated and recycling rates

Kanto Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	675.0	100%	100%
Metal	1,524.9	100%	100%
Sludge	849.4	100%	100%
Wood	394.9	100%	46.7%
Other	207.9	100%	69.5%
Total	3,652.1	100%	92.5%

Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	Less than 36	—	150
SOx	(K value)	Less than 0.13	14.5	7.0
Soot and dust	g/Nm ³	Less than 0.001	0.20	0.10

Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m ³	229.8	—	229.8

Water analysis results

Factory 1

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	8.0	5.8–8.6	5.8–8.6	6.0–8.4
Total chromium	mg/l	0.1	2	1	0.5
Copper	mg/l	0.1	3	3	1.5
Phenol	mg/l	0.1	5	1	0.5
n-Hex	mg/l	0.5	5	5	2.5
Manganese	mg/l	0.2	10	1	1
Iron	mg/l	0.1	10	10	5
Fluorine	mg/l	0.8	8	8	6
Phosphorus	mg/l	0.1	16	16	8
Nitrogen	mg/l	5.3	120	120	90
COD	mg/l	4.4	—	—	—
BOD	mg/l	1.7	160	25	15
SS	mg/l	1.2	200	40	20
E. coli	count/cm ³	5	3,000	3,000	1,000
Zinc	mg/l	0.1	2	2	1.5
Concentrations of boron and its compounds	mg/l	0.1	10	10	5
Concentrations of ammonia, ammonium compounds, nitrites and nitrates	mg/l	3.4	100	100	50
Organic carbon	mg/l	2.7	—	—	—
ATU-BOD	mg/l	1.4	—	—	—
1,4-Dioxane	mg/l	0.005	0.5	0.05	—
Vinyl chloride monomer	mg/l	0.0002	—	—	—
1,2-Dichloroethylene	mg/l	0.004	—	—	—

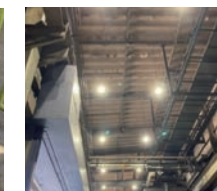
Click here for the water analysis results at the Dyne Panel factory.

1. Reduction of CO₂ emissions from production (production at the factories, shipping and transportation)

We promoted CO₂ reduction activities by focusing on “energy-saving control of energy-using equipment” and “promotion of energy-saving equipment.” We effectively reduced power consumption by using air blowers on the molding line to reduce compressor power consumption, and by switching to LED lighting (200 lights) in the electrodeposition process.



Air blower at the molding line



LED lighting at the electrodeposition process

2. Resource recycling

In the concrete wall manufacturing process using a mixer, the amount of waste concrete has been greatly reduced by omitting the intermediate stage of washing. In addition, waste wood is effectively used as a buffer material to reduce the amount of waste.



No intermediate washing of mixers



Waste wood used as buffer material

3. Rehabilitation of ecosystem networks and contribution to society

Activities include cleaning up the roads around our factories, reducing the number of private cars used by employees to get to work, participating in blood donation activities twice a year, and purchasing products to support the reconstruction of disaster-stricken areas. This year again, we achieved our social contribution activity target of 10,000 participants. In addition, the Watarase Clean Operation organized by Koga City in Ibaraki Prefecture, which we participate in every year, and other volunteer activities in the neighborhood were all canceled due to the pandemic.



Cleanup of roads surrounding our factory



Participating in blood donation activities

Environmental Data ⑬ (Site Report)

Shizuoka Factory

	Location:	1100 Naka, Kakegawa, Shizuoka
	Establishment:	August 1980
	Total factory area:	246,098 m ²
	Factory floor area:	124,347 m ²
	Max. production capacity:	800 houses/month

Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	12,778
Kerosene	kl/year	0.3
Light oil	kl/year	0.4
LPG	t/year	152
LNG	thous. m ³ /year	1,333
Water supply	thous. m ³ /year	32.1
Industrial-use water	thous. m ³ /year	26.5

Amount of waste generated and recycling rates

Shizuoka Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	2,064.6	100%	100%
Metal	1,541.3	100%	100%
Sludge	596.2	100%	78.2%
Wood	551.0	100%	100.0%
Other	345.7	100%	55.3%
Total	5,098.8	100%	94.4%

Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m ³	46.5	2.3	48.9

Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	cm ³ /Nm ³	2	230	42
SOx	Nm ³ /h	0.1	1.77	0.62
Soot and dust	g/Nm ³	Less than 0.010	0.2	0.05

Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.7	5.8–8.6	5.8–8.6	6–8
Total chromium	mg/l	Less than 0.1	2	2	—
Copper	mg/l	Less than 0.05	3	1	—
Phenol	mg/l	Less than 0.05	5	5	—
n-Hex	mg/l	Less than 0.5	5	3	2
Manganese	mg/l	Less than 0.1	10	10	—
Iron	mg/l	0.1	10	10	3
Fluorine	mg/l	Less than 0.2	8	0.8	—
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	kg/day	—	—	—	—
BOD	mg/l	1.9	160	20	10
SS	mg/l	2.2	160	30	10
E. coli	count/cm ³	0	3,000	3,000	100
Other	—	—	—	—	—
Ammonia, ammonium compounds, nitrites and nitrates	mg/l	1.8	100	10	5
Zinc concentration	mg/l	0.07	2	1	0.5

1. Reduction of CO₂ emissions from production (production at the factories, shipping and transportation)

We improved efficiency and energy conservation by switching to inverter-controlled compressors in the assembly plant, upgrading compressors in the steel plant, and switching to LED lighting in the steel inspection area and steel plant. We also reduced electricity consumption by shortening the arrival cycle and improving the paint yield in the electrodeposition process. In shipping transportation, we worked to reduce CO₂ emissions by shortening transportation distances in trunk areas through reducing the number of delivery flights by improving loading efficiency and implementing base deliveries suitable for shipping areas.



Upgrading compressors (steel plant)



Switching to LED lighting (steel inspection area)

2. Resource recycling

In December 2020, we installed crushing and sorting equipment at our factory for the effective use of rejected ceramic exterior walls (Bellburn). Crushed wall materials are recycled as chamotte for use in fillers for sound insulation floors.



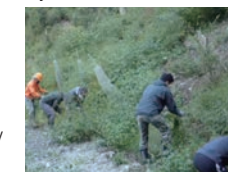
Chamotte manufacturing equipment



Hammer mill

3. Rehabilitation of ecosystem networks and contribution to society


We focused on maintaining and improving the greening of the site based on the site greening plan. In addition, on Saturday October 31, 2020 we teamed up with the Tokinosu Forest Club, an NPO, to remove non-native plants from the Tokinosu Forest in the northern area of Kakegawa City, where we had planted trees in the past. Due to the effects of the COVID-19 pandemic, all events organized by Kakegawa City were canceled, and we were unable to participate in other planned tree-planting activities.



Eradicating non-native plants

Environmental Data ⑭ (Site Report)

Hyogo Factory

	Location:	786-36 Ishitani, Yokodani, Kato, Hyogo
	Establishment:	July 1985
	Total factory area:	59,970 m ²
	Factory floor area:	20,651 m ²
	Max. production capacity:	380 houses/month

Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	2,196
Light oil	kl/year	17.0
LPG	t/year	26
Natural gas	thous. m ³ /year	906
Water supply	thous. m ³ /year	25.7
Groundwater	thous. m ³ /year	3.7

Amount of waste generated and recycling rates

Hyogo Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	726.6	100%	100%
Metal	15.3	100%	100%
Sludge	58.0	100%	100%
Wood	2.1	100%	100%
Other	68.4	100%	100%
Total	870.4	100%	100%

Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m ³	4.8	5.7	10.5

Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	33	150	75
SOx	Nm ³ /h	0.0026	1.5	0.01
Soot and dust	g/Nm ³	0.0018	0.1	0.01

Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/ industrial regulations	Voluntary standard value
pH	—	7.7	—	—	6.2–8.2
Total chromium	mg/l	—	—	—	—
Copper	mg/l	—	—	—	—
Phenol	mg/l	—	—	—	—
n-Hex	mg/l	≤1	—	—	2
Manganese	mg/l	—	—	—	—
Iron	mg/l	—	—	—	—
Fluorine	mg/l	—	—	—	—
Phosphorus	kg/day	—	—	—	—
Nitrogen	kg/day	—	—	—	—
COD	mg/l	12.58	—	—	70
BOD	mg/l	9.00	—	—	70
SS	mg/l	5.15	—	—	25
E. coli	count/cm ³	5.5	—	—	1,500
Other	—	—	—	—	—
Ammonia and ammonium compounds	mg/l	—	—	—	—
Zinc	mg/l	0.02	—	—	2

Note: The Water Pollution Control Law does not apply to the Hyogo Factory.

1. Reduction of CO₂ emissions from production (production at the factories, shipping and transportation)

In fiscal 2020, we worked to reduce CO₂ emissions by upgrading to the latest high-efficiency type boilers and also by changing the operation controls to give priority to these boilers.

As for the reduction of transportation CO₂ emissions, we increased the ratio of 20-t trailers in operation and reduced the number of trucks, thereby reducing CO₂ emissions.



Latest highly-efficient boiler



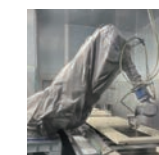
Increased number of 20-ton trailers

2. Resource recycling

A fluidizing agent was added to the fresh concrete used in the production of exterior wall components to delay the hardening process, thereby reducing the amount of concrete waste and improving the yield rate. We also remodeled the coating booth to reduce the amount of coating adhering to the booth, thereby reducing the amount of waste.



Feeding fresh concrete



Renovated coating booth

3. Rehabilitation of ecosystem networks and contribution to society

We conducted blood donation activities on two occasions. After taking all the appropriate countermeasures against COVID-19, we increased the number of routes and conducted cleaning activities using small, dispersed groups every month to beautify the neighborhood. We refrained from conducting cleanup activities in the Tojo area (Tojo River and Interpark area), which we conduct every year, from the perspective of preventing the spread of COVID-19.



Donating blood



Cleaning up the neighborhood around our factory

Environmental Data ⑮ (Site Report)

Yamaguchi Factory



Location: 5000 Suzenji, Yamaguchi
 Establishment: August 1973
 Total factory area: 228,667 m²
 Factory floor area: 88,148 m²
 Max. production capacity: 450 houses/month

Major energy and material consumption

Energy and resources	Unit	Consumption
Electricity	MWh/year	5,984
Kerosene	kl/year	172.4
Light oil	kl/year	1.8
LPG	t/year	457
Water supply	thous. m ³ /year	30.7
Groundwater	thous. m ³ /year	12.7

Amount of waste generated and recycling rates

Yamaguchi Factory	Amount (t)	Recycling rate	Material recycling rate
Glass/ceramics	23.5	100%	100%
Metal	610.8	100%	100%
Sludge	151.4	100%	100%
Wood	310.4	100%	68.7%
Other	109.4	100%	45.5%
Total	1,205.5	100%	87.0%

Discharge into waters (by destination)

Emissions	Unit	Rivers	Sewers	Total
Amount discharged	thous. m ³	41.0	—	41.0

Air analysis results

Emissions	Unit	Measured value	Mandatory regulations	Voluntary standard value
NOx	ppm	45	250	125
SOx	Nm ³ /h	0	3.43	1.72
Soot and dust	g/Nm ³	0.013	0.3	0.25

Water analysis results

Emissions	Unit	Measured value	Regulatory value under Water Pollution Control Law	Mandatory/industrial regulations	Voluntary standard value
pH	—	7.1	5.8–8.6	5.8–8.6	6.0–8.0
Total chromium	mg/l	0	2	2	*
Copper	mg/l	0	3	3	0.1
Phenol	mg/l	0	5	5	2.5
n-Hex	mg/l	0	5	5	2.5
Manganese	mg/l	1.0	10	10	5
Iron	mg/l	0	10	10	5
Fluorine	mg/l	1.2	8	8	5
Phosphorus	kg/day	0.1	1.56	—	1.5
Nitrogen	kg/day	1.7	11.88	—	6
COD	kg/day	3.2	10.4	—	10
BOD	mg/l	5.8	160	160	60
SS	mg/l	4.3	200	200	75
E. coli	count/cm ³	0.3	3,000	3,000	1,500
Ammonia and ammonium compounds	mg/l	6.6	100	—	50
Zinc	mg/l	0.58	2	—	1.8

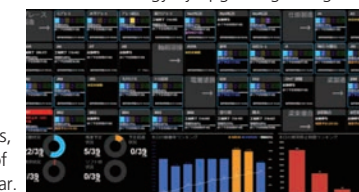
* Should not be detected

1. Reduction of CO₂ emissions from production (production at the factories, shipping and transportation)

From fiscal 2019, we have been rolling out energy-saving measures to improve the efficiency of compressor operation control using IoT technology. Using IoT equipment developed in-house, the operation status of production equipment in the steel plant is monitored in real time via an internal network. A remote control system predicts air consumption based on the operation status of the processes and implements operation control to supply optimal energy.

In fiscal 2020, we expanded this system to the entire steel plant and reduced the power consumption of compressors (seven compressors; CO₂ emissions reduced by 27.1% compared to fiscal 2018). In addition, we are continuing to promote the efficient use of energy by upgrading to high-efficiency equipment and improving productivity.

In fiscal 2020, we also promoted the use of LED lighting, energy-saving operation of pumps and fans, and reduced the equivalent of approximately 70,000 kWh/year.



Monitoring production processes with an IoT system

2. Resource recycling

In fiscal 2020, we began to implement an initiative to reduce the moisture content of sludge derived from paint waste by 40% from 70% using a dryer that uses sawdust from the wood processing process as fuel. As a result, we have reduced the amount of sludge and sawdust generated as waste by 88 t/year.

3. Rehabilitation of ecosystem networks and contribution to society

Every year, we conduct voluntary cleanups of the roads around our factories, and a total of 233 people participated in these activities in fiscal 2020. We also cooperate with various activities organized by local governments, and a total of 90 people, including employees' families and employees of affiliated companies, participated in these activities.

In fiscal 2020, we were unable to participate in activities organized by the Fushino River Estuary and Tidal Flats Nature Restoration Committee, which is working to preserve the ecosystem of the Fushino River running through Yamaguchi City, as it was canceled due to the COVID-19 pandemic.



Contributing to the activities of local governments (Sue district and Suzenji district)

Social Data ①

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Main themes and KPIs for implementation of materiality

Themes	KPI	Unit	2016	2017	2018	2019	2020			2021	2022
			Results	Results	Results	Results	Targets	Results	Evaluation	Targets	Targets
The pursuit of customer satisfaction	Detached house customer satisfaction rate (questionnaire after 1 year of living)	%	95.4%	95.6%	95.8%	95.9%	95% or higher	96.1%	○	95% or higher	95% or higher
	Rental housing occupancy rate (housing rented from Sekisui House Real Estate companies)	%	96.5%	96.7%	97.8%	97.7%	95% or higher	97.7%	◎	95% or higher	95% or higher
Proposals of technologies, lifestyle design and services	New proposals of technologies, lifestyle design and services	—	—	—	—	—	—	"At-home housebuilding" Launched SMART-ECS	—	—	—
	Platform House Concept for homes to bring happiness in the era of the 100-year lifespan	—	—	—	—	—	—	Trial implementation of HED-Net	—	—	—
Regional revitalization Contributing to society	Trip Base <i>Michi-no-eki</i> Project, a project for regional revitalization (total numbers since start of project)	—	—	—	—	—	—	4 prefectures, 8 buildings 596 rooms	—	5 prefectures, 14 buildings 1,053 rooms	7 prefectures, 18 buildings 1,410 rooms
	Sekisui House Matching Program employee participation rate	%	16%	18%	21%	25%	30%	27%	△	30%	40%
Social asset formation	Detached house residence evaluation (★4 or higher)	%	—	—	—	—	—	—	—	50% or higher	Under consideration
	Sha Maison Gardens (★4 or higher)	%	—	—	—	—	—	—	—	50% or higher	Under consideration
Diversity and inclusion	Number of female directors (non-consolidated basis)	Persons	—	—	1	1	1 or more	1	○	3	3 or more
	Number and percentage of female managers (group basis)	Persons	141	158	176	206	225	236	◎	240	260
		%	2.79	2.94	3.10	3.44	—	3.79	—	—	—
Workstyle reforms	Employment rate of persons with disabilities (non-consolidated basis)*1	%	2.2	2.38	2.53	2.61	2.61	2.76	◎	2.61	2.61*2
	Take-up rate for male childcare leave (non-consolidated basis)	%	70.0	95.0	100	100	100	100	○	100	100
	Monthly average working hours per person (new criteria)*3	Hours	170.02	168.32	170.26	168.17	—	176.71	—	176	175.5
Health management	Rate of employees opting for the secondary medical checkup*4	%	—	89.9%	91.2%	85.5%	—	87%	—	89%	90%
Occupational health and safety	Frequency rate of accidents in the construction division that result in lost worktime*5	—	2.57	1.89	2.42	2.92	2.63	2.17	○	2.15	2.13
Human rights and workstyle in the supply chain	CSR procurement, human rights and labor scores	Points	—	86.2	87.6	85.2	—	90.1	—	90.4	90.9

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

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

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

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

*5: Scope of aggregation: (FY2016-2019) Contractors of Sekisui House, (from FY2020 onward) Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.

Social Data ②

Main themes and KPIs related to “Social” disclosed in our Sustainability Report 2020

Main Themes	KPI	Unit	2016	2017	2018	2019	2020			2021	2022
			Results	Results	Results	Results	Targets	Results	Evaluation	Targets	Targets
Value chain	SDG procurement coverage	%	—	77	80	76	85	88	○	89	90
	SDG procurement score	Points	—	85.0	86.2	86.7	87.0	91.2	○	91.5	92.0
Promoting diversity	Percentage and number of full-time female employees	%	24.2	25.0	25.7	26.4	27.0	27.3	○	27.5	28.0
		Persons	5,142	5,431	5,657	5,930	—	6,225	—	—	—
	Percentage and number of female new graduates hired	%	41.6	40.3	37.7	42.0	—	41.6	○	41.1	42.0
Workstyle reforms	Annual paid leave take-up rate and number of days taken*1	Persons	237	266	250	281	—	305	—	—	—
		%	35.0	39.7	42.2	56.1	57.0	46.5	△	—	—
Human resource development	Cumulative number of workers who have acquired major qualifications required for a position	Days	6.2	7.1	7	9.8	—	8.4	—	—	—
		Persons	19,588	20,632	21,516	22,176	22,300	22,534	◎	22,700	22,900
Respect for human rights	Governance awareness survey score for “Anti-power harassment culture”	Points	78.1	77.5	79.2	79.7	81.0	79.3	△	81.0	83.0
Occupational health and safety	Occupational illness frequency rate in the construction division*2	—	0.34	0.20	0.63	0.43	0.39	0.35	○	0.33	0.31

*1: Aggregation method has been changed (to include managers) since FY2020.

*2: Scope of aggregation: (FY2016-2019) Contractors of Sekisui House, (from FY2020 onward) Contractors of Sekisui House, Sekisui House noie, and Konoike Construction Co., Ltd.

Other KPIs related to “Social”

Main Themes	KPI		Unit	2016	2017	2018	2019	2020
				Results	Results	Results	Results	Results
Promoting diversity*1	Number of female directors/Total number		Consolidated	—	—	—	1/150 (0.67%)	1/119 (0.84%)
				—	—	—	Of which, 1/3 are external	Of which, 1/4 are external
			Non-consolidated	—	—	—	1/11 (9.09%)	1/12 (8.33%)
				—	—	—	Of which, 1/3 are external	Of which, 1/4 are external
	Number of female Audit & Supervisory Board members/Total number		Consolidated	—	—	—	1/8 (12.50%)	1/8 (12.50%)
				—	—	—	Of which, 1/6 are external	Of which, 1/6 are external
			Non-consolidated	—	—	—	1/6 (16.67%)	1/6 (16.67%)
				—	—	—	Of which, 1/4 are external	Of which, 1/4 are external
	Number of female executive officers/Total number		Consolidated	—	—	—	3/26 (11.54%)	4/28 (14.29%)
			Non-consolidated	—	—	—	1/18 (5.56%)	1/18 (5.56%)
	Number of female managers by job type	Sales positions	Persons (%)	—	84 (4.26%)	88 (4.26%)	95 (5.09%)	105 (5.49%)
		Technical positions		—	44 (1.74%)	50 (1.87%)	58 (2.31%)	64 (2.41%)
		Administrative positions		—	30 (3.47%)	38 (4.06%)	50 (4.73%)	65 (6.05%)
	Managers (Job classification has been changed since February 2019.)			—	—	—	3	2 (0.34%)
	Number of employees with flexible schedules*2 (shorter working hours, adjustable working hours with later starting time and earlier finishing time)		Persons	1,000	1,017	1,151	1,026	1,318
	Returning rate from childcare leave	Male	%	100	100	100	100	100
		Female		95.8	100	95.3	97.5	97.3
	Retention rate a year after reinstatement from childcare leave	Male	%	98.6	98.6	98.9	98.1	100
		Female		99.3	100	100	98.2	98.7
	Number of employees who have taken childcare leave	Male	Persons	436	597	818	1,054	642
		Female		295	241	282	264	334

*1: Our diversity-related initiatives and achievements are also disclosed in the Ministry of Health, Labour and Welfare’s Database on Companies Promoting Women’s Active Participation (Japanese only).

*2: As part of measures to prevent infection due to COVID-19, many employees work from home or work in staggered shifts during the state of emergency.

Social Data ③

Other KPIs related to “Social”

Main Themes	KPI		Unit	2016	2017	2018	2019	2020
				Results	Results	Results	Results	Results
Basic personnel data	Number of employees*1	Male	Persons	11,258	11,455	11,469	11,512	11,354
		Female		2,783	3,027	3,147	3,289	3,717
	Average years of service*1	Male	Years	17.09	17.29	17.53	17.76	17.97
		Female		11.48	11.62	11.88	12.16	11.96
	Average age*1	Male	Age	43.53	44.04	44.35	44.7	45
		Female		34.75	35.33	35.79	36.14	36.8
	Number of new graduates hired	Male	Persons	—	308	314	281	284
		Female		—	199	173	189	176
Human resource development	Of which, number of employees who left the company			—	69	21	9	15
	Amount invested in training*2		Millions of yen	704	873	848	887	543

*1: Contract employees (excluding part-time workers) have been included from FY2020 onward.
*2: On a non-consolidated basis until FY2018

Contributing to Society 〈Type of donations〉

		Amount
Cash donations		502,237,307 yen
Time donations		0 yen*
Donations in kind		10,732,180 yen
(Breakdown)	Donation of masks as a COVID-19 countermeasure. Donation of goods to the areas affected by Typhoon No. 10 in FY2020	6,811,600 yen
	Of the rice given to shareholders under the shareholder benefit program, any rice returned due to reasons such as shareholder's refusal or if the rice could not be sent due to an unknown forwarding address is donated to welfare facilities for the disabled, and welfare facilities and organizations for the elderly.	3,488,940 yen
	Event sponsorship (SELP products, etc.)	431,640 yen

* Reconstruction support activities by new employees had been counted as time donation every year, but they were canceled in fiscal 2020 due to the COVID-19 pandemic.

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Governance Data ①

Main themes and KPIs for implementation of materiality

Themes	KPI	Unit	FY2020 Results		FY2021 Targets	FY2022 Targets
			Targets	Results		
Corporate governance	Percentage of independent outside directors	%	—	33.3%	40.0%	40% or higher
Further enhance the integrity of business management and strengthen the group governance system	Integrity training attendance status	—	Head office managers Over 50% in attendance	97% (74 out of 76 persons)	Group executives and managers Over 50% in attendance	Group executives and managers 100% attendance
	Governance Strategy Sheet initiatives	—	—	Operated by General Affairs chief managers of Sekisui House (121 persons in total)	Operated by General Affairs managers of group companies (223 persons in total)	Percentage of Governance Strategy Sheet initiatives adopted: 90%
Enhance communication among employees	Engaging in ESG Dialogue	—	—	Sekisui House managers	Sekisui House employees Group managers	Group employees

Main themes and KPIs related to Governance disclosed in our Sustainability Report 2020

Main Themes	KPI	Unit	2016	2017	2018	2019	2020			2021	2022
			Results	Results	Results	Results	Targets	Results	Evaluation	Targets	Targets
Strengthening Our Corporate Governance System	Governance awareness survey score for "Workplace culture"*1	Points	77.6	79.3	79.7	79.0	82.6	77.7	△	82.6	83.0
	Governance awareness survey score for "Compliance"*1	Points	81.1	82.9	82.7	81.9	86.1	80.7	△	86.1	87.0
	Governance awareness survey score for "Employee satisfaction"*2	Points	80.6	82.0	82.0	81.5	82.0	80.0	△	82.0	83.0
Compliance and Risk Management	Number of serious violations of laws and voluntary norms	Cases	0	0	0	0	0	0	◎	0	0
Occupational Health and Safety Management*3	Lost-time accident frequency rate in the construction division	—	2.57	1.89	2.42	2.92	2.63	2.17	○	2.15	2.13
	Occupational illness frequency rate in the construction division	—	0.34	0.20	0.63	0.43	0.39	0.35	○	0.33	0.31

*1: Items that serve as indicators for the creation of an open workplace culture among all survey items of the annual governance awareness survey.
 Figures in the table are average values calculated as follows: "strongly agree": 100 points, "mostly agree": 75 points, "mostly disagree": 25 points, "strongly disagree": 0 points.

*2: Average of all items in the governance awareness survey. The calculation method is the same as that stated in footnote 1 above.

*3: Moved to "Bringing together diverse capabilities" by identifying materiality

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Board of Director composition (as of April 28, 2021)

Directors	Of which are outside directors	Percentage of independent outside directors	Percentage of female directors	Age			Average age	Headcount limit	Chairperson
				Under 50	50 to 59	60 and above			
10 (seven male, three female)	4 (one male, three female)	40%	30%	0	2	8	62.3	Up to 12	Toshifumi Kitazawa, Independent Outside Director

Audit & Supervisory Board composition (as of April 28, 2021)

Audit & Supervisory Board members	Of which are outside members	Percentage of independent outside Audit & Supervisory Board members	Percentage of female Audit & Supervisory Board members	Age			Average age	Headcount limit
				Under 50	50 to 59	60 and above		
6 (four male, two female)	4 (three male, one female)	66.7%	33.3%	0	0	6	68.0	Up to 7

Composition of Board of Directors, Audit & Supervisory Board (as of April 28, 2021)

Board of Directors, Audit & Supervisory Board	Of which, independent outside officers	Percentage of independent outside officers	Percentage of female officers
16 (eleven male, five female)	8 (four male, four female)	50%	31.2%

Number of Board of Directors meetings and average attendance rate

	FY2016	FY2017	FY2018	FY2019	FY2020
No. of Board of Directors meetings	11	13	12	12	13
Average attendance rate	97.2%	97.1%	98.0%	99.0%	99.5%
Of which, outside directors	90.9%	81.8%	96.2%	96.9%	100%
Of which, outside Audit & Supervisory Board members	100%	87.2%	93.3%	97.9%	98.6%

Frequency of meetings of the Board of Directors advisory body

	Chairperson (as of April 28, 2021)	Members	Number of meetings held in FY2020
Personnel Affairs and Remuneration Committee	Yukiko Yoshimaru, Independent Outside Director	5 (2 inside directors and 3 outside directors)	11
Risk Management Committee	Satoshi Tanaka, Representative Director, Executive Vice President & Executive Officer	10 (2 inside directors, 3 managing officers, and 5 executive officers and others)	10

Number of consultations received by the internal reporting system

	FY2016	FY2017	FY2018	FY2019	FY2020
Sexual and power harassment hotline (Of which, harassment-related consultations)	109 (57)	127 (50)	190 (81)	161 (90)	167 (92)
Personnel related hotline (Consultations on general labor management received by the consultation desk of the Personnel Department)	10	5	16	9	9

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■GRI Content Index concerning Compliance Sustainability Report 2021 complies with the GRI Core Standards.

[General disclosures] Organizational Profile / Strategy, Ethics and Integrity, Governance / Stakeholder Engagement, Reporting Practices, Management Approach
[Material topics]

General Disclosures (GRI 102: General Disclosures 2016)

Organizational Profile

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102-2	Activities, brands, products, and services	Sekisui House Group Outline	4
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102-4	Location of operations	Sekisui House Group Outline	4
102-5	Ownership and legal form	Sekisui House Group Outline	4
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102-33	Communicating critical concerns	Promoting Compliance	106-108
		Risk Management	109-111
		Strengthening Our Corporate Governance System	101-105
102-34	Nature and total number of critical concerns	Comprehensive Evaluation Report on Problems with the Purchase of Land for Condominiums	111
102-35	Remuneration policies	Integrated Report (p. 98-99)	WEB
102-36	Process for determining remuneration	Integrated Report (p. 98-99)	WEB
102-37	Stakeholders' involvement in remuneration	Integrated Report (p. 98-99)	WEB
102-38	Annual total compensation ratio	—	
102-39	Percentage increase in annual total compensation ratio	—	

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Stakeholder Engagement

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
102-40	List of stakeholder groups	Stakeholder Engagement	20-21
102-41	Collective bargaining agreements	—	
102-42	Identifying and selecting stakeholders	Stakeholder Engagement	20-21
102-43	Approach to stakeholder engagement	Stakeholder Engagement	20-21
102-44	Key topics and concerns raised	Stakeholder Engagement	20-21

Reporting Practice

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
102-45	Entities included in the consolidated financial statements	Sekisui House Group Outline	4
		Editorial Policy	3
		Securities Report	WEB
102-46	Defining report content and topic boundaries	Editorial Policy	3
		Material Issues	16-17
102-47	List of material topics	Material Issues	16-17
102-48	Restatements of information	ESG Data	120-139
102-49	Changes in reporting	Material Issues	16
102-50	Reporting period	Editorial Policy	3
102-51	Date of most recent report	Editorial Policy	3
102-52	Reporting cycle	Editorial Policy	3
102-53	Contact point for questions regarding the report	Editorial Policy	3
102-54	Claims of reporting in accordance with the GRI Standards	Editorial Policy	3
		GRI Content Index concerning Compliance	140-147
102-55	GRI content index	GRI Content Index concerning Compliance	140-147
102-56	External assurance	Independent Third-Party Assurance Report	148

Management Approach

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Message from Management	7-10
		Yoshihiro Nakai Representative Director President & Executive Officer, CEO	7-8
		Yosuke Horiuchi Representative Director Vice Chairman & Executive Officer Finance & ESG Division	9-10
		Corporate Philosophy / Global Vision	11
		Material Issues	16-17
103-2	The management approach and its components	ESG Management Promotion Structure	19
		Corporate Philosophy / Global Vision	11
		Strengthening Our Corporate Governance System	101-105
		Promoting Compliance	106-108
		Internal reporting system and whistleblower protection	107
		Risk Management	109-110
		Response in the event of a natural disaster	110
		Environmental Management	46-49
		Prevention of contamination by hazardous chemicals	47
103-3	Evaluation of the management approach	Occupational Health and Safety / Trends of occupational accidents	97
		Integrated Report (Evaluation of Effectiveness of the Board of Directors (p. 94) / Two Outside Directors Share Their Views (p. 102-106))	WEB

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Material Topics

Economic Performance (GRI 201: Economic Performance 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
201-1	Direct economic value generated and distributed	Sekisui House Group Outline	4
		A Decade of Financial and Non-financial Highlights	5
		ESG Data	120-139
		Integrated Report	WEB
		Securities Report	WEB
		Financial Results Summary	WEB
201-2	Financial implications and other risks and opportunities due to climate change	Risks and Opportunities	14-15
		Contributing to the Emergence of a Decarbonized Society	28
		Promoting the spread of Net Zero Energy House (ZEH)	28
		Strengthening energy-efficiency and energy-generation proposals for remodeling and renovation	32
		Integrated Report (TCFD: The Sekisui House Group's Approach to Addressing Climate Change (p. 66-76))	WEB
201-3	Defined benefit plan obligations and other retirement plans	Securities Report	WEB

Indirect Economic Impacts (GRI 203: Indirect Economic Impacts 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
203-1	Infrastructure investments and services supported	Harmony with Local Communities through Business	73-75
		Harmony with Local Communities through Social Activities	76-79
203-2	Significant indirect economic impacts	—	

Procurement Practices (GRI 204: Procurement Practices 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
204-1	Proportion of spending on local suppliers	Wood suppliers / Percentage of wood products by region	40

Anti-corruption (GRI 205: Anti-corruption 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
205-1	Operations assessed for risks related to corruption	—	
205-2	Communication and training about anti-corruption policies and procedures	Promoting Compliance	106-108
		Risk Management	109-110
205-3	Confirmed incidents of corruption and actions taken	—	

Anti-competitive Behavior (GRI 206: Anti-competitive Behavior 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	n/a	

Tax (GRI 207: Tax 2019)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
207-1	Approach to tax	Basic policy on tax	108
207-2	Tax governance, control, and risk management	Basic policy on tax	108
207-3	Stakeholder engagement and management of concerns related to tax	—	
207-4	Country-by-country reporting	—	

Materials ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Management (water resources)	49
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

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Materials ② (GRI 301: Materials 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
301-1	Materials used by weight or volume	Material balance / Environmental Data	123, 126
301-2	Recycled input materials used	Material balance	123
301-3	Reclaimed products and their packaging materials	Material balance	123

Energy ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	123
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Energy ② (GRI 302: Energy 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
302-1	Energy consumption within the organization	Material balance	123
302-2	Energy consumption outside of the organization	—	—
302-3	Energy intensity	Environmental Data	126
302-4	Reduction of energy consumption	Environmental Data	126
302-5	Reductions in energy requirements of products and services	Environmental Data	126

Water ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	122
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Water ② (GRI 303: Water And Effluents 2018)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
303-1	Interactions with water as a shared resource	Water resource conservation initiatives	49
303-2	Management of water discharge-related impacts	Water resource conservation initiatives	49
303-3	Water withdrawal	Water resource conservation initiatives / Environmental Data	49, 126
303-4	Water discharge	Water resource conservation initiatives / Environmental Data	49, 128
303-5	Water consumption	Water resource conservation initiatives / Environmental Data	49

Biodiversity ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	120
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Biodiversity ② (GRI 304: Biodiversity 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	The increasing importance of urban greening and the <i>Gohon no ki</i> Project: Providing supporting data through a survey of flora and fauna	36
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Conservation	36
304-3	Habitats protected or restored	<i>Gohon no ki</i> Project	37
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	—	—

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Emissions ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	125
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Emissions ② (GRI 305: Emissions 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
305-1	Direct (Scope 1) GHG emissions	Material balance / Scope 1 and 2 greenhouse gas (GHG) emissions	123, 127
305-2	Energy indirect (Scope 2) GHG emissions	Material balance / Scope 1 and 2 greenhouse gas (GHG) emissions	123, 127
305-3	Other indirect (Scope 3) GHG emissions	Scope 3 greenhouse gas (GHG) emissions	123, 127
305-4	GHG emissions intensity	Environmental Data	128
305-5	Reduction of GHG emissions	Trends in GHG emissions (Scope 1, 2, 3)	127
		Promoting the spread of Net Zero Energy House (ZEH)	28
		Strengthening energy-efficiency and energy-generation proposals for remodeling and renovation	32
		Sekisui House Owner Denki initiative	33
305-6	Emissions of ozone-depleting substances (ODS)	—	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Data	128

Effluents and Waste ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Material balance	124
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Effluents and Waste ② (GRI 306: Effluents and Waste 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
306-1	Water discharge by quality and destination	Water resource conservation initiatives / Environmental Data	49, 128
		Water resource conservation initiatives	49
306-2	Waste by type and disposal method	Material balance	123
		Water resource conservation initiatives / Environmental Data	49, 128
306-3	Significant spills	Legal compliance status	107
306-4	Transport of hazardous waste	—	—
306-5	Water bodies affected by water discharges and/or runoff	—	—

Environmental Compliance ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	120
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

Environmental Compliance ② (GRI 307: Environmental Compliance 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
307-1	Non-compliance with environmental laws and regulations	Environmental Management	46

Supplier Environmental Assessment ① (GRI 103: Management Approach 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
103-1	Explanation of the material topic and its boundary	Material Issues	16
		Environmental Data	120
103-2	The management approach and its components	Environmental Management	46
103-3	Evaluation of the management approach	Environmental Management	46

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Supplier Environmental Assessment ② (GRI 308: Supplier Environmental Assessment 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
308-1	New suppliers that were screened using environmental criteria	Practicing due diligence in procurement through close collaboration with our suppliers	39
		Supply chain management	34, 62
308-2	Negative environmental impacts in the supply chain and actions taken	—	—

Employment (GRI 401: Employment 2018)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
401-1	New employee hires and employee turnover	ESG Data (Social Data)	137
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	—	
401-3	Parental leave	Workstyles, Motivation and Smart Work	90-92
		Take-up rate for male childcare leave	81

Occupational Health and Safety (GRI 403: Occupational Health and Safety 2018)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
403-1	Occupational health and safety management system	Occupational health and safety management system	97
403-2	Hazard identification, risk assessment, and incident investigation	Trends of occupational accidents	97
403-3	Occupational health services	Occupational health and safety management system	97
		“Happiness” Health Management	93-94
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety activities at construction sites	98
403-5	Worker training on occupational health and safety	Implementation of health and safety training	98
403-6	Promotion of worker health	Occupational health and safety management system	97
		“Happiness” Health Management	93-94
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety management system	97
403-8	Workers covered by an occupational health and safety management system	Occupational health and safety management system	97
403-9	Work-related injuries	Trends of occupational accidents	97
403-10	Work-related ill health	Trends of occupational accidents	97

Training and Education (GRI 404: Training and Education 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
404-1	Average hours of training per year per employee	—	—
404-2	Programs for upgrading employee skills and transition assistance programs	Developing Human Resources	84-86
404-3	Percentage of employees receiving regular performance and career development reviews	—	—

Diversity and Equal Opportunity (GRI 405: Diversity and Equal Opportunity 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
405-1	Diversity of governance bodies and employees	Board of Director composition	104
		Integrated Report (Directors and Audit & Supervisory Board Members (p. 99-101))	WEB
		Diversity and Inclusion	87-89
405-2	Ratio of basic salary and remuneration of women to men	—	—

Non-discrimination (GRI 406: Non-discrimination 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
406-1	Incidents of discrimination and corrective actions taken	n/a	

Freedom of Association and Collective Bargaining (GRI 407: Freedom of Association and Collective Bargaining 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	n/a	

Child Labor (GRI 408: Child Labor 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
408-1	Operations and suppliers at significant risk for incidents of child labor	n/a	

Forced or Compulsory Labor (GRI 409: Forced or Compulsory Labor 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	n/a	

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Security Practices (GRI 410: Security Practices 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
410-1	Security personnel trained in human rights policies or procedures	—	

Rights of Indigenous Peoples (GRI 411: Rights of Indigenous Peoples 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
411-1	Incidents of violations involving rights of indigenous peoples	n/a	

Human Rights Assessment (GRI 412: Human Rights Assessment 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
412-1	Operations that have been subject to human rights reviews or impact assessments	Human relations promotion framework	96
412-2	Employee training on human rights policies or procedures	Sekisui House Group Human Rights Policy	95 (Full text is on the web.)
		Promoting human rights due diligence	95
		Human relations training	96
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	—	—

Local Communities (GRI 413: Local Communities 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement	21
		Addressing Material Issue ③ Coexisting with Local Communities	72-80
413-2	Operations with significant actual and potential negative impacts on local communities	n/a	

Supplier Social Assessment (GRI 414: Supplier Social Assessment 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
414-1	New suppliers that were screened using social criteria	CSR procurement standards and guidelines established to carry out CSR evaluation	62
414-2	Negative social impacts in the supply chain and actions taken	Supply chain management / Rigorous monitoring and due diligence	62

Public Policy (GRI 415: Public Policy 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
415-1	Political contributions	n/a	

Customer Health and Safety (GRI 416: Customer Health and Safety 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
416-1	Assessment of the health and safety impacts of product and service categories	Protecting Life and Property from Natural Disasters	80
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Promoting Compliance / Legal compliance status	107

Marketing and Labeling (GRI 417: Marketing and Labeling 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
417-1	Requirements for product and service information and labeling	Contributing to the Emergence of a Decarbonized Society	28-35
		Promoting the spread of Net Zero Energy House (ZEH)	28
		Strengthening energy-efficiency and energy-generation proposals for remodeling and renovation	32
		Biodiversity Conservation	36-41
		Resource Recycling (Circular Economy)	42-45
		Addressing Material Issue ② Pursuing the Potential of the Home	52-71
		Deeply Cultivating and Expanding Basic Technologies	53-64
		Improving Construction Quality and Boosting Construction Capabilities	65-67
417-2	Incidents of non-compliance concerning product and service information and labeling	Maintaining and Increasing Housing Asset Value	68-71
417-3	Incidents of non-compliance concerning marketing communications	n/a	

Customer Privacy (GRI 418: Customer Privacy 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
418-1	Substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	Promoting Compliance / Legal compliance status	107

Socioeconomic Compliance (GRI 419: Socioeconomic Compliance 2016)

GRI Standard No.	Disclosure	Relevant Sustainability Report 2021 section	Page No.
419-1	Non-compliance with laws and regulations in the social and economic area	n/a	

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Independent Third-Party Assurance Report

Independent Third-Party Assurance Report

KPMG AZSA Sustainability Co., Ltd. was engaged to provide assurance on Sekisui House, Ltd.'s Sustainability Report 2021 (Japanese version) and to verify that the report provides reliable information on the company's energy consumption; waste and greenhouse gas emissions volumes; water used in factory production; and social reporting (occupational illnesses and frequency of accidents resulting in lost worktime).

This is an English translation of the "Independent Assurance Report" dated May 19, 2021 originally issued in Japanese by KPMG AZSA Sustainability Co., Ltd. for the "Sustainability Report 2021" published in Japanese by Sekisui House, Ltd.

Independent Assurance Report

Sekisui House, Ltd.

Mr. Yoshihiro Nakai, Representative Director President & Executive Officer, CEO

We were engaged by Sekisui House, Ltd. (the "Company") to undertake a limited assurance engagement of the environmental and social performance indicators listed below for the period from February 1, 2020 to January 31, 2021 (the "Indicators") included in its Sustainability Report 2021 published in Japanese (the "Report") for the fiscal year ended January 31, 2021.

Indicators and pages in the Report

Indicators	pages
Accidents resulting in lost worktime and occupational-illness frequency rates	97
Energy (total amount and itemized details by energy source) and Water supply, Industrial-use water and Groundwater of "Factory production" in "Input"	121
Amount of CO ₂ emissions and Waste (total amount and itemized details by waste category) in "Output"	121
Amount of CO ₂ emissions of "Total of Scope 1 and 2 (excluding other)" and Scope 3 "Category 1", "Category 4", "Category 5", "Category 11" and "Category 12" in "FY2020 value chain GHG emission status"	123

The Company's Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the "Company's reporting criteria"), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the 'International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information', the 'ISAE 3410, Assurance Engagements on Greenhouse Gas Statements' issued by the International Auditing and Assurance Standards Board, and the 'Practical Guidelines for the Assurance of Sustainability Information' of J-SUS. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company's responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company's reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company's reporting criteria, and recalculating the Indicators.
- Visiting one domestic factory and one construction site managed by one of the Company's subsidiaries selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company's reporting criteria as described in the Company's web site.

Our Independence and Quality Control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Control 1, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

KPMG AZSA Sustainability Co., Ltd.

Osaka, Japan

May 19, 2021