

Sekisui House's Material Issues

Sekisui House contributes meaningfully to resolving environmental and social issues through its businesses. In 2022, we revised our material issues in line with an update of our corporate story after reexamining the impacts of our businesses that are both important to our stakeholders (such as customers, business partners, employees, shareholders, investors and local communities) and significant for the economy, environment and society.

Since day one, our businesses have created corporate value while addressing material issues. This is the source of our originality and our strength.



Process of Identifying Material Issues

Our material issues: Encompassing the Group's key tasks from its founding to the future as well as its social mission



Sekisui House's
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Group Vision and Material Issues

The Sekisui House Group conducts various businesses to create unique value based on its Corporate Philosophy.

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

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

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

Global Vision



Propose happiness through the integration of technologies, lifestyle design and service



Become a leading company in ESG management



Make Sekisui House technologies the global de facto standard

Our philosophy

Love of Humanity

Corporate Philosophy

Material Issues

Priority issues to address in order to practice love of humanity and realize our two visions

Creation of High-Quality Housing Stock

Contributing to a Sustainable Society

Diversity and Inclusion

Leading the Way to a Decarbonized Society
Zero CO₂ Emissions within the Housing Lifecycle



Leading the Way to a Society in Which Humans and Nature Coexist
Maximizing Ecosystem Networks through Business



Leading the Way to a Resource-Recycling Society
Expanding Zero Emissions Initiatives within the Housing Lifecycle



Leading the Way to an Advanced, Healthy and Long-Lived Society
Contributing to Health and Longevity through Housing Development



Sustainability Vision 2050

Leading the Way to a Diverse Society
Contributing to a Society in Which All Can Demonstrate Their Individual Abilities



Proactively Contributing to a Sustainable Society

Establishing an Autonomous Governance Structure that is Responsive to Changes in the Environment

Sekisui House's
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Our Material Issues and the Value We Provide

Since its founding, Sekisui House has delivered wide-ranging value as part of its unwavering commitment to customer happiness, societal happiness and employee happiness through its businesses based on its Corporate Philosophy of love of humanity. Sekisui House's value to society lies in all we have done over our history of more than 60 years, which is also closely related to our material issues.

Based on this understanding, in 2022 Sekisui House identified the creation of high-quality housing stock, contributing to a sustainable society, and diversity and inclusion as its latest material issues. They are the basis for our ongoing commitment to providing sophisticated value with the goals of contributing to happiness in the era of the 100-year lifespan and making home the happiest place in the world.

Sekisui House's key issues and mission from its founding to the achievement of the global vision

Global Vision

Make home the happiest place in the world

Realizing Happiness in the Era of the 100-Year Lifespan

Creation of High-Quality Housing Stock

Contributing to a Sustainable Society

Diversity and Inclusion

Material Issues

Value Provided

(Added value established)
Corporate Story

Customer happiness

Safety and peace of mind

Comfort

Asset value creation

Extended useful life of housing

Societal happiness

Decarbonization

Biodiversity conservation

Resource recycling

Coexisting with local communities

Occupational health and safety & supply chain

Employee happiness

Promote diversity

Employee happiness and health

Diverse workstyles and job satisfaction

Human resource development and self-directed careers

Phase 3 (2020-)

Health, Connectedness and Learning

Providing high added value/Self-directed careers

Phase 2 (1990-2020)

Comfort and Eco-Friendliness

Developed advanced technologies/Promoted diversity

Phase 1 (1960-1990)

Safety and Peace of Mind

Improved housing performance/
Developed human resources, including technicians

Our Corporate Philosophy of Love of Humanity

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The Sekisui House Technology and Mindset Behind Our Material Issues

Creation of High-Quality Housing Stock

Technology to Improve Housing Performance Creates Safety and Peace of Mind

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



We have been researching foundation methodologies since 1972 and developed our 1260 Foundation in 1974. This approach involves a single pour of ready-mixed concrete into a metal foundation frame form, and results in excellent uniformity, strength and construction efficiency. We then turned to research and development to improve the consistency of quality, reduce labor and enhance durability. In 1992, we launched our proprietary 1660

Foundation that features a direct joint between framing and slab. As a result, none of our buildings were completely or even partially destroyed by large seismic events such as the Great Hanshin-Awaji Earthquake of 1995, and the 1660 Foundation remains our go-to approach.

In addition, Sekisui House has demonstrated the effects of its aseismic technology for realizing safety and peace of mind. Seismic resistance, seismic control and seismic isolation technology are our three types of aseismic approaches, and we have been conducting proof-of-concept tests on the seismic resistance of our buildings since 1979. That none of our buildings were destroyed by the Great Hanshin-Awaji Earthquake demonstrated not only the effectiveness of our foundations, but also the outstanding seismic resistance of our structures. In 2003, we announced a seismic isolated house, and in 2007, we announced our original SHEQAS seismic control system that is certified by the Ministry of Land, Infrastructure, Transport and Tourism.



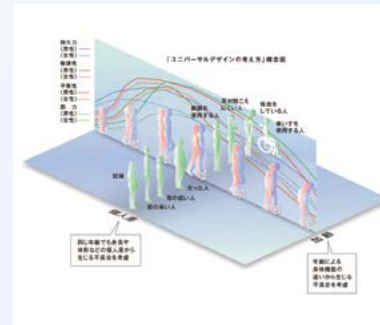
These innovative technologies we develop and put to use also contribute to the extended useful life of housing.

SHEQAS original seismic control system

Pursuing Comfort with Our Lifetime Housing Concept

Committed to comfortable housing, we improved thermal insulation performance in our CENTRAGE Σ homes by making high-performance, multi-layer, heat-insulating glass standard in 1996. Then, in 1999, we adopted next-generation energy-saving specifications as standard in the GRENIER-DYNE series. We subsequently made these features standard in all detached houses, which has helped to reduce environmental impact. Our considerations for the comfort of all residents, such as making the Airkis high-quality indoor air system standard in all detached houses, have now evolved into our net zero energy house (ZEH).

In 1989, Sekisui House established its lifetime housing concept of “comfortable living—now and always.”



Lifetime housing is durable and allows families to adapt easily to lifestyle changes. It also ensures safety and independence while helping residents respond to mental and physical changes due to aging or illness. This concept's roots go back to our research into housing for the elderly and persons with disabilities beginning in 1975. As a design concept, it is a clear expression of our Corporate Philosophy of love of humanity. We built on this research and experience to establish Sekisui House Universal Design (SH-UD) in 2002. Today, we apply SH-UD that makes living easy in all of our detached houses.

Sekisui House's Universal Design (Japanese only)

Asset Value Creation through Enhanced Beauty and Branding

In 1973, the number of homes exceeded the number of households in all prefectures of Japan, initiating an era of quality over quantity in the housing market. Sekisui House had been customizing home designs for each customer since its establishment, and in 1971 pivoted to higher-quality pre-engineered housing that addressed customer needs in ways such as upgrading and modernizing its existing design portfolio. In 1978, we began selling our GRENIER series of homes developed with a full-scale marketing program. We complemented our emphasis on

The Sekisui House Technology and Mindset Behind Our Material Issues

tangible features such as performance and construction method with compelling design and lifestyle proposals to brand the series as homes with a beautiful external appearance and way of life.

In 1984, we launched IS FLAT homes, which were first to use our independently developed Dyne Concrete exterior wall materials. Customer response was highly favorable, thanks to the expressive exterior design, texture and sophisticated elegance of Dyne Concrete, as well as its excellent fire resistance, thermal and sound insulation, durability and strength. IS FLAT expressed Sekisui House's vision of housing as a social asset that holds its value, offers affluence and comfort, is suitable for long and narrow or irregular urban lots, and can be passed for a century, from parents to children to grandchildren. In 1987, we launched our best-in-class IS STAGE product that featured improved thermal and sound insulation and expansive interior spaces. Our IS series has continued to develop as a successful brand and flagship product.



The Bellburn earthenware exterior wall panels we released in 2001 suggest fine stoneware pottery, appealing to customers who are discerning about design. Developed for the exterior walls of our SHAWOOD wooden-frame houses, these panels contribute to the upscale image of the SHAWOOD brand.

[🔗 Detached house product information \(Japanese only\)](#)

Town Development Concepts for Increasing Asset Value Over Time

Since initiating full-scale town development, Sekisui House has been committed to creating sustainable towns where asset value increases over the years and residents can live comfortably well into the future. This is the essence of our concept of *keinen bika*—creating a landscape that grows more beautiful over time. Houses form the basis of daily life, and together form a town, which is a setting that supports the lives of the inhabitants. Interaction among the residents of a town nurtures the local community and culture, and eventually the formation of social assets, leading to regional revitalization. Sekisui House therefore complements fundamental town development components, such as building layout plans and road design, with an emphasis on greenery, parks and common spaces as mechanisms that encourage interaction between residents and revitalize



communities. Sekisui House constantly innovates to improve housing performance while developing towns around an ethos of the commons that emphasizes lifestyles with a focus on community connections and the environment. We have consistently improved the sustainability of towns with initiatives that have included people-centered town development in harmony with the environment launched in 1989; town security strategies for living with peace of mind initiated in 2002; initiatives for eco-friendly towns that employ fuel cells launched in 2007; and initiatives to support community formation by planning and providing community spaces and events from 2009.

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

[🔗 Sekisui House's town development \(Japanese only\)](#)



Extended Useful Life of Housing for the Era of the 100-Year Lifespan

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



[🔗 Robust after-sales support \(Japanese only\)](#)

Contributing to a Sustainable Society



Our Social Mission: From Reducing Environmental Impact to Decarbonization

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

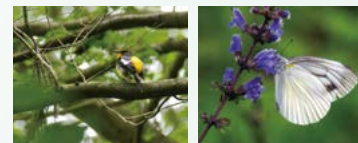
Well before the term “decarbonization” came into common use, our action guidelines and strategies for specific actionable goals reflected the climate change issues that have come to the fore worldwide as a result of global warming. They are representative of our corporate commitment and social mission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

[🔗 Sekisui House's environmental initiatives \(Japanese only\)](#)



Biodiversity Conservation and Resource Recycling through Our Business Activities

Since 2001, Sekisui House has been implementing the *Gohon no ki* Project to promote ecosystem-friendly landscaping and greening to conserve biodiversity through its businesses. “*Gohon no ki*” means “five trees” in Japanese, and the project concept encourages planting native tree species suitable for gardens—three of every five for birds and two for butterflies. One of the goals is to maintain and revive the ecosystem network by connecting residential gardens, admittedly small areas, in residential areas and cities in order to link them with local natural areas such as satoyama, the disappearing native landscape of Japan, thus supporting the habitats and activities of



local fauna. In the more than 20 years since the initiative was launched, over 19 million trees have been planted. In 2021, we employed macro analysis to quantitatively evaluate the effectiveness of this initiative in preserving biodiversity, and shared the results with society at large. In 2022, we held the project's second forum.

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

In addition, Sekisui House believes it must recycle resources to support the lives of all people. We were among the first in the construction industry to establish resource recycling centers at each of our factories in 2003. In addition to recycling waste and suppressing its generation, we are also focusing on after-sales service and the remodeling businesses so that the materials in housing can continue to be used over the long term as social stock, with the goal of making optimal use of resources throughout the product lifecycle.

[🔗 Housebuilding in harmony with the environment \(Japanese only\)](#)



Diversity and Inclusion



Continually Enhancing Human Resource Development in Step with Evolving Needs

Sekisui House has been focusing on developing its people since its founding in 1960. We initially emphasized on-the-job training through actual work, but in the 1980s, competition in the housing industry intensified, driven by diversifying lifestyles brought on by high economic growth. We quickly accelerated human resource development, including training for sales personnel to meet needs for reinforced sales capabilities.

Amid these changes, in 1987 we established education and training guidelines that set forth our basic policy for developing employee skills. This policy defines training as the development of the people we need to provide products and services that result in high customer satisfaction, people who excel at work and business, and people who are creative and innovative. Based on this policy, we have dramatically improved our employee training systems and further enhanced their content. We also have a well-developed in-house certification program to

The Sekisui House Technology and Mindset Behind Our Material Issues

help technicians improve their skills. Certification presently extends to qualified in-house personnel in the design and construction departments, encompassing Chief Architects, Chief Constructors, Structural Planning Specialists and Platinum Specialists. In addition to such initiatives to hone specialized skills, we are currently promoting frameworks to enhance the skills and motivation of all employees to increase their autonomy. An additional personnel development theme is self-directed career development, aimed at nurturing people who can achieve customer satisfaction because they proactively take action to independently develop their own capabilities based on a personal vision of their future. We believe that the alignment of such human resources with the various directions in which the Company is pushing will generate unlimited human resource value.

→ P.187-191 Developing Human Resources



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

The Sekisui House Group shares the spirit of “a community with a common destiny.” It emerged when the Company name changed from Sekisui House Industry to Sekisui House in 1963 and runs through our Corporate Philosophy of love of humanity. Formalized in 1989, this love serves as our core value and forms the basis of our contribution to society, to which we all belong.

The spirit of “a community with a common destiny” is not limited to our inner circle. The housing industry depends on wide-ranging cooperation among many people, so strong ties with partner building constructors and other companies are key. Sekisui House opened a vocational training school for technicians in Kanagawa in 1982 to improve construction quality by enhancing Group capabilities, imparting technologies and developing people. Through 1987, we added schools in Ibaraki, Shiga and Yamaguchi, bringing the total to four locations nationwide.¹ These schools differ significantly from general training centers. They cover not only practical techniques for housing construction, but also subjects ranging from socially responsible behavior and adult education to the spirit of the Sekisui House Group. We believe that the Group’s spirit is key to making customers happy, so we must impart it to human resources along with practical skills.



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

¹ Currently three locations, following the closure of the Kanagawa school.

→ P.44 Technical and Construction Human Resources Support Our Core Competencies

🔗 Sekisui House’s construction framework (Japanese only)

🔗 Sekisui House’s construction business/Sekisui House Construction (Japanese only)

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

Employee happiness is essential to make home the happiest place in the world. The workplace is akin to a home for employees, so we seek to make it happy for them by respecting employee diversity, enhancing relevant systems, advancing workstyle innovation and empowering self-directed career development.

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

The launch of the Career Challenge System is representative of our efforts to support career advancement and self-directed development. We initiated Sekisui House Women’s College in 2014 to systematically and effectively develop talented female employees for promotion to managerial positions. We also introduced career interviews in 2021 based on extensive communication between managers and team members. By promoting self-directed career development among employees, we help them to establish a personal career vision rather than one provided by Sekisui House, and to take on the challenge of actualizing their vision.

In terms of respect for diversity, we are expanding opportunities for employees to participate in their own way regardless of nationality, race, ethnicity, gender, sexual orientation, gender identity, age, disability or educational background. We established a system for registering partners in common law or same-sex marriages in 2019 as part of efforts to promote understanding and support for the professional participation of LGBTQ individuals and other sexual minorities in the workplace, which we see as important to our goal of providing housing that offers peace of mind and happiness for all. In recognition of these efforts, we received Rainbow Certification under the



PRIDE Index 2022. We also established the Promotion of Employment of Persons with Disabilities Office in 2020. Furthermore, we employ many people of different nationalities and cultural backgrounds, mainly in our international operations, and have a support system that helps non-Japanese technical trainees work with peace of mind at the technical training facility we opened in Vietnam in 2019.

🔗 Diversity & Inclusion



Sekisui House's
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Realizing Customer Happiness

Creation of High-Quality Housing Stock and KPIs

Aiming to deliver the highest quality and technology, Sekisui House provides housing of value in which customers can live for generations by pursuing beautiful exterior design and outstanding housing performance that realizes safety, peace of mind and comfort.



Value
Provided

Safety, peace of mind and comfort

Safety, peace of mind and comfort are the most basic and important factors in housing. Sekisui House regards providing value in the form of these factors to customers, to help them realize long-term happiness, as its mission. To better understand this value from the customer perspective and monitor progress, we have established two KPIs. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

1. Detached house customer satisfaction rate

FY2021 result	FY2022 result	FY2023 target
96.0% (Target: 95% or higher)	✔ 96.3% (Target: 95% or higher)	95% or higher

This indicator shows the percentage of customer survey responses that selected one of the top three options for satisfaction.¹ In FY2022 it remained high, at 96.3%. We received favorable feedback thanks to improvements made based on previous survey results and the provision of services based on the comprehensive strengths of our sales, design, construction and after-sales service staff.

¹ Detached house and rental housing owners are surveyed one year after move-in and two years after closing, respectively. The survey includes an overall satisfaction rating on a seven-point scale (very satisfied, satisfied, fairly satisfied, neutral, slightly dissatisfied, dissatisfied and very dissatisfied); evaluations of satisfaction with the building, its various components, energy generating equipment and Sekisui House staff; and a section for comments. Survey results are used to enhance service, develop new components and products, and improve design and construction.



2. Rental housing occupancy rate

FY2021 result	FY2022 result	FY2023 target
97.9% (Target: 97% or higher)	✔ 97.8% (Target: 97% or higher)	97% or higher

This indicator shows the occupancy rate of Sha Maison rental housing managed through subleasing.² In FY2022 it met our target, at 97.8%. In addition to continuing to provide new high-quality, high-performance rental housing, such as Sha Maison ZEH and properties with hotel-like styling, we are promoting renovations of existing properties, including changing floor plans and installing new equipment. In addition, we are promoting happiness in rental living through efforts to integrate technologies, lifestyle design and services, such as the provision of services through an app for residents.



² The Sekisui House Real Estate companies have been offering subleasing for more than 40 years, reducing the hassle and risk of operating rental housing for owners while realizing stable long-term operations. Owners are paid a fixed monthly rent for the property regardless of vacancies, and the Group provides total leasing and operational support encompassing finding tenants and building maintenance and management.



Asset value creation

Increasing the asset value of housing requires more than the basic housing functions of safety, peace of mind and comfort. We believe it is also important to make lifestyle proposals in line with customer preferences and life plans, and, from the perspective of community development, to focus efforts on *keinen bika*, the concept of creating a landscape that grows more beautiful over time. The Sekisui House Group has designated three KPIs for understanding the value it provides through asset value creation. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

3. New proposals of technologies, lifestyle design and services

FY2021 result	FY2022 result	FY2023 target
Launched Family Suite Home Premium II	✔ Launched SUITE CONCIER	Only results are disclosed

This indicator highlights achievements related to new proposals that integrate the advanced technologies Sekisui House has accumulated, the lifestyle design proposals developed by the Human Life R&D Institute, and intangible assets (services) in such areas as health, connectedness and learning. In FY2022, we launched SUITE CONCIER, a service that helps customers realize happy living.



SUITE CONCIER

スマートコンシェル



Services to redecorate familiar spaces to feel special



Services that further enrich daily living

4. Platform House Concept to help customers achieve happiness in the era of the 100-year lifespan

KPI until FY2022

FY2021 result	FY2022 result	FY2023 target
Launched PLATFORM HOUSE touch	✔ Adoption of PLATFORM HOUSE touch in new orders received 43%	Expand to Group companies

The Platform House Concept is an approach to house-building that entails providing services in the areas of health, connectedness and learning to help residents accumulate intangible assets. In FY2022, PLATFORM HOUSE touch was adopted in 43% of new detached house orders received, despite sales restrictions due to the global semiconductor shortage. Going forward, we will roll out these offerings at Group companies and expand services.



5. Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)

FY2021 result	FY2022 result	FY2023 target
68% (Target: 50% or higher)	✔ 77.5% overall Third-range products: (Target: 70% or higher overall; Third-range products: 85% or higher)	80% or higher overall Third-range products: 90% or higher

This indicator is calculated based on our residence evaluation,¹ which we created for detached houses in 2017 to promote the creation of beautiful houses that will be assets to their communities. Houses are evaluated on 10 items related to landscaping and greenery planning and building exterior design to objectively assess consideration for the environment and townscape. In FY2022, 77.5% of our detached houses met the internal standard, once again meeting the annual target, but this figure was 83.9% for third-range houses, falling short of the target.



¹ Houses are given a rating from one to five stars; the KPI is the percentage with four stars or higher.

6. Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, peace of mind and comfort (Sha Maison Gardens)

✔ Target met ✘ Target unmet

FY2021 result	FY2022 result	FY2023 target
55% (Target: 50% or higher)	✔ 56% (Target: 55% or higher)	57% or higher

For rental housing, we have established “four environmental premiums” as a unique standard for evaluating properties in terms of townscape attractiveness and the resident’s perspective. Properties deemed highly appealing are internally deemed “Sha Maison Gardens.” In FY2022, 56% of properties met this standard, up from the previous year, helping to improve living environments for residents and asset value for owners.

- 1 This KPI is calculated as the percentage of rental housing that satisfies our criteria across all four of the following categories: 1. Enhancing townscape attractiveness, 2. Keinen bika, the concept of creating a landscape that grows more beautiful over time, 3. Safety and peace of mind, and 4. Comfort.
2 Refers to properties that receive at least four stars in our four environmental premium evaluation.



Value
Provided

Extended useful life of housing

The construction industry is facing calls to transition from a consumption-based model of building and demolition to a stock-based model of building high-quality structures, properly maintaining them, and using them with care over the long term. Aiming to maximize asset value for owners, the Sekisui House Group has designated the extended useful life of housing as a form of value it provides and established two related KPIs for its efforts to promote the transition to a stock-based model. The FY2022 results are as follows.

7. Percentage of detached houses certified as Long-Life Quality Housing

FY2021 result	FY2022 result	FY2023 target
93.4%	✔ 92.1% (Target: 90% or higher)	90% or higher

This indicator shows the portion of the detached houses provided by the Group that have received official certification as meeting the standards of the Japanese government’s Long-life Quality Housing Certification Program.³ In FY2022, it remained roughly level with the previous year at 92.1%, reflecting our use of superior technologies to provide housing that is safe and comfortable over the long term.

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

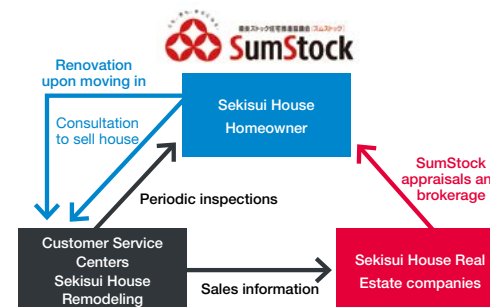


8. Ratio of SumStock housing in the Group’s existing home transactions

FY2021 result	FY2022 result	FY2023 target
70%	✘ 63% (Target: 75% or higher)	800 contracts (indicator changed to the number of contracts from FY2023)

This indicator shows the portion of existing houses handled for resale by the Group that are SumStock certified.⁴ Under the SumStock initiative, the Sekisui House Real Estate group applies clear standards to accurately evaluate the asset value of high-quality existing houses built by Sekisui House. We are promoting Group coordination to extend the useful life of housing and promote the resale circulation of existing houses. In FY2022, this KPI came to 63%, below the annual target.

- 4 Houses in Japan are used for an average of about 30 years, far shorter than in most other countries. In 2008, in response to the need for mechanisms to promote the use of high-quality existing houses as social assets passed on from one resident to the next, 10 major homebuilders established the Provision of Quality Housing Stock Association, which certifies housing built by its members that meets common standards as SumStock housing.



Material Issue Initiative Themes and KPIs

To create high-quality housing stock, we have designated the following KPIs for the three years of the Sixth Mid-Term Management Plan, grouped by three types of value we provide: Safety, peace of mind and comfort; asset value creation; and extended useful life of housing.

Value Provided	No.	Indicator	Officer remuneration indicator PSU ¹			Mid-Term Management Plan		Used as president commendation ESG indicator	FY2022		FY2023	FY2024	FY2025	Remarks
			1	2	3	Fifth	Sixth		Targets	Results	Targets	Targets	Targets	
Safety, peace of mind and comfort	1	Detached house customer satisfaction rate							95% or higher	96.3%	95% or higher	95% or higher	95% or higher	
	2	Rental housing occupancy rate							97% or higher	97.8%	97% or higher	97% or higher	97% or higher	
	3	Housing units sold in the overseas business (New)					○		—	—	—	—	10,000	
Asset value creation	4	New proposals of technologies, lifestyle design and services							—	SUITE CONCIER launched	—	—	—	Only results are disclosed
	5	Patent applications (R&D) (New)								109	100	100	100	
	6	Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)						○	70% or higher overall Third-range products: 85% or higher	77.5% overall Third-range products: 83.9%	80% or higher overall Third-range products: 90% or higher	80% or higher overall Third-range products: 90% or higher	80% or higher overall Third-range products: 90% or higher	4 stars or higher
	7	Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, peace of mind and comfort (Sha Maison Gardens)						○	55% or higher	56%	57% or higher	58% or higher	60% or higher	4 stars or higher
	8	Rental housing units renovated (New)					○			6,035	6,800	7,600	8,400	
Extended useful life of housing	9	Percentage of detached houses certified as Long-Life Quality Housing							90% or higher	92.1%	90% or higher	90% or higher	90% or higher	
	10	Ratio of SumStock housing in the Group's existing home transactions (Contracts reached for the resale of SumStock existing houses) ²							75% or higher	63%	800	860	900	

1 PSU = Performance Share Unit (performance-related stock remuneration); PSU1 = FY2020 to FY2022; PSU2 = FY2021 to FY2023; PSU3 = FY2022 to FY2024

2 Beginning with the target for FY2023, this indicator has been changed from the percentage of SumStock housing to the number of contracts reached for SumStock housing.

Sekisui House's
Material Issues

Realizing Societal Happiness

Contributing to a Sustainable Society and KPIs

Sekisui House views harmony between people, communities and the Earth, as well as solving social issues, as its social mission, and works to contribute to a sustainable society through its businesses, including the supply chain.



Value
Provided

Decarbonization

Approximately 16% of all CO₂ emissions in Japan are attributable to the residential sector. Given this, enhancing and reinforcing measures to improve thermal insulation and save energy in Japan's housing is essential. As a housing provider, the Sekisui House Group believes that to address this issue, it must first promote the uptake of energy efficient housing. Accordingly, we have established eight KPIs related to the value we provide in the form of decarbonization. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

9. Ratio of detached house ZEH / 10. Number and ratio of ZEH units for rent / 11. Number and ratio of ZEH condominiums for sale

	FY2021 result	FY2022 result	FY2023 target
Detached houses	92% (Target: 89% or higher)	✔ 93% (Target: 90% or higher)	90%
Rental housing	8,501 units (Target: 1,800 units)	✔ 65% / 15,064 units (Target: 50% / 2,500 units)	70%
Condominiums	192 units / 39.4% (Target: 196 units / 35%)	✔ 585 units / 88.8% (Target: 540 units / 85%)	100%

Detached Houses This indicator shows the portion of detached houses¹ that Sekisui House built during the fiscal year that were ZEH.² In FY2022, this came to 93%, once again meeting the annual target and far exceeding the ZEH rate for Japan as a whole of 18.5%.³ The cumulative number of ZEH houses sold since we launched sales in FY2013 reached 76,509 (as of March 2023).

1 Excluding built-to-order and built for-sale housing in Hokkaido

2 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

3 Data based on ZEH builder performance reports from the Sustainable open Innovation Initiative

Rental Housing This indicator shows the portion of orders for Sha Maison rental housing received during the fiscal year that were ZEH units.⁴ In FY2022, this came to 15,064 units, up significantly from the previous fiscal year. Sha Maison ZEH can reduce CO₂ emissions by 93%⁵ compared with ordinary rental housing, and the benefits to residents of being able to sell electricity to the grid have been well received. By promoting the widespread use of this housing, we will help realize a decarbonized society.

Condominiums This indicator shows the cumulative number and percentage⁶ of completed ZEH units among Sekisui House's GRANDE MAISON condominiums for sale. In FY2022, the cumulative total reached 585 ZEH condominium units and a ratio of 88.8%, achieving the annual targets. Using double-glazed windows with excellent thermal insulation performance, we maintain the views afforded by large windows, a major appeal of condominiums, while also meeting ZEH standards and preserving comfort.



4 ZEH Ready or higher grade units (includes only units in which individual residents can sell electricity to the grid; number of units was used as a KPI through FY2021). For multi-unit housing complexes, the government defines four types of ZEH standards for both buildings and individual units: "ZEH" is capable of reducing net primary energy consumption by 100% or more; "Nearly ZEH" represents a reduction of more than 75%; "ZEH Ready" represents a reduction of more than 50%; and "ZEH Oriented" represents a reduction of more than 20%.

5 Calculated by Sekisui House for the 447 Sha Maison ZEH units built in FY2019 based on the primary energy consumption calculation results of the Building Research Institute's energy consumption performance calculation program (excludes energy consumption for cooking and household electronics).

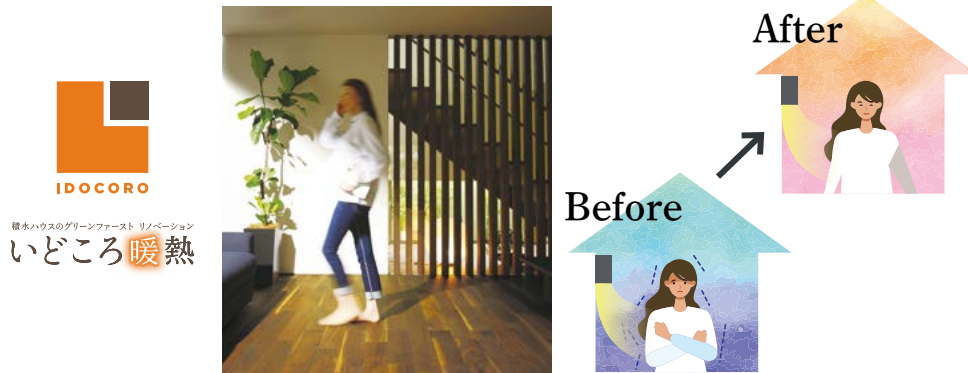
6 Cumulative number of completed units ranked ZEH Oriented or higher grade. The percentage is that of ZEH Oriented or higher grade units among all units sold in the fiscal year.

12. Number of *Idocoro Dan-netsu* houses (location-based insulation upgrades)

FY2021 result	FY2022 result	FY2023 target
1,338 units (Target: 1,200 units)	✓ 1,601 units (Target: 1,250 units)	1,800 units

This indicator shows the number of houses that underwent *Idocoro Dan-netsu* remodeling¹ to efficiently improve thermal insulation performance through partial insulation and insulation remodeling focused on the living room, dining room and kitchen area, where people spend most of their time. This kind of remodeling offers comfortable living even in existing houses that are more than 20 years old. In FY2022, the number came to 1,601 houses, once again meeting our annual target.

¹ *Idocoro Dan-netsu* remodeling comprises two product types for houses that are more than 20 years old and have poor thermal insulation performance: "Premium," which aims to increase insulation performance to the level of newly built ZEH, and "Basic," which aims to effectively improve insulation performance with just one day of construction work.



15. RE100 achievement rate

FY2021 result	FY2022 result	FY2023 target
33.5% (Target: 25%)	✓ 55.1% (Target: 35%)	100% by FY2040

This indicator shows the portion of all electricity used by the Sekisui House Group that is renewable energy purchased through Sekisui House Owner Denki as part of efforts to achieve RE100.⁶ In FY2022, it was 55.1%, meeting our annual target.

⁶ RE100 is an international initiative of major companies around the world aimed at using 100% renewable energy. In 2017, Sekisui House became the second company in Japan and the first in the housing industry to join RE100.

13. Rate of CO₂ emissions reduction from new housing / 14. Rate of CO₂ emissions reduction from business operations

✓ Target met ✗ Target unmet

	FY2021 result	FY2022 result	FY2023 target
New housing	50.0% (Target: 45% reduction by FY2030)	✓ 55.3% (Target: 45% reduction by FY2030)	55% reduction by FY2030
Business operations	46.6% (Target: 75% reduction by FY2030)	✓ 50.9% (Target: 75% reduction by FY2030)	75% reduction by FY2030

New Housing This indicator shows the rate of reduction in CO₂ emissions attributable to energy consumption at the residential stage of new housing built by the Sekisui House Group (compared with FY2013).² In FY2022, this came to 55.3%, once again meeting our annual target.

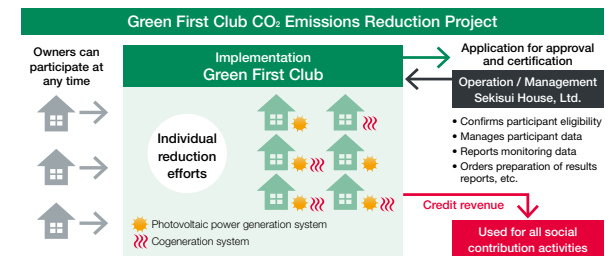
Business Operations This indicator shows the rate of reduction in CO₂ emissions directly attributable to the Group's business operations (Scope 1) or indirectly attributable through purchased electricity and other energy (Scope 2) compared with FY2013.³ As a result of such initiatives as electrifying all Company vehicles,⁴ converting Company business locations to net zero energy buildings (ZEB) and promoting Sekisui House Owner Denki⁵ with the aim of achieving RE100, in FY2022 this figure reached 50.9%, up from the previous fiscal year.

² Scope 3, Category 11 emissions reduction relative to FY2013 levels. The scope of emissions was broadened for FY2022 and, for comparison, the scope of emissions in FY2013 was also broadened accordingly.

³ For more details, see the note on page 140.

⁴ Includes battery electric vehicles, fuel cell vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles

⁵ An initiative to achieve RE100 by purchasing excess electric power from owners of homes equipped with solar power generation systems that have reached the post-FIT period (past the end of the feed-in tariff system's purchase period) for use in the Group's business operations.



16. Supplier science-based target-setting rate

FY2021 result	FY2022 result	FY2023 target
22.2%	✓ 31.9%	80% by FY2030

This indicator shows the percentage of our major suppliers that have set SBT-verified targets.⁷ In FY2022, it was 31.9%, up from the previous fiscal year.

⁷ Science Based Targets, a scheme for verifying corporate greenhouse gas emissions reduction targets as in line with the goals of the Paris Agreement.

Value Provided
Biodiversity Conservation

Following the rise of climate change countermeasures, there is growing momentum for biodiversity conservation around the world, leading to calls for going beyond merely conserving nature and wildlife by implementing nature-positive measures that help to restore nature. The Sekisui House Group has established two KPIs for biodiversity conservation initiatives aiming to have nature-positive effects intended to help restore severely degraded green spaces in urban areas and reduce deforestation. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

17. Sustainable wood procurement rate

FY2021 result	FY2022 result	FY2023 target
97.2% (Target: 97.2%)	✖ 97.1% (Target: 97.4%)	97.4%

This indicator shows the portion of wood purchased by the Group that has one of the top two ranks (S or A) on our four-rank scale based on quantitative evaluations of the sustainability of wood purchased from suppliers in accordance with the Wood Procurement Guidelines we established in 2007. In FY2022, it fell short of the annual target, at 97.1%.

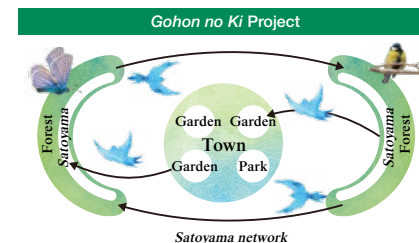


18. Biodiversity-friendly tree planting (Gohon no Ki Project)

(Cumulative trees planted)

FY2021 result	FY2022 result	FY2023 target
18,116 thousand (Target: 18,000 thousand)	✔ 19,003 thousand (Target: 19,000 thousand)	20,000 thousand

This indicator shows the cumulative number of trees planted in customer gardens under the *Gohon no Ki* Project, a project launched in 2001 to promote biodiversity-friendly landscaping during housing construction. In FY2022, it was 19,003 thousand, once again achieving the annual target.



1 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." The project proposes the use of native tree species that are beneficial to birds and butterflies in gardens.

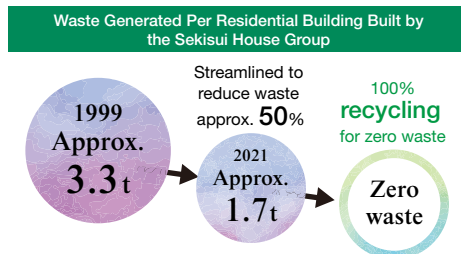
Value Provided
Resource recycling

As we contemplate risk scenarios that include demand for higher-quality recycling and increased processing costs for plastic waste materials derived from fossil fuels, there is a growing need to effectively use and recycle resources and shift awareness toward a plastic-free future. Accordingly, the Sekisui House Group has designated three KPIs related to the value it provides in the form of resource recycling. The FY2022 results are as follows.

19. Waste rate (new construction)

FY2021 result	FY2022 result	FY2023 target
5.4% (Target 5.5%)	✖ 5.6% (Target: 5.2%)	5.0%

This indicator shows the amount of raw materials used in production and resource inputs for the Sekisui House Group's new housing construction that ends up as waste. An increase in non-housing properties has led to a decrease in raw materials used in production and resource inputs, and, relative to this, a slight increase in waste. As a result, this indicator came to 5.6% in FY2022, falling short of the annual target.



20. Waste recycling rate (new construction) / 21. Waste recycling rate (maintenance and remodeling)

	FY2021 result	FY2022 result	FY2023 target
New construction	100% (Target: 100%)	✔ 100% (Target: 100%)	100%
Maintenance	95.6% (Target: 90% or higher)	✔ 94.6% (Target: 90% or higher)	90% or higher

New construction This indicator shows the portion of waste generated in the construction of new housing that is recycled. Since achieving zero waste at new construction sites in FY2005, all waste collected at our resource recycling centers is recycled. As a result, this indicator has been 100% every year.

Maintenance This indicator shows the portion of the waste generated in the maintenance, repairs and remodeling of existing properties built by the Group that is recycled. In principle, we operate on the assumption that all waste will be recycled, as for new construction, but construction materials that contain hazardous substances, such as asbestos, cannot be recycled.



Coexisting with Local Communities

For the happiness of communities, and to realize dignified living for people everywhere, we seek to solve social issues from the two approaches of business activities as a housing manufacturer and social contribution activities. We have designated two KPIs related to the value we provide in the form of coexisting with local communities through our businesses and social contribution. The FY2022 results are as follows.

✔ Target met ✘ Target unmet

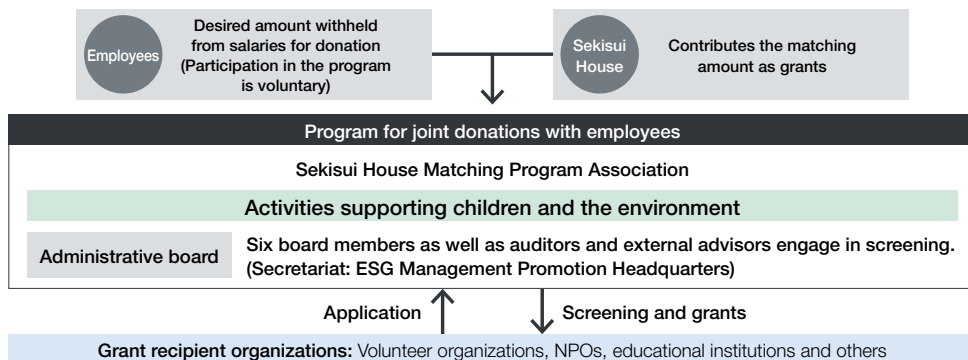
22. Percentage of employees joining employee-company joint donation programs

(Sekisui House Matching Program employee participation rate)

FY2021 result	FY2022 result	FY2023 target
31% (Target: 30%)	✘ 32% (Target: 35%)	— Only results will be disclosed

This indicator shows the rate of employee participation in the Sekisui House Matching Program, which matches employee donations. This corporate program was launched in FY2006 to solve social issues related to children and the environment and thus contribute to community well-being by supporting NPOs and other organizations that carry out social activities. In FY2022, the participation rate was 32%, falling short of the annual target.

Sekisui House Matching Program Framework



23. Trip Base *Michi-no-Eki* Stations Project, a project for regional revitalization

(Cumulative)

FY2021 result	FY2022 result	FY2023 target
5 prefectures: 14 buildings 1,053 rooms (Target: 5 prefectures: 14 buildings, 1,053 rooms)	✔ 10 prefectures: 23 buildings, 1,848 rooms (Target: 9 prefectures: 20 buildings, 1,582 rooms)	14 prefectures: 29 buildings, 2,336 rooms

The Trip Base *Michi-no-Eki* Stations Project is a regional revitalization project that we are developing with Marriott International. It proposes a style of travel that encourages the exploration of lesser-known destinations to discover their unique charms through use of a system of roadside rest stations known as “*Michi-no-Eki*.” We have adopted the number of hotel rooms built by the Sekisui House Group under the project as a KPI. In FY2022, we added nine buildings with 795 rooms in five new prefectures, bringing our cumulative totals to 23 buildings with 1,848 rooms in 10 prefectures and meeting our annual target.





Occupational health and safety & supply chain

The Sekisui House Group advances initiatives aimed at greater safety and well-being on construction sites via the thorough and ongoing practice of basic safety activities. In addition, working in cooperation with diverse suppliers, we promote sustainable procurement based on the CSR Procurement Guidelines. We have established five KPIs related to the value we provide in the areas of occupational health and safety, as well as the supply chain. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

24. Frequency rate of accidents in the construction division that result in lost worktime

FY2021 result	FY2022 result	FY2023 target
2.49 (Target: 2.15)	✖ 2.55 (Target: 2.13)	2.27

This indicator shows the frequency of construction site accidents resulting in lost work time among contractors of Sekisui House, Sekisui House noie and Konoike Construction (including sole proprietors and employers). It is calculated as the number of fatalities and injuries requiring at least one day of lost work time for recovery due to occupational accidents per million working hours. In FY2022, it was 2.55, not meeting the target.

25. Occupational illness frequency rate in the construction division

FY2021 result	FY2022 result	FY2023 target
0.20 (Target: 0.33)	✖ 0.35 (Target: 0.31)	0.30

This indicator shows the frequency of occupational illness originating from construction sites among contractors of Sekisui House, Sekisui House noie and Konoike Construction (including sole proprietors and employers). It is calculated as the number of cases of occupation illness requiring at least one day of lost work time for recovery per million working hours. In FY2022, it was 0.35, not meeting the target.

26. CSR procurement coverage

KPI until FY2022

FY2021 result	FY2022 result	FY2023 target
93.8% (Target: 89.0%)	✔ 94.8% (Target: 90%)	—

This indicator shows the portion of all Group suppliers for which we carried out CSR evaluations (procurement value basis; includes major raw material manufacturers). In FY2022, it was 94.8%, fully covering major suppliers.

27. CSR procurement score

KPI until FY2022

FY2021 result	FY2022 result	FY2023 target
91.9 points (Target: 91.5 points)	✔ 92.1 points (Target: 92.0 points)	—

This indicator is the score determined via CSR evaluations of all suppliers¹ (out of a maximum of 100 points). In FY2022, it was 92.1 points, once again meeting the annual target.

¹ From FY2023, this KPI has been changed to "CSR procurement human rights and labor supply chain scores."

→ P.218 4. Metrics and Targets

🔗 CSR Procurement Guidelines

28. CSR procurement human rights and labor scores

KPI until FY2022

FY2021 result	FY2022 result	FY2023 target
90.9 points (Target: 90.4 points)	✔ 92.5 points (Target: 91.0 points)	—

This indicator is the score for just the human rights and labor portions in the CSR evaluations of all suppliers (out of a maximum of 100 points). In FY2022, it was 92.5 points, once again meeting the annual target.

Material Issue Initiative Themes and KPIs

To contribute to a sustainable society, we have designated the following KPIs for the three years of the Sixth Mid-Term Management Plan, grouped by five types of value we provide: Decarbonization; biodiversity conservation; resource recycling; coexisting with local communities; and occupational health and safety & supply chain.

Value Provided	No.	Indicator	Officer remuneration indicator PSU ¹			Mid-Term Management Plan		Used as president commendation ESG indicator	FY2022		FY2023	FY2024	FY2025	Remarks
			1	2	3	Fifth	Sixth		Targets	Results	Targets	Targets	Targets	
Decarbonization	11	Ratio of detached house ZEH	○	○	○	○		○	90%	93%	90%	90%	90%	
	12	Ratio of ZEH units for rent	○ ²	○ ²	○	○	○	○	50%	65%	70%	73%	75%	Only units where individual residents can sell electricity
	13	Ratio of ZEH condominiums for sale				○		○	85%	88.8%	100%	100%	100%	
	14	Number of <i>Idocoro Dan-netsu</i> houses (location-based insulation upgrades)				○		○	1,250	1,601	1,800	—	—	
	15	Rate of CO ₂ emissions reduction from new housing							—	55.3%	—	—	—	55% by FY2030
	16	Rate of CO ₂ emissions reduction from business operations							—	50.9%	—	—	—	75% by FY2030
	17	RE100 achievement rate							35%	55.1%	—	—	—	100% by FY2040
	18	Rate of electrified Company vehicles (New)							—	11%	19%	32%	35%	100% by FY2030
	19	Supplier science-based target-setting rate							—	31.9%	—	—	—	80% by FY2030
Biodiversity conservation	20	Sustainable wood procurement rate							97.4%	97.1%	97.4%	97.5%	97.5%	
	21	Rate of zero-deforestation timber procurement (New)								88%	91%	92%	93%	100% by FY2030
	22	Biodiversity-friendly tree planting (<i>Gohon no Ki</i> Project)							19,000 thousand	19,003 thousand	20,000 thousand	21,000 thousand	22,000 thousand	Cumulative trees planted
Resource recycling	23	Waste rate (new construction)							5.2%	5.6%	5.0%	—	—	
	24	Waste recycling rate (new construction)							100%	100%	100%	100%	100%	
	25	Waste recycling rate (maintenance and remodeling)							90% or higher	94.6%	90% or higher	—	—	
Coexisting with Local Communities	26	Percentage of employees joining employee-company joint donation programs (Sekisui House Matching Program employee participation rate)							35%	32%	—	—	—	Only results will be disclosed from FY2023
	27	Trip Base <i>Michi-no-Eki</i> Stations Project, a project for regional revitalization							9 prefectures: 20 buildings 1,582 rooms	10 prefectures: 23 buildings 1,848 rooms	14 prefectures: 29 buildings 2,336 rooms	—	3,000 rooms	Cumulative
Occupational Health and Safety & Supply Chain	28	Frequency rate of accidents in the construction division that result in lost worktime							2.13	2.55	2.27	2.25	2.12	
	29	Occupational illness frequency rate in the construction division							0.31	0.35	0.30	0.30	0.30	
	30	CSR procurement human rights and labor supply chain scores (New)							—	85.7 points	85.8 points	85.9 points	86.0 points	

1 PSU = Performance Share Unit (performance-related stock remuneration); PSU1 = FY2020 to FY2022; PSU2 = FY2021 to FY2023; PSU3 = FY2022 to FY2024

2 PSU1 and PSU2 are determined using the number and ratio of ZEH units for rent

Sekisui House's
Material Issues

Realizing Employee Happiness Diversity and Inclusion and KPIs

To make home the happiest place in the world, employee happiness is essential. Sekisui House promotes diversity and inclusion to further its human resource development aimed at creating happy workplaces that are akin to home for employees.



Value
Provided

Promote diversity

The Sekisui House Group is constantly working to create environments and mechanisms that enable employees and the Company to sustainably grow together in line with its policy for promoting diversity based on the three pillars of promoting the participation of women, utilizing diverse personnel and promoting diverse workstyles. We have designated five KPIs related to the value the Group provides by promoting diversity. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

- 29. Number of female directors of the Board (non-consolidated basis) /
- 30. Number of female managers (Group basis)

	FY2021 result	FY2022 result	FY2023 target
Female directors	3 persons (Target: 3 persons)	✔ 3 persons (Target: 3 persons or more)	3 persons or more
Female managers	273 persons / 4.31% (Target: 240 persons or more)	✔ 302 persons / 4.60% (Target: 260 persons)	300 persons

Female directors of the Board To promote diversity on our Board of Directors, we have made the number of female directors of the Board an indicator. In FY2022, it was three, meeting our annual target.

Female managers This indicator shows the number of female employees in managerial positions. The targets for this indicator are also targets of Sekisui House's Action Plan for the Promotion of Active Participation by Women¹ based on the Act on Promotion of Women's Participation and Advancement in the Workplace. In FY2022, this was 302 persons, or 4.60% of all managers, meeting the annual target.



¹ This plan applies to Sekisui House, Sekisui House Real Estate, Sekisui House Construction, Sekisui House noie and Sekisui House Remodeling.

- 31. Ratio of full-time female employees (Group basis) /
- 32. Ratio of female new graduates hired (Group basis)

	FY2021 result	FY2022 result	FY2023 target
Full-time employees	28.1% / 6,454 persons (Target: 27.5%)	✔ 28.9% / 6,743 persons (Target: 28.0%)	29.2%
New graduates	41.2% / 278 persons (Target: 41.1%)	✔ 44.6% / 350 persons (Target: 42.0%)	40.0%

Full-time female employees To promote the professional participation of female employees, we have made the percentage of full-time Group² employees who are women an indicator. In FY2022, it was 28.9%, or 6,743 persons, meeting the annual target.

Female new graduates hired This indicator shows the percentage of new graduates hired by the Group as full-time employees who are women, and is used in Group hiring plans designed to promote diversity. In FY2022, it was 44.6%, or 350 women.



² Sekisui House, Sekisui House Real Estate, Sekisui House Construction, Sekisui House noie and Sekisui House Remodeling

33. Employment rate of persons with disabilities (non-consolidated basis)

✔ Target met ✘ Target unmet

FY2021 result	FY2022 result	FY2023 target
2.90% (Target: 2.61%)	✔ 2.97% (Target: 2.61%)	2.97%

This indicator shows the percentage of Company employees who have disabilities. In FY2022 it was 2.97%, meeting our annual target (as of April 2023, the legally mandated rate was 2.30%). We will continue to actively promote the employment of persons with disabilities, aiming to employ and retain these individuals at every worksite.



Value
Provided

Employee health and happiness

In order to continue providing new value to customers, all our employees must be mentally and physically healthy, and the Sekisui House Group must create environments that allow employees to work happily and enthusiastically. We have established four KPIs related to the value we provide in the form of employee health and happiness. The FY2022 results are as follows.

34. Rate of employees opting for the secondary medical checkup

FY2021 result	FY2022 result	FY2023 target
97.8% (Target: 89%)	✔ 98.7% (Target: 98.0%)	95%

This indicator shows the portion of employees who opt for optional secondary medical checkups during annual mandatory checkups. It has been adopted to promote the maintenance and improvement of employee health. Figures for FY2022 and earlier are for sales divisions only. From FY2023 onward, we plan to disclose it for all divisions of Sekisui House (non-consolidated basis).



35. Walking Challenge participants and average step count

FY2021 result	FY2022 result	FY2023 target
19,691 persons / 5,641 steps	✔ 20,816 persons / 6,600 steps	— (Only results are disclosed)

This indicator shows the number of employees who participated in Walking Challenge¹ and their average daily step counts. Walking Challenge events promote walking to improve lifestyle habits and prevent lifestyle-related disease with the aim of reducing the number of employees deemed at risk of such disease based on health checkup results. In FY2022, it was 20,816 persons, with an average step count of 6,600 steps, up from the previous fiscal year.

¹ Among our male employees over 40, medical checkup results indicate that obesity risk exceeds 50%, lipid risk is roughly 70% and blood sugar risk is just under 50%. These percentages are high compared to other companies in the health insurance union to which we belong. Recognizing that preventing lifestyle-related diseases (including metabolic syndrome) is an urgent health issue, we began development of an app in FY2019. We launched the Walking Challenge event, in which employees record their daily steps to increase their health awareness while engaging in fun competition with other employees or departments.

36. ESG dialogue implementation (workplace basis)

FY2021 result	FY2022 result	FY2023 target
Sekisui House employees, Group general managers (Target: Sekisui House employees, Group general managers)	✔ 100% (Target: Implementation at 100% of workplaces, including Group companies)	100%

This indicator shows the implementation rate of ESG dialogues² at workplaces. These dialogues are an initiative to encourage all employees to internalize ESG and create opportunities for them to take proactive action and innovate toward our vision for ESG involving all employees of “an enterprise that exists within the concept of ESG.” In FY2022, we implemented ESG dialogues at 100% of workplaces, including Group companies, meeting the annual target.

² An initiative for holding discussions on such themes as well-being in groups of four to five people at worksites

37. Well-Being Circle total score

FY2021 result	FY2022 result	FY2023 target
65.75 points	✔ 65.86 points	— (Only results are disclosed)

Since FY2020, we have implemented the Well-Being Survey of all employees to provide an indicator of overall employee well-being encompassing both their professional and private lives, elucidate the relationship between individual and workplace well-being, and create environments in which employees can enjoy professional satisfaction and happiness. From these surveys of well-being for individuals and organizations, we have selected the average total score of the Well-Being Circle section,³ which is designed as a multifaceted diagnosis of employee happiness, to use as an indicator. In FY2022, it was 65.86 points, up from the previous fiscal year.

³ The average score of 34 items in 11 categories within the Well-Being Circle portion of the Well-Being Survey.

Value
Provided

Diverse Workstyles / Job Satisfaction / Human Resource Development / Self-Directed Career Development

The Sekisui House Group is promoting workstyle innovation and the development of a corporate culture that allows employees to chart their own career vision, aiming to create workplaces where employees can work happily and enthusiastically. We have designated four KPIs related to the value we provide in the form of diverse workstyles, job satisfaction, human resource development and self-directed career development. The FY2022 results are as follows.

✔ Target met ✖ Target unmet

38. Take-up rate for eligible male employee childcare leave

FY2021 result	FY2022 result	FY2023 target
100% (Target: 100%)	✔ 100% (Target: 100%)	100%

This indicator corresponds to the Group-wide paternity leave usage rate targeted in Sekisui House's Action Plan for the Promotion of Active Participation by Women and is calculated as the portion of male employees with children less than three years old who take at least one month of childcare leave. In FY2022, it was 100%, once again meeting the annual target.



39. Monthly average working hours per person

FY2021 result	FY2022 result	FY2023 target
177.64 hours (Target: 176 hours)	✔ 170.73 hours (Target: 175.5 hours)	175 hours

This indicator shows the average monthly work hours per Group employee.¹ It has been adopted to promote workstyle innovation. In FY2022, it was 170.73 hours, meeting the annual target.

¹ Includes managers, excludes employees on leave

41. Cumulative number of workers who have acquired major qualifications required for specific duties

FY2021 result	FY2022 result	FY2023 target
22,940 persons (Target: 22,700 persons)	✔ 23,608 persons (Target: 22,900 persons)	24,100 persons

This indicator shows the cumulative number of Group employees who have acquired any of 11 major qualifications required to perform certain duties at the Group, including the four national qualifications of first-class architect, first-class building operation and management engineer, second grade financial planner and registered real estate transaction agent. In FY2022, it was 23,608, once again meeting the annual target.

40. Annual paid leave take-up rate and number of days taken

FY2021 result	FY2022 result	FY2023 target
52.7% / 9.5 days (Target: 58%)	✔ 73.1% / 13.1 days (Target: 60%)	70%

This indicator shows the rate of annual paid leave usage among Group employees.² It was adopted to promote initiatives to encourage employees to take at least five days off per year and reduce total working hours, as mandated by the Act on the Arrangement of Related Acts to Promote Work Style Reform. In FY2022, it was 73.1%, for an average of 13.1 days, meeting the annual target.

² Includes managers

Material Issue Initiative Themes and KPIs

To promote diversity and inclusion, we have designated the following KPIs for the three years of the Sixth Mid-Term Management Plan, grouped by three types of value we provide: Promote diversity; employee health and happiness; and diverse workstyles and job satisfaction/self-directed career development.

Value Provided	No.	Indicator	Officer remuneration indicator PSU ¹			Mid-Term Management Plan		Used as president commendation ESG indicator	FY2022		FY2023	FY2024	FY2025	Remarks
			1	2	3	Fifth	Sixth		Targets	Results	Targets	Targets	Targets	
Promote diversity	31	Number of female directors of the Board							3 persons or more	3 persons	3 persons or more	3 persons or more	3 persons or more	
	32	Number of female managers	○	○	○	○			260 persons	302 persons (4.60%)	300 persons	310 persons	320 persons or more	
	33	Ratio of full-time female employees							28.0%	28.9% (6,743 persons)	29.2%	29.5%	29.8%	
	34	Ratio of female new graduates hired							42.0%	44.6% (350 persons)	40%	40%	40%	
	35	Employment rate of persons with disabilities Upper row: Sekisui House (non-consolidated basis) Bottom row: The 33 domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company)							2.61%	2.97% 2.86%	2.97% 2.86%	2.97% 2.86%	2.97% 2.86%	
Employee health and happiness	36	Rate of employees opting for the secondary medical checkup						○	98.0%	98.7%	95%	97%	100%	Scope changed from FY2023 ²
	37	Walking Challenge participants and average step count						○	—	20,816 persons 6,600 steps	—	—	—	Only results are disclosed
	38	ESG dialogue implementation (workplace basis)							100%	100%	100%	100%	100%	
	39	Well-Being Circle total score							—	65.86 points	—	—	—	Only results are disclosed
Diverse workstyles and job satisfaction/ Human resource development and self-directed career	40	Take-up rate for eligible male employee childcare leave	○	○	○	○			100%	100%	100%	100%	100%	
	41	Monthly average working hours per person		○	○			○	175.5 hours	170.73 hours	175 hours	175 hours	175 hours	
	42	Annual paid leave take-up rate	○						60%	73.1% 13.1 days	70%	70%	70%	
	43	Investment in human resource development (New)							—	¥886 million	¥1,435 million	¥1,478 million	¥1,522 million	
	44	Cumulative number of workers who have acquired major qualifications required for specific duties							22,900 persons	23,608 persons	24,100 persons	24,600 persons	25,100 persons	Employees are counted for each qualification they hold
	45	DX training participation rate (New)							—	—	100%	100%	100%	
	46	SHIP registration rate and number of posts (New)							—	26.9% 2,176	30% 2,500	33% 2,700	36% 3,000	
47	Participants in self-directed career development-related training (New)							—	16,987 persons	18,936 persons	20,505 persons	22,030 persons		

1 PSU= Performance Share Unit (performance-related stock remuneration); PSU1 = FY2020 to FY2022; PSU2 = FY2021 to FY2023; PSU3 = FY2022 to FY2024

2 Figures for FY2022 and earlier are for sales departments only. Figures from FY2023 onward are for all departments of Sekisui House (non-consolidated basis).