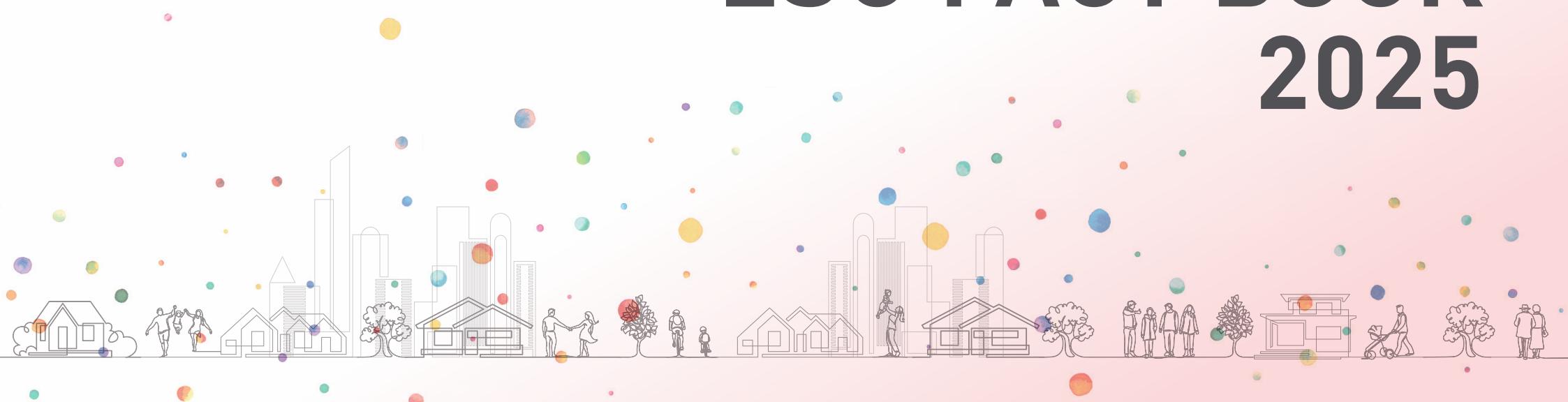




ESG FACT BOOK 2025



For the year ended January 31, 2025

SEKISUI HOUSE, LTD.

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Editorial Policy

The ESG Fact Book 2025 serves as a tool for communicating the Sekisui House Group's ESG initiatives to a wide range of stakeholders, including shareholders, investors, and communities. It presents a comprehensive overview of the Sekisui House Group's ESG-related information, including our mindset, policies, performance, and initiatives across ESG topics, as well as governance, strategy, risk management, metrics, and targets. Please also refer to the Value Report 2025 and ESG Data Book 2025 for further details.

We will continue to use this as a communication tool to engage in dialogue with our stakeholders, aiming to enhance the quality of our endeavors by incorporating your feedback.

Publication Date

July 2025 (Published yearly)

Reporting Period

February 1, 2024 to January 31, 2025 (FY2024)

Note: The report contains information on activities outside of this reporting period.

Scope of this Report

Sekisui House, Ltd. and its 376 consolidated subsidiaries
(The Sekisui House Group)

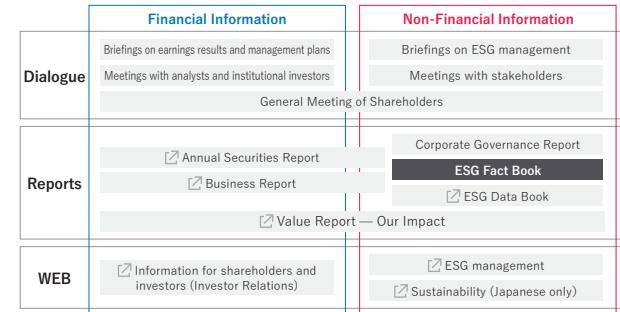
Definition of Terms

In this report, unless specifically stated otherwise, "the Company" and "Non-consolidated" refer to Sekisui House, Ltd.; "Group (Japan)" includes Sekisui House, Ltd. and all domestic consolidated subsidiaries; and "Group (Global)" includes Sekisui House, Ltd. and all consolidated subsidiaries, both in Japan and overseas. In addition, "major domestic Group companies" refers to all the companies within the Sekisui House Real Estate Group and the Sekisui House Construction Group; Sekisui House Remodeling, Ltd., Sekisui House noie Limited; and Konoike Construction and their domestic consolidated subsidiaries.

Note on Forward-Looking Statements

Forward-looking statements in this report, such as performance forecasts, are estimates made by Sekisui House, Ltd. based on information available at the time this report was prepared and include potential risks, uncertainties, and other factors. Please be aware that actual results may differ significantly from forecasts due to changes in various factors.

Position of the ESG Fact Book within the Overall Communication Framework



Guidelines referenced

- The International Integrated Reporting Framework, IFRS Foundation
- "Guidance for Collaborative Value Creation," Ministry of Economy, Trade and Industry
- "Environmental Reporting Guidelines 2018," Ministry of the Environment
- ISO 26000 (Guidance on Social Responsibility), International Organization for Standardization
- GRI Standards
- SASB Standards (industry-specific standards), Sustainability Accounting Standards Board (SASB), IFRS Foundation
- "Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures," Task Force on Climate-related Financial Disclosures (TCFD)
- Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

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Message from the Executive Officer in charge of ESG Management Promotion



Haruhiko Toyoda
Senior Managing Officer

The Sekisui House Group, a leader in ESG management, stays at the forefront of society by continuously generating new value.

ESG management at Sekisui House is by no means a recent development. Since our founding in 1960, we have remained committed to our mission of providing houses that protect lives and property, working to promote homes that offer superior safety and durability. During the ensuing period of high economic growth, we began working to improve earthquake and fire-resistant technology. As environmental issues became more prominent, we promoted energy-efficient homes, engaged in biodiversity conservation efforts, and are now taking on the challenge of achieving net zero while developing living environments that foster happiness.

All our business activities are grounded in “Love of Humanity,” the fundamental philosophy underpinning our Corporate Philosophy. This belief has helped us stay ahead of ever-changing social issues and continuously create new forms of value aligned with the needs of the future.

Society today is undergoing change at unprecedented scale and speed. I believe the way businesses confront these changes will play a major role in shaping the society of tomorrow. That is precisely why, in 2020, we established our Global Vision, “Make Home the Happiest Place in the World.” To realize this vision, we also set a sub-vision of “becoming a leader in ESG management.”

This goes beyond simply reducing environmental burdens or fulfilling social responsibilities. Instead, we believe that the essence of being a true leading company is to continue generating new value that brings about future happiness through groundbreaking innovation.

The Sekisui House Group positions ESG as the core of its management approach for creating new value. In other words, our business activities are directly linked to our goal of contributing to a sustainable society, as we aim to have a positive impact.

For example, homes that go beyond decarbonization to restore the environment, homes that foster health and connections between people, sustainable communities co-created with local regions, and a society where diverse people can thrive—these are examples of ESG management unique to the Sekisui House Group, guiding the future toward greater happiness.

Moreover, being a “leading company in ESG management” means constantly setting new standards for the industry and society as well as continuously putting them into practice. The growth of the Sekisui House Group has been a continuous series of innovations. This means that we have always been at the forefront of the industry in proposing new ways of living and playing a role in driving social change through our business activities. Achieving this requires partnerships that transcend traditional corporate boundaries, as well as the engagement of our employees.

Through “Innovation and Communication,” each individual’s ideas and actions create new value and generate greater impact. Sekisui House remains committed to pioneering ESG management and driving progress toward a happier future.

This ESG Fact Book is intended to share where we stand today in our ESG management and to foster continued dialogue with our stakeholders. Our promise to the future—what we aim to achieve through ESG management—is expressed in the CEO message featured in our Value Report 2025. We invite you to read it as well.

ESG Management of the Sekisui House Group

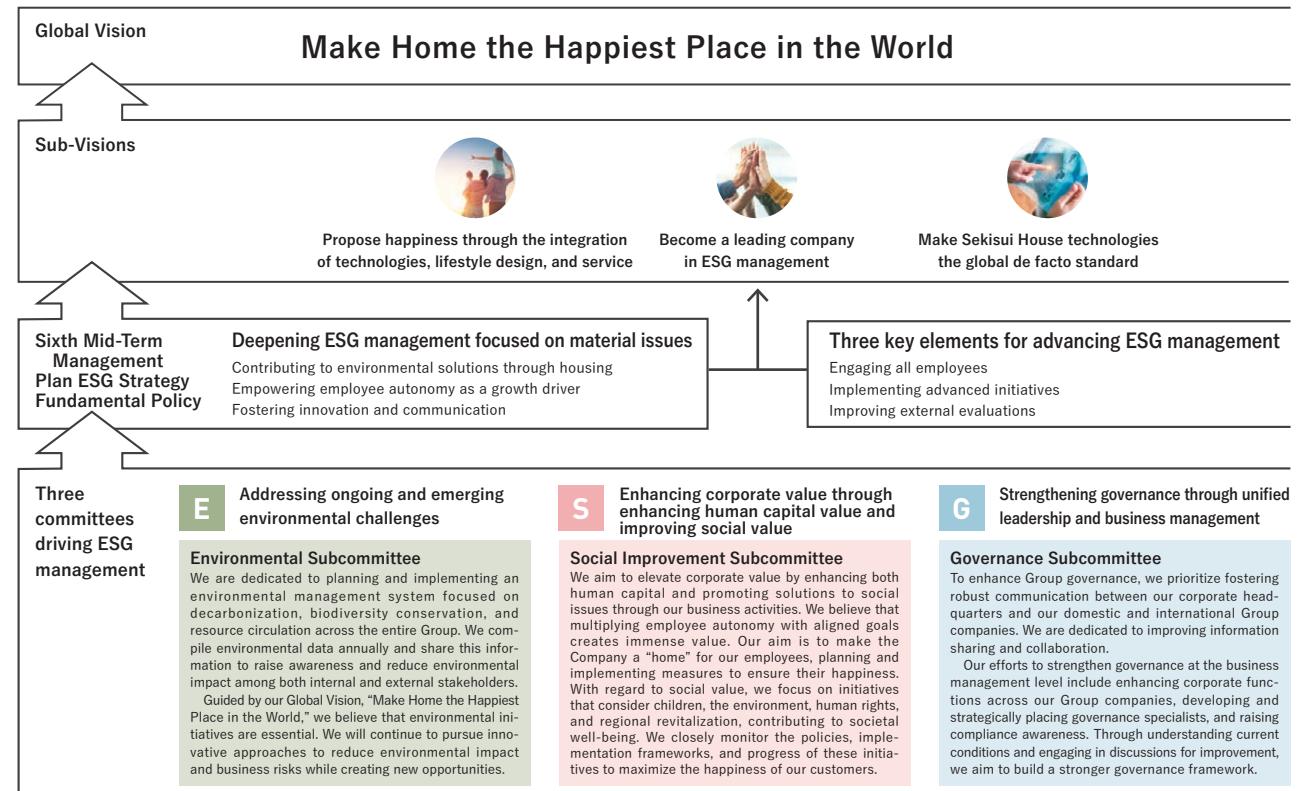
ESG Management of the Sekisui House Group

At the heart of the Sekisui House Group's ESG management is "Love of Humanity," the fundamental philosophy underpinning our Corporate Philosophy. We strive to address the challenges faced by our customers and society through our business activities, while strengthening our governance. To lead in the realm of ESG management, we have established a sub-vision of "becoming a leading company in ESG management."

To realize this vision, we believe it is essential for each employee to think and act independently. Since 2020, we have focused on involving all employees in our ESG efforts. Through meaningful dialogue, we have fostered mutual understanding of each other's perspectives and values, deepening our commitment to ESG. Moreover, we have been dedicated to creating programs and nurturing a workplace culture that promotes autonomy and encourages independent, proactive actions among employees.

Fundamental ESG Management Policy

The Sekisui House Group's Sixth Mid-Term Management Plan (FY2023–FY2025) includes our commitment to "deepening ESG management focused on material issues." Our initiatives concentrate on "contributing to environmental solutions through housing," "empowering employee autonomy as a growth driver," and "fostering innovation and communication." To advance our ESG efforts, we have established three committees focused on Environment, Social, and Governance. These committees set policies aligned with the Sixth Mid-Term Management Plan, accelerating our initiatives and actively engaging with various stakeholders to build trust and enhance corporate value.



E Environmental Management

Governance

The Sekisui House Group has established the ESG Promotion Committee as an advisory body to the Board of Directors to determine and implement action policies while confirming that all ESG management initiatives are reasonable and in line with societal expectations. The committee meets once every three months. Addressing environmental issues—including contributing to decarbonization, biodiversity conservation, realizing a circular economy and water security—is one of the key issues discussed by the committee. The committee evaluates the appropriateness of action policies and progress, and reports important matters to the Board of Directors.

The Company-wide, cross-departmental Environmental Subcommittee reports to the ESG Promotion Committee. Mainly composed of head office department heads involved in environmental management and individuals in charge of environmental management in business divisions Group-wide, this subcommittee meets once every three months to promote the alignment of organizational effort by sharing information on environmental matters and examining action policies and other resolutions. In addition, the Environmental Subcommittee broadly disseminates the decisions of the ESG Promotion Committee for adoption throughout the Group.

Environmental Management Structure



The ESG Promotion Committee ensures effective, timely management oversight by providing the director of the Board responsible for each business and other managers with routine reports and instructions on the implementation of ESG initiatives. In addition, the Environmental Subcommittee facilitates information sharing on latest findings and emerging environmental issues across relevant departments. This subcommittee also periodically reviews the validity of initiatives and targets, revising them as necessary.

Acquiring ISO 14001 certification

As part of their production process management, five domestic factories that manufacture and ship industrialized housing materials have acquired ISO 14001 certification: the Tohoku, Kanto, Shizuoka, Hyogo, and Yamaguchi Factories. One overseas factory, the Ingleburn Manufacturing and Quality Control Centre in Australia, has acquired the certification as well. ISO 14001 is the international standard for environmental management systems. We are continuing the operation of these systems, supported by internal audits and related activities, and 100% of our production facilities are certified.

Strategy

Working to realize its global vision to make home the happiest place in the world, the Sekisui House Group aims to be a leader in ESG management that solves social issues and builds a sustainable society by promoting environmental strategies that are both advanced and have significant knock-on effects. To this end, under Sustainability Vision 2050, our long-term vision for 2050, we have set out the goals of Leading the Way to Decarbonization; Leading the Way to a Society in Which Humans and Nature Coexist; Leading the Way to a Resource-Recycling Society; Leading the Way to an Advanced, Healthy, and Long-lived Society; and Leading the Way to a Diverse Society. Under each of these, we have

established targets and are advancing concrete initiatives toward their achievement. The Sekisui House Group's environmental strategy is characterized by its integration with the Group's business. Since announcing its Environmental Future Plan in 1999, Sekisui House has clarified the position of environmental measures within its business activities. We have advanced a variety of environmental initiatives, driving such efforts within the housing industry while gaining the support of all stakeholders, including customers and the supply chain, as we expand the range and scale of our business. In this way, we seek to exert a substantial positive effect on a variety of environmental issues—such as mitigating and adapting to climate change, conserving biodiversity, and realizing a circular economy—while achieving business growth.

Sustainability Vision 2050

The Sekisui House Group established the Sustainability Vision 2050 in 2016 and updated it in 2017, laying out a unified vision that encompasses the NEXT SEKISUI HOUSE 30-year Vision, which is our management policy, and initiatives to address material issues, which comprise our ESG management policy.

Sustainability Vision 2050 comprises five specific visions: Leading the Way to Decarbonization; Leading the Way to a Society in Which Humans and Nature Coexist; Leading the Way to a Resource-Recycling Society; Leading the Way to an Advanced, Healthy, and Long-lived Society; and Leading the Way to a Diverse Society. For each of these, we have set targets as challenges for 2050 as well as targets for 2030, showing how they align with the Sustainable Development Goals (SDGs).

In order to continue "Contributing to a Sustainable Society" through our business activities, we are currently exploring specific action plans aligned with our Sustainability Vision 2050.

Environmental Management

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 (the Eco-First Promise) related to global warming prevention, ecosystem preservation, and resource recycling. We have been conducting environmental activities with a view to fulfilling these promises. In FY2012 and FY2016, we updated our Eco-First Promise within the broad frameworks of the three promises while incorporating changes in the social environment and the progress of our initiatives. In 2020, we further updated our commitments. Today we continue to expand our efforts.

 Eco-First Promise

Urban Development Charter

In 2005, we established the Urban Development Charter to fulfill our responsibility to the future as a housing manufacturer. This charter summarizes the range of expertise we have cultivated as part of our urban development initiatives through the lens of sustainability. We have adopted four perspectives: environmental management, economic management, town management, and lifestyle management. We promote urban development by applying these perspectives while considering our Basic Urban Development Policy and 24 specific guidelines.

 Urban Development Charter

Risk Management

Environment-related risks are discussed as needed by the ESG Promotion Committee and Risk Management Committee before being reported to the Board of Directors, which considers and makes decisions regarding risk mitigation, transfer, acceptance, and control. Any violations of environmental laws and regulations (including potential soil, groundwater or air pollution) are reported to the head office.

Furthermore, annual inspections of one domestic factory selected based on risk analyses, are carried out by independent experts.

Metrics and Targets

The Sekisui House Group has set the following key performance indicators (KPIs) for environmental initiatives: Ratio of detached ZEH homes, ratio of ZEH units for rent, ratio of ZEH condominiums for sale, number of location-based insulation upgrades, rate of CO₂ emissions reduction from new housing and similar operations, rate of CO₂ emissions reduction from business activities, RE100 achievement rate, percentage of company electric vehicles (including hybrids), percentage of suppliers setting science-based targets, sustainable wood procurement rate, rate of zero-deforestation wood procurement, biodiversity-friendly tree planting, waste rate (new construction), and waste recycling rate (maintenance and remodeling). Details about initiatives related to these KPIs are provided in the relevant sections of this report.

- P6 Promoting ZEH through Green First ZERO detached houses
- P8 Promoting ZEH in Sha Maison rental housing
- P8 Promoting ZEH in GRANDE MAISON condominiums
- P9 Energy efficient remodeling of existing houses
- P10 Promoting RE100 through Sekisui House Owner Denki
- P10 Initiatives aimed at 100% electrification of Company vehicles
- P11 Reduction of CO₂ emissions at procurement stages for components and raw materials
- P18 Commitment to biodiversity and zero deforestation
- P18 The Gohan no Ki Project, an eco-friendly landscaping and greening project
- P21 Wood procurement risk survey and risk assessment
- P33 Zero emissions in production and construction divisions

Compliance with environmental laws and regulations

There were no significant violations of environmental laws and regulations, including those related to soil, groundwater or air pollution, in FY2024.

 ESG Data Book 2025: Compliance with environmental laws and regulations

Activities and Other Related Information

Environmental Charter

In 1999, Sekisui House announced its Environmental Future Plan, which includes the environmental charter, basic environmental guidelines, and environmental action guidelines.

Environmental Charter

To continue to protect our one and only global environment;
To pass down a healthier, more sustainable world to our children;
And by doing so, to contribute to continued health and prosperity—
This is our wish.

Through the creation of environmentally friendly communities and living environments that can be comfortably passed down to future residents, Sekisui House is working as a responsible member of society to create a future in which individuals, communities and the planet exist in harmony.



What can we do for the future?

E Contributing to a Decarbonized Society

Achieving Comfortable Living Alongside Decarbonization While Strengthening Disaster Resilience

Short term (up to 5 years) GHG emissions reduction targets

The Sekisui House Group has set a short-term, Scope 3 Category 11 (emissions generated from the use of sold products) reduction target of 55% compared with FY2013 levels by FY2030, and is advancing the decarbonization of our product line up. To achieve this, we are working to expand and promote the adoption of ZEH in our custom detached houses business, rental housing business, and condominiums for sale, as well as ZEB in the non-housing sector.

 ESG Data Book 2025: Rate of CO₂ emissions reduction from new housing and similar operations

Promoting ZEH through Green First ZERO detached houses

Sekisui House's Green First ZERO (ZEH)¹ detached houses contribute to the reduction of CO₂ emissions and decarbonization through excellent energy-saving and energy-generating performance without sacrificing living comfort.

The foundation of this comfort is excellent thermal insulation that clears ZEH standards. A home designed with a living room atrium or large windows offers a bright, open space, but these features can be disadvantageous in terms of energy efficiency. By using windows with excellent thermal insulation, we achieve both an open indoor environment and energy efficiency. Since 2022, the standard specifications for Green First ZERO houses meet the newly established upper grades of thermal insulation (grade 5) and primary energy consumption (grade 6) under Japan's housing performance indication system.

In terms of exterior appearance, to harmonize with the townscape, it is crucial to create a beautiful home while also achieving ZEH standards.

Photovoltaic panels, including tile-shaped photovoltaic panels that blend in beautifully with ordinary roof tiles, are an essential part of ZEH and are a standard feature on our sloped-roof buildings. In addition to their appearance, these tile-shaped panels make it possible to install a large area of panels even on complexly shaped roofs.

ZEH also helps promote everyday comfort and economy. Comfortable living requires energy for use in air conditioning and electronics. The spread of telecommuting is leading to an increase in time spent at home and, in turn, home energy consumption. Combined with recent rises in electricity and gas prices, this could cause an even greater burden on household utility costs. The energy saving and generation of ZEH help significantly reduce these utility costs so that residents do not have to worry about major cost increases due to spending more time at home. The combined effect of this with the Family Suite bright and spacious interior designs we recommend make it possible to live comfortably and free of new stresses arising from new modes of living that incorporate telecommuting.

Thanks to these advantages, Sekisui House's Green First ZERO (ZEH) detached houses have been embraced by customers, and in FY2024, 96%² of Sekisui House's new detached houses were ZEH buildings, far exceeding the rate for Japan as a whole of 28%.³ In addition, the cumulative number of ZEH houses we have constructed since the launch of this product reached 89,352 as of March 31, 2025. The Japanese government's 7th Strategic Energy Plan, announced in 2025, sets the goals of having all new houses built from FY2030 meet the ZEH standard for energy efficiency and installing photovoltaic power generation equipment in 60% of new detached houses by 2030. Sekisui House already meets both of these targets.

The largest portion of the Sekisui House Group's CO₂ emissions, at 73% of the total, is from the use of supplied housing (Scope 3, Category 11). Promoting the adoption of ZEH is therefore indispensable to reducing CO₂ emissions.

¹ 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. Green First ZERO is the brand name of our detached house ZEH with standard adoption of a solar power generation system.

² The ratio of ZEH, Nearly ZEH, and ZEH Oriented (in areas with snow accumulation of 100 cm or more) dwellings constructed between April 2024 and March 2025 in all areas excluding Hokkaido. The ratio for Hokkaido was 90%.

³ Source: Net-Zero Energy House Demonstration Project Survey Results (2024 Edition); Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy; Sustainable open Innovation Initiative. Figure for FY2023.

 ESG Data Book 2025: Ratio of detached ZEH homes



The Family Suite, a spacious living area with large windows overlooking the garden of the *Gohon no Ki* Project



Sekisui House proprietary tile-shaped photovoltaic panels

Expansion to Group companies

In order to expand its business domain in housebuilding, the Sekisui House Group is engaged in the construction of wooden housing that utilizes commonly available materials, in addition to its mainstay pre-fabricated housing. A shared Group-wide stance on achieving a decarbonized society through ZEH is reflected in the activities of Sekisui House noie and Sekisui House Construction, which together delivered 151 ZEH out of a total 397 homes in FY2024. We are working to promote ZEH in ways that align with each of these brands, which propose simple and just-right home building, through such means as using third-party ownership schemes for photovoltaic power generation. The Sekisui House noie housing business brand was transferred to Sekisui House Real Estate on February 1, 2025, enhancing our ability to provide high-quality homes that meet a diverse range of customer needs.

Contributing to a Decarbonized Society

Disaster resilience of Green First ZERO Houses

Comfortable living is only possible if residents feel secure about their homes when disaster strikes. To prepare for earthquakes, typhoons, and other natural disasters, in addition to the robustness of houses themselves, it is crucial to secure living spaces, food, water, and energy for use in the aftermath of a disaster. In 2004, the Sekisui House Group became the first house builder in Japan to launch an energy-saving, disaster-resistant house with facilities for storing supplies of food and water as well as household power storage cells and photovoltaic power generation equipment. Then in 2011, we launched Green First HYBRID houses, which enable both optimized energy use every day and power use during power outages through the coordinated control of these systems with fuel cells. As climate change has caused more frequent and severe natural disasters, we have enhanced the disaster resilience of our housing so that residents can live their lives with peace of mind.

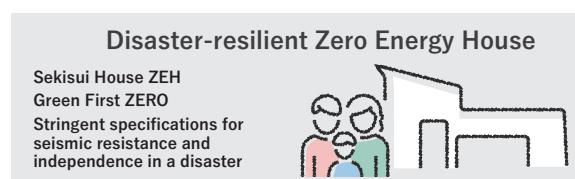
Today, we propose disaster-resilient zero energy houses that combine three features: securing living spaces after major earthquakes with high seismic resistance; space and facilities to store a three-day supply of food, drinking water, and water for hygiene; and energy self-sufficiency. Such houses offer photovoltaic power generation systems to generate electricity when the sun is shining, fuel cells that can generate electricity in cloudy weather or at night as long as they have gas and water supply, storage cells that store excess power generated by photovoltaic and fuel cell systems, a strong structure, and excellent thermal insulation and energy-saving performance. Through this combination, these houses allow residents to live in a way that is closer to normal after disasters, making home an effective disaster shelter.

Since April 2022, we have been further enhancing our resilience offerings with new emergency power supply boards for use in power outages and reinforced measures to prevent water from entering underfloor spaces during sudden heavy rains or flooding. In a home that has only photovoltaic panels and fuel cells, during a power outage, power is only available from specific emergency outlets. With an emergency power supply board,

however, appliances that need to stay powered, such as refrigerators, can stay plugged into their normal plugs (Figure 1).

In addition, to address increasingly common flooding damage, we raised the installation height of equipment, added water stops that can be set up at front doors during flooding emergencies, adopted reinforced concrete foundation slabs, added sewerage pipe air pressure release valves, and raised the height of building foundations. Through the combination of these five measures, we have reinforced measures to prevent underfloor flooding (Figure 2).

Recovery measures after a disaster are also important. Sekisui House leverages its Company-wide organizational strength to quickly assess the safety of the residents and the state of damage, make its nationwide factories available as bases to support regional restoration, and work with partner construction companies nationwide to provide the construction capabilities



In the event of a disaster →



Factories, employees, and partner companies protect the area under their care.

Figure 1. Power Use during a Power Outage

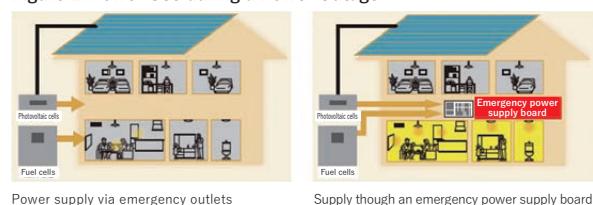
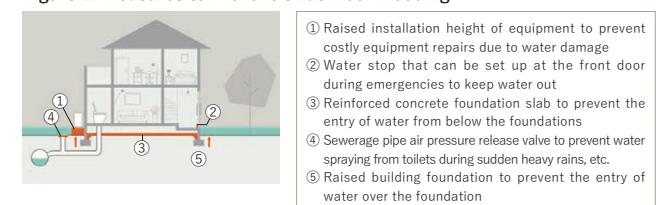


Figure 2. Measures to Prevent Underfloor Flooding



necessary for recovery. Through this recovery support framework, we aim to help customers get back to their normal lives as quickly as possible.

In this way, we are continuously working to better protect the lives of our customers by balancing comfortable living with the realization of a decarbonized society in normal times and providing a recovery support framework that leverages the resilience of buildings themselves and the organizational strength of our nationwide operations in times of disaster. These efforts encompass both the mitigation and adaptation approaches necessary to form policies that address climate change.

Based on its global vision to make home the happiest place in the world, the Sekisui House Group will continue to evolve Green First ZERO while developing and spreading the value of ZEH, which contributes to the happiness of residents and society at large. By doing so, we will lead the way in the decarbonization of the housing industry.

Contributing to a Decarbonized Society

Promoting ZEH in Sha Maison rental housing

Approximately 30% of the CO₂ emissions attributable to the residential sector in Japan come from multi-unit housing complexes. Of this, rental housing accounts for a large fraction, approximately two thirds. Therefore, the conversion of rental housing to ZEH is essential for decarbonization. We have designated ZEH under the Sekisui House rental housing brand Sha Maison as Sha Maison ZEH, and have been promoting its full-scale popularization since FY2020.

Two types of ZEH standards, each with different targets, are used for multi-unit housing complexes. The first is known simply as ZEH and applies the net zero energy standard to individual housing units in much the same way it applies to detached houses.¹ The second is known as ZEH-M and applies the net zero energy standard to entire residential buildings, including common areas. In ZEH-M, the building as a whole is judged against the ZEH standard, and it may clear the standard even if individual units within it do not. For this reason, from a resident-first perspective, we offer systems in which photovoltaic panels are connected to each unit so that residents can sell their own electricity individually, thus promoting unit-level ZEH that allows residents to enjoy the benefits of ZEH, including comfort and reduced utility costs. By making as many units ZEH as possible within each building, we are working to popularize rental housing that also meets the ZEH-M standard as a result.

In order to promote ZEH in rental housing businesses, which entails higher costs, it is also crucial to create business benefits for owners. We believe that as society as a whole progresses toward decarbonization, demand for ZEH will eventually increase in rental housing, as well. As the merits of residential units with unit-level ZEH are immediately clear before move-in, unit-level ZEH can be expected to help prevent occupancy rates and rents from declining, leading to long-term stable management.

A survey we conducted in FY2021 on residential awareness of global warming prevention among people in their 20s and 30s, who are the main users of rental housing, found that respondents were familiar with the effects of climate change, and we were able to discern an ethical-mindedness

among them in terms of choosing to live in an environmentally friendly manner in order to combat such effects. Because this type of thinking is expected to increase in the near future, the conversion of rental housing to ZEH can be considered a good investment.

Furthermore, a 2022 survey of Sha Maison ZEH residents found that 88% of respondents were satisfied and, of these, 78% said that they would choose ZEH for their next home after moving out. Rental housing residents often move out after a few years, meaning that over time, Sha Maison ZEH is helping increase the total number of people who prefer ZEH. In this way, Sha Maison ZEH, with its clear benefits to residents, is expected to have knock-on effects in popularizing ZEH throughout society.

This approach has been well received by numerous owners and residents, and the proportion of ZEH residential units across all of our rental housing is increasing every year. The ratio of ZEH units for rent² in FY2024 increased to 77% from the previous year's 76%.

¹ For a multi-unit housing complex, four types of ZEH standards are defined, depending on the difference in energy efficiency. "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%. In addition, ZEH-M and ZEH differ in their definitions of evaluation targets, which are "residential building" for the former and "residential units" for the latter.

² Ratio of ZEH Ready or higher-grade units

 News release: Conducted a Survey on Residential Awareness of Global Warming Prevention Among People in their 20s and 30s (Japanese only)

 ESG Data Book 2025: Ratio of ZEH units for rent

Promoting ZEH in GRANDE MAISON condominiums

As with rental housing, we are promoting the transition to ZEH at the unit level in condominiums for sale.

In February 2019, Sekisui House built GRANDE MAISON Kakuouzan Kikuzakacho (Nagoya City, Aichi Prefecture), the first condominium building in Japan with all ZEH units connected to photovoltaic power generation systems. Since FY2023, all GRANDE MAISON locations have been ZEH, adding 15 buildings and 636 units of ZEH condominiums in FY2024 for a cumulative total of 42 buildings and 2,094 units.³

In its condominiums, Sekisui House designs ZEH with an emphasis on livability, which is a benefit for the tenants. For example, sweeping vistas are part of the appeal of high-rise condominiums. The large windows typically used to maximize this appeal are disadvantageous in terms of energy conservation, but we have achieved both ZEH and comfort through innovations such as the use of vacuum double-glazed windows with extremely high thermal insulation performance. As part of our forward-looking initiatives, a project we co-proposed in Fukuoka City was selected in September 2024 by the Ministry of the Environment as a "Decarbonization Leading Area."

In FY2024, 100% of GRANDE MAISON condominiums sold were ZEH³. We plan to continue this through FY2025 onward.

³ Residential units that meet the ZEH Oriented standard or higher grade

 News release: All GRANDE MAISON Condominiums to Adopt ZEH-Specifications by FY2023 (Japanese only)

 ESG Data Book 2025: Ratio of ZEH condominiums for sale



GRANDE MAISON Motoazabu: Design plan maximizes the appeal of the site while harmonizing with the quiet residential surroundings.



GRANDE MAISON Daikanyama The Park: Design plan seamlessly integrates three key elements—a façade along the main road, park views, and effective use of the triangular site.



GRANDE MAISON Kitahorie Residence: Design plan alleviates the imposing feel of the main street façade with a latticed frame, while the base harmonizes with the street trees.



GRANDE MAISON Otemon The Residence: Design plan utilizes gates and greenery for the entryway, taking advantage of the property's expansive depth.

Contributing to a Decarbonized Society

Promotion of ZEB for non-residential construction

In addition to detached houses and multi-unit residential buildings, we are also promoting ZEB¹ in non-residential construction. To this end, we unveiled a style of proposal for office buildings called Green First Office. These proposals meet ZEB standards based on excellent thermal insulation performance that leverages ZEH design expertise and technologies developed in the housing business. These office buildings include proposals for spaces that improve worker productivity and help reinforce BCPs² with highly seismically resistant structures, thereby undergirding the sustained growth of companies. Reflecting customer needs related to reducing utility costs, promoting carbon neutrality, and increasing employee satisfaction, orders are up year on year. Outside of office buildings, we are also rolling out proposals suited to other building uses, such as clinics and nursing care facilities.

In FY2024, we completed 172 ZEB buildings, bringing our cumulative total since FY2016 to 475. As a company under the ZEB planner registration system, our target is for 50% or more of orders received in FY2025 to be for ZEB. We are reinforcing efforts to reach this target.

Furthermore, as an initiative to reduce CO₂ emissions from our business activities (Scope 1, 2), since FY2021 we have ensured that all new offices and facilities built for the Group's use are ZEB. Of the buildings designed and built by Sekisui House and occupied by companies of the Sekisui House Group, we now have a total of 18 ZEB buildings.



Green First Offices

¹ Net zero energy building, a building that aims for an annual primary energy balance of zero through energy efficiency and energy generation while providing a comfortable indoor environment.

² Business continuity plan, an emergency plan for corporate survival or for business continuity that makes strategic preparations to avoid an interruption of critical operations in the event that a disaster or other risk transpires.

Energy efficient remodeling of existing houses

We make energy efficient remodeling proposals for our existing houses through Group company Sekisui House Remodeling, Ltd. Energy efficient remodeling is general term for remodeling that entails the installation of photovoltaic panels or storage cells to increase energy self-sufficiency, improving thermal insulation performance, or replacing existing air conditioning and water heating equipment with high-efficiency models. For 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 renewable energy), we emphasize the merits of adding storage cells to their systems. Specifically, in addition to increasing the rate of self-consumption of surplus power, thereby helping reduce utility costs, we highlight the enhanced resilience that such an addition provides by enabling the use of electricity during power outages caused by natural disasters, which are increasing due to climate change. In FY2024, we were able to reduce CO₂ emissions by approximately 6,000 tonnes through solar installations done as part of our energy efficient modeling reforms.

As part of our efforts to decarbonize existing housing, we are also focusing an initiative to promote the proper recognition of the value of existing houses and create an active market for them. We believe that the proper assessment of the value of existing housing can help create more opportunities for investment in energy-saving remodeling and thus contribute to the decarbonization of housing stock.

The Japanese government's goal of reducing greenhouse gas emissions attributable to the residential sector 66% compared with the FY2013 baseline by FY2030 depends on decarbonizing existing housing. As such, initiatives in this area are expected to receive a range of policy support going forward. Sekisui House has supplied more than 2.7 million housing units to date and will continue to make remodeling proposals and promote

market circulation based on proper valuation while taking advantage of various forms of support measures from the government to further the decarbonization of existing housing.

ESG Data Book 2025: Number of insulation upgrades

ESG Data Book 2025: Avoided emissions

→ P.80 Promotion of SumStock quality housing stock

Contributing to a Decarbonized Society

Decarbonization of Business Activities and Response to Climate Change

Short-term (up to five years) greenhouse gas (GHG) emissions reduction targets

Sekisui House is working to decarbonize its businesses in line with the short-term target for FY2030 of reducing the Scope 1 and 2 emissions from its business operations by 75% compared with the FY2013 levels. To achieve this target, we aim to reduce emissions by 4.4% each year, to this end advancing such initiatives as switching to power derived from renewable energy sources (hereinafter “renewable energy”), moving to office buildings that meet ZEB specifications, and replacing our fleet of Company vehicles with electric vehicles.

 ESG Data Book 2025: Rate of CO₂ emissions reduction from business activities

Promoting RE100 through Sekisui House Owner Denki

In an effort to decarbonize its business activities, in 2017, the Sekisui House Group became the second Japanese company and the first company in the housing industry to join the international initiative RE100.¹ The Group is working to switch to renewable energy for use in its business operations. Most companies procure renewable energy through the purchase of green power certificates and the installation of photovoltaic power generation systems. In contrast, we procure surplus solar power from our customers under the post-FIT mechanism through Sekisui House Owner Denki (figure on the right).

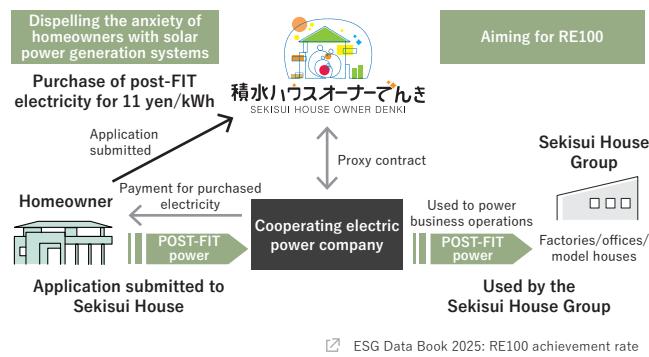
Because we were an early adopter of solar power generation systems in our houses, the annual amount of power generated by all of the solar power generation systems we had installed was estimated to be over 700 GWh when we joined RE100, more than five times the 120 GWh annual

power consumption of the entire Group at that time. Based on this, we estimated that we would be able to achieve RE100 by around 2040 if we could procure surplus power from 20%-30% of our customers under the post-FIT mechanism, and established this as a target. In actuality, we have been able to procure such power from roughly 50% of our customers, and expect to achieve RE100 earlier than originally anticipated. In FY2024, 58.3% of the total electricity purchased by the Sekisui House Group came from renewable sources, including Sekisui House Owner Denki.

In addition, Sekisui House Owner Denki also creates benefits for cooperating electric power companies by making large contracts for the Group's business use power. This makes it possible to set the unit price for purchasing surplus power higher than the market price, leading to higher customer satisfaction. We also expect to be able to achieve RE100 while controlling the cost of adopting renewable energy.

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

Overview of Sekisui House Owner Denki



Initiatives aimed at 100% electrification of Company vehicles

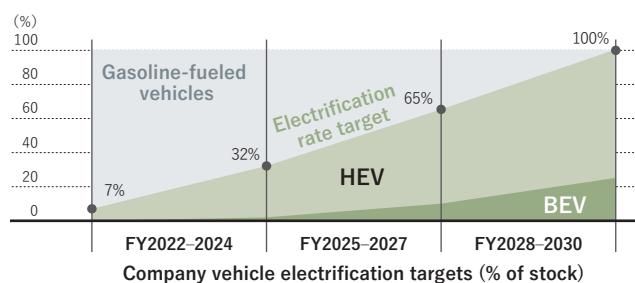
Company vehicles account for roughly 30% of the Sekisui House Group's CO₂ emissions. We thus regard reducing these emissions as an important aspect of realizing decarbonization.

We are promoting the switch to and adoption of electric vehicles, such as hybrid electric vehicles (HEVs), plug-in electric vehicles (PEVs), and battery electric vehicles (BEVs), and have set a target of 100% electrification of Company vehicles by 2030 and begun initiatives to achieve this goal. Since FY2023, we have been creating charging infrastructure that can be used with cloud systems to understand decentralized charging and charging amounts in order to optimize for increasing power demand at our locations. Starting with the Toyohashi Branch, usage of EVs as Company vehicles has begun at 17 locations, and we started a service that allows customers to charge their EVs when they visit these locations for consultations.

In addition to the adoption of HEVs, the adoption of EV Company vehicles enables us to utilize renewable energy through Sekisui House Owner Denki for charging electric vehicles. This initiative aims significantly reduce CO₂ emissions from Company vehicles (21,465 tCO₂ in FY2024) and contribute to the realization of decarbonization.

 ESG Data Book 2025: Percentage of Company electric vehicles (including hybrids)

Roadmap for Electrification of Company Vehicles



Contributing to a Decarbonized Society

Reduction of CO₂ Emissions at Procurement Stages for Components and Raw Materials

To reduce lifecycle CO₂ emissions from homes, the Group has been promoting the uptake of ZEH and other energy-efficient housing with the aim of reducing CO₂ emissions at the residential stage (Scope 3, Category 11). These efforts have led to significant reductions. However, emissions from the procurement of components and raw materials in the supply chain (Scope 3, Category 1) account for 22% of the Group's total emissions (FY2024 figure). We cannot address this significant portion of emissions alone, and are therefore continuing our collaborative efforts with suppliers. In October 2020, we surveyed our suppliers to determine the state of their initiatives to reduce CO₂ emissions. Based on the results, we held a seminar in February 2021, which 135 suppliers attended. We positioned this event as the kickoff of initiatives to reduce CO₂ emissions in our supply chain, subsequently holding additional seminars with 61 participating companies in April 2021; 242 in October 2021; 260 in September 2022; 157 in February 2023, and 279 in October 2023. We use these events to promote awareness of the need to acquire SBT validation¹ and to provide training for procurement staff. The seminars also feature keynote speeches by speakers from the SBT organization and progress reports for our policies, and major suppliers as well as small- and medium-sized suppliers who present on how they acquired SBT validation. Around 20% of the Sekisui House Group's CO₂ emissions that are attributable to the procurement stages for components and raw materials come from small- and medium-sized suppliers. That being said, sharing positive examples of how even small companies can obtain SBT validation helps more suppliers get validated. We have also set up a consultation service within the Company for small- and medium-sized suppliers to provide specific advice and answers to individual questions. Moreover, in October 2024, we held a seminar exploring the latest developments regarding CO₂ reduction from a broader perspective, which 499 suppliers attended.

We have set the medium-term target of raising the SBT-setting rate of our major suppliers to 80% by FY2030 and are steadily raising the current rate. In 2024, an additional 43 companies acquired SBT validation, bringing the total to 108 companies. In addition, as our suppliers set decarbonization targets and begin initiatives, these efforts contribute to the decarbonization of the construction industry as a whole. By promoting effective CO₂ reduction across the supply chain in cooperation with our suppliers, we will contribute to the realization of a carbon-free future.

In addition, we have joined the CDP Supply Chain Membership and have begun full-scale discussions on acquiring and utilizing primary data.

In January 2025, we obtained the Gold Grade under the "GX Acceleration Declaration Framework," a Ministry of Economy, Trade and Industry-led initiative in which companies voluntarily commit to and disclose actions toward creating a market for green transformation (GX). In line with this, we have launched efforts to reduce CO₂ emissions, working with other certified companies and suppliers.

By promoting effective CO₂ reduction across the supply chain in cooperation with our suppliers, we will contribute to the realization of a carbon-free future.

1 Validation by the Science Based Targets Initiative (SBTi) of corporate greenhouse gas reduction targets as being aligned with the requirements of the Paris Agreement

 ESG Data Book 2025: Percentage of suppliers setting science-based targets

Environmental certifications acquired by suppliers

We confirmed our suppliers' acquisition status of environmental certifications, including ISO 14001 (environmental management).

 ESG Data Book 2025: Percentage of suppliers acquiring environmental certifications

Use of lifecycle analysis during product and system design

For some time, we have calculated CO₂ emissions at every product lifecycle stage, from production to demolition, using the Life Cycle Assessment (LCA)² method. These calculations have shown that the residential stage is responsible for the largest portion of CO₂ emissions. To contribute to the realization of a decarbonized society, we recognize that the most important factor is reducing environmental impact at the residential stage and therefore continue striving to promote and evolve the development of eco-friendly homes that reduce emissions.

In addition, Group companies specializing in remodeling existing houses are working to reduce CO₂ emissions from the existing housing stock, making steady progress toward a decarbonized society by 2050.

Furthermore, by calculating CO₂ emissions for Scope 1, 2, and 3, we are monitoring CO₂ emissions not only during product manufacturing, but also upstream, including material procurement, and downstream, including during occupancy. We use this information to devise ways to reduce CO₂ emissions over the entire product lifecycle.

2 Life Cycle Assessment (LCA): An approach for quantitatively determining the environmental impact of all processes from the extraction of raw materials required for a product or service through to use and disposal.

Contributing to a Decarbonized Society

Other Initiatives

Public policy collaboration on climate change in Japan

Through the Japan Federation of Housing Organizations, which supervises the housing industry, and the Japan Prefabricated Construction Suppliers and Manufacturers Association, we endorse practical policies such as tax incentives and the expansion of various subsidy programs to promote climate change mitigation in all aspects of buildings, including housing, formulated by the government, particularly the Ministry of Land, Infrastructure, Transport and Tourism; the Ministry of Economy, Trade and Industry; and the Ministry of the Environment. We actively cooperate with and make recommendations to these entities.

Collaboration with international public organizations

In 2008, the Sekisui House Group declared that it would aim to be carbon-free in its operations and value chain by 2050. Since then, we have been focused on promoting the adoption of net-zero energy houses.

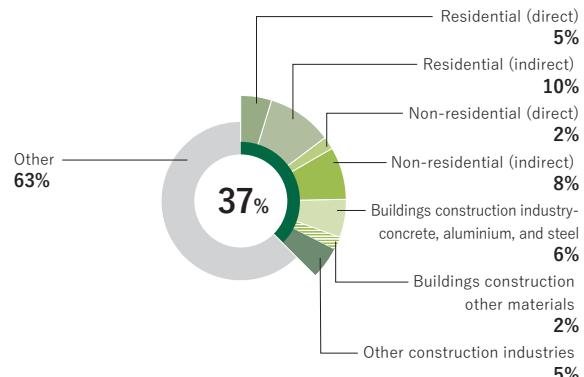
The United Nations Framework Convention on Climate Change (UNFCCC) has proposed that urgent action is needed to reduce carbon emissions from the building and construction sector, which accounts for about one-third of global energy consumption. An urgent need exists to achieve this objective with innovative buildings and construction methods. We will continue to work with experts from around the world to decarbonize the building and construction sector.

Main activities:

- Joined the Global Alliance for Buildings and Construction (GlobalABC), which was established at the UN's COP21 conference in Paris, France
- Participated in and submitted reports to the UN's COP22 conference in Marrakech, Morocco
- Made a presentation at COP23 in Bonn, Germany advocating the development of sustainable cities at SDG 11 Day, a ministerial meeting on SDG 11, highlighting the rationale and background for the mass adoption of ZEH

- Participated in the Building Materials Working Group since FY2022
- Participated in the international Race to Zero campaign for decarbonization organized by the UNFCCC through our membership in the Business Ambition for 1.5°C campaign organized by Science Based Targets (SBT) in conjunction with COP26
- Invited to and participated in the round table meeting at COP28 in Dubai, UAE entitled "Delivering the Buildings Breakthrough: Pioneering leadership for a low-carbon and resilient world"

Global share of buildings and construction operational and process CO₂ emissions, 2023



From the UNEP 2023 GLOBAL STATUS REPORT FOR BUILDINGS AND CONSTRUCTION 2024/25

Commitment in the event of inconsistencies between trade association positions and Company policy on climate change

As an industry leader, Sekisui House is positioned to play a leading role in decarbonization efforts. Industry trade associations have developed a good understanding of the Paris Agreement and the Japanese government's

policy on climate change and are engaging in initiatives consistent with broader industry activities. However, in the event of inconsistencies between Sekisui House's policies and the climate change position of trade associations due to future changes in social conditions or other factors, or the event that the Company deems trade associations' stance on climate change insufficient, we will take the lead in engaging with industry actors to promote consistency with national policy.

Harmony with the environment

Environmentally Symbiotic Housing is an initiative aimed at creating better housing through compliance with certification standards based on CASBEE for New Detached Houses, part of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) promoted by the Ministry of Land, Infrastructure, Transport and Tourism. 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 Built Environment and Carbon Neutral for SDGs.

In addition to adopting the concept of Environmentally Symbiotic Housing in product development, Sekisui House reflects this concept in its development of custom detached houses, condominiums, and gardens, striving to provide good housing and attractive cityscapes through the "Common's" cityscape evaluation system. In particular, we strive to reduce environmental impact through ZEH and promote harmony with the environment through the biodiversity-friendly *Gohon no ki* Project while creating comfortable living spaces. Through such tangible efforts to realize harmony with the environment, we aim to contribute to the emergence of a society committed to sustainability in housing and community development.

CASBEE has been adopted by numerous cities in Japan, particularly ordinance-designated large cities. Our CASBEE Accredited Professionals play a central role in promoting this initiative.

Contributing to a Decarbonized Society

Urban renewal evidence

Built in 1956 as the head office of the Equitable Life Insurance Company, City Ridge, a project in Washington, D.C., is one of the masterpieces of Leon Chatelain, a former president of the American Institute of Architects. Since 1977, it has served as the headquarters of Fannie Mae (the Federal National Mortgage Association). Since then, the Company has redeveloped the property while preserving this historic building, which is listed on the United States' National Register of Historic Places.

The project includes a 690-unit housing complex, a supermarket, a fitness club and a daycare center that serve local residents and provide a rich Streetscape in harmony with the historic community landscape. It is also the first property in Washington, D.C. to receive LEED¹ Gold certification, an environmental certification, for an entire community.

¹ LEED (Leadership in Energy and Environmental Design): An environmental certification system for buildings operated by the U.S. Green Building Council. Buildings are scored on multiple evaluation criteria, including energy efficiency, and ranked according to their score.



Preservation of historic buildings

Initiatives in the Real Estate Portfolio

GHG emissions, energy use, and water use

Sekisui House is working to decarbonize its real estate portfolio. The ESG Data Book contains figures for the portion of real estate that the Company owns, or for which it owns the real estate trust beneficiary rights, that is office and commercial buildings in the leasing business for which energy use and other such data is available.

 ESG Data Book 2025: Annual data of our real estate portfolio

Results of smart meter introduction

All of the real estate the Company owns or for which it owns the real estate trust beneficiary rights, all of the office and commercial buildings in the leasing business, for which energy use and other such data is available, are equipped with smart electric meters.

Evidence and ratio of buildings with green certification

Grand Front Osaka, in which Sekisui House owns a partial stake, has earned a five-star certification under the CASBEE² for Real Estate system.

The Company will continue striving to increase our ratio of buildings with green certifications, with a current ratio of 19% (based on number of properties).

² Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a Japanese green building system that comprehensively evaluates a building's environmental performance, much akin to LEED or BREEAM. Certification for CASBEE for Real Estate refers to buildings completed at least one year ago.

 Evaluation of Grand Front Osaka under CASBEE for Real Estate (Japanese only)

Green leases with tenants

Sekisui House has entered into green lease agreements with certain tenants of properties it owns, including those at Grand Front Osaka. From the perspectives of energy saving and environmental consideration, and sharing the principles of maintaining and improving residents' comfort and productivity, we and our tenants mutually cooperate in one another's environmental initiatives

Building management systems that measure energy efficiency

Umeda Sky Building, which Sekisui House jointly owns, uses a building energy management system (BEMS). Managing the indoor temperature and humidity as well as the operation of heat source facilities, the system is used to, for example, optimize the operating hours of building equipment. The system is also able to measure electricity consumed by lighting separately from the rest of the building's power.

The Sekisui House Group's GHG Emissions, Energy Use, etc.

Material balance

 ESG Data Book 2025: Environmental impact at business sites in FY2024

Status of GHG emissions

 ESG Data Book 2025: Value chain greenhouse gas emissions in FY2024
Greenhouse gas emissions from specific activities
Carbon intensity

 ESG Data Book 2025: Trends in greenhouse gas emissions

Status of energy use, purchase, and generation

 ESG Data Book 2025: Energy consumption in Sekisui House Group
Purchased energy (electricity)
Self-consumption of self-generated power

Disclosure in Line with Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Governance

The Sekisui House Group has established the ESG Promotion Committee as an advisory body to the Board of Directors to determine and implement action policies while confirming that all ESG management initiatives are reasonable and in line with societal expectations. The committee meets once every three months. Climate change response is positioned as one of the important agenda items of this committee, which evaluates the appropriateness of action policies and progress, and reports important matters to the Board of Directors.

The Company-wide, cross-departmental Environmental Subcommittee reports to the ESG Promotion Committee. Mainly composed of head office department heads involved in environmental management and individuals in charge of environmental management in each business division, this subcommittee meets once every three months to promote the alignment of organizational effort by sharing information on environmental matters and examining action policies and other resolutions, such as action policies. In addition, the Environmental Subcommittee broadly disseminates the decisions of the ESG Promotion Committee for adoption throughout the Group. The ESG Promotion Committee ensures effective, timely management oversight by providing the director of the Board responsible for each business and other managers with routine reports and instructions on the implementation of ESG initiatives.

 Value Report 2025 P.120 Corporate Governance Structure

Strategy

The Sekisui House Group aims for steady progress toward the overall decarbonization of its businesses. Accordingly, to clarify the appropriateness of the Group's strategy and issues, we anticipate various situations that may occur in the future, then conduct a scenario analysis while taking into consideration the specific circumstances of business activities and resources, as well as physical risks, including assumed business activities, duration, and the useful life of assets. We also evaluate transition risks based on potential scenarios for legislation, technology development and market conditions, and identify and address climate-related risks (physical and transition risks) and opportunities for our business activities.

We have already completed risk assessments and adaptation plans for most of our businesses. However, since we have expanded our business into new areas, including M&A over the past few years, we are planning to create

transition plans for all existing businesses based on their specific circumstances by roughly 2028 in order to adapt to physical risks. In addition, we intend to establish a system for early risk assessment and response for 100% of our new businesses in the future, and disclose the necessary related information.

The scenario we refer to is the 1.5°C scenario shown in Table 1. However, even if regulations are strengthened to achieve the 1.5°C scenario, it is possible that individual countries will not be aligned in their actions, resulting in Table 1. Scenario Analysis Assumptions Item a world as projected in the 4°C scenario, where climate change is even greater. For this reason, we must prepare for both scenarios simultaneously.

In February 2025, Japan set a new greenhouse gas emission reduction target of 60% by FY2035 and 73% by FY2040 compared to the FY2013 levels, with a view to achieving net zero emissions. Based on this target, a direction has been set in the housing industry to ensure energy-saving performance equivalent to standards for newly constructed Net Zero Energy Houses (ZEH) and Net Zero Energy Buildings (ZEB) from FY2030 onward, aiming to achieve such performance across our entire housing and building stock by 2050. For the residential sector, policy directions are aimed at accelerating the transition to non-fossil

energy sources and enhancing demand response capabilities of residential facilities. Specific governmental measures include promoting the introduction of energy-saving equipment for water heating, which currently accounts for approximately 30% of household energy consumption, as well as the installation of functions necessary to flexibly align its energy demand with supply. At the same time, energy suppliers will be called upon to take stronger action, such as stepping up information disclosure. For this reason, we have conducted a large-scale scenario analysis for all of our businesses and are reviewing our strategies. The potential financial impact of the major risks and opportunities identified through the scenario analysis, as well as our responses, are shown on the next page.

The financial impact and time horizons are defined as follows.

Financial impact

Large: ¥30 billion yen or more; medium: ¥10 billion or more; small: less than ¥10 billion yen

Time horizons

Short term: up to 3 years from 2024; medium term: up to 2030; long term: up to 2050

Table 1. Scenario Analysis Assumptions

Item	Assumptions
Reference scenarios	<ul style="list-style-type: none"> • IPCC¹ SSP 1-1.9 (countries adopt ambitious climate policies to achieve 1.5°C or lower and net zero CO₂ emissions by 2050) • IPCC SSP 3-7.0 (CO₂ emissions will not begin to decline even in 2050, resulting in high temperatures, heavy rainfall, storms, and other impacts) • IEA² SDS (the Paris Agreement and other targets will be achieved through the development of energy policies and investments; many countries and companies will achieve 2050 net zero) • IEA NZE 2050 (aimed at achieving net zero globally by 2050) • NGFS³ (Delayed Transition: due to the slow introduction of new climate policies and different levels of action in each country, emissions will not begin to decline until 2030, and then move toward net zero) • Announcements by the Japanese government and related councils, etc., such as "Reduce Japan's greenhouse gas emissions by 46% from the 2013 levels by 2030, with net zero emissions by 2050," "Reduce greenhouse gas emissions in the residential sector by 60% and 73% from the FY2013 levels by FY2035 and FY2040, respectively," "Reduce greenhouse gas emissions in the residential sector by 71–81% from the 2013 levels by 2040," "Ensure energy-efficiency at the level of the ZEH standard for new houses built in FY2030 and beyond," and "By 2050, popularize houses throughout the entire housing stock that can contribute to carbon neutrality." We take into account the scenarios published by the above international organizations, as well as announcements made by the Japanese government and relevant councils. Our model for transition risk assumes that the IPCC SSP 1-1.9, IEA SDS and IEA NZE 2050 scenarios of a 50% reduction in global CO₂ emissions by 2030 and a reduction to zero by around 2050 will require government policies including a high carbon tax and a market transition to decarbonization. In addition, as stated in the NGFS Delayed Transition scenario, continuing public and corporate initiatives to reduce CO₂ emissions under existing governmental measures until 2030 is inconsistent with the 1.5°C scenario. Moreover, the best temperature increase estimate, stated in the IPCC SSP 3-7.0, is 2.1°C rise over the medium term (from 2041 to 2060). Along with other parameters, these figures have been used as assumptions for physical risk.
Subject companies and businesses	All existing businesses of the Sekisui House Group companies ⁴ (including overseas subsidiaries in the U.S., etc., and the entire upstream and downstream value chain).
Quantitative/qualitative	Mainly a qualitative analysis of all existing businesses of the Sekisui House Group (including overseas subsidiaries in the U.S., etc.). Quantitative estimates of financial impact amounts for particularly important opportunities and risks.
Impact of Japanese market size	The Sekisui House Group generates most of its sales in the Japanese market (about 68% of sales from February 1, 2024 to January 31, 2025). The Japanese housing market is expected to contract gradually due to the shrinking population, declining birthrate and aging population. While this trend is by no means insignificant, it has not been considered in this analysis, as the focus is climate change-related impacts.

1 IPCC: Intergovernmental Panel on Climate Change

2 IEA: International Energy Agency

3 NGFS: Network for Greening the Financial System

4 Sekisui House and 376 consolidated subsidiaries (as of January 31, 2025)

Disclosure in Line with Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Table 2. Major Risks, Potential Financial Impacts, and Responses

Transition risk: Introduction of carbon pricing				
		Financial impact	Time horizons	
Impact	Carbon pricing has been widely adopted around the world. In Japan, the government is considering the introduction of an Emission Trading Scheme (GX-ETS), and it may be introduced relatively soon. If implemented, it may lead to increases in both direct and indirect business costs, as well as a potential decline in competitiveness.		High	Short-term
Response	The Group as a whole and its suppliers have a long way to go in order to decarbonize their business activities in the medium term, and if a carbon tax or emissions trading scheme with a unit price of around 10,000 yen/t-CO ₂ is imposed, the impact will be significant. We have already started a variety of initiatives throughout the value chain, including promotion of RE100, energy conservation in offices and production facilities, and reduction of CO ₂ emissions in the building materials manufacturing stage through collaborative efforts such as questionnaires and seminars with suppliers, and we intend to reduce this impact as quickly as possible.			
Transition risk: Rising housing prices and a shrinking market				
		Financial impact	Time horizons	
Impact	In the long term, the new construction market itself may shrink as housing prices soar due to the need to comply with stricter regulations required for achieving net zero emissions, and as the number of houses with poor energy efficiency and seismic resistance decreases, and more high-quality housing stock is being circulated in the market. Overseas, the impact of rising costs could be severe for low-priced products that specifically target first-time homebuyers.		High	Long-term
Response	The impact on regulatory tightening in the short to medium term on the Group is expected to be small. However, in response to further regulatory tightening in the long term, we will need to work systematically on the development of cost-competitive decarbonized housing. In addition, we are exploring ways to strengthen our supplied housing business, in preparation for the contraction of the new construction market.			
Transition risk: Decline in rental business revenues due to market changes				
		Financial impact	Time horizons	
Impact	Managed properties that do not have sufficient decarbonization performance will lose competitiveness, leading to lower occupancy rates and rents.		High	Long-term
Response	We will strive to increase the ratio of ZEH units in managed properties and promote decarbonization remodeling of non-ZEH units in order to maintain and increase the value of rental housing that appeals to renters.			
Transition risk: Decline in rental business revenues from managed properties with higher disaster risk				
		Financial impact	Time horizons	
Impact	Managed properties in disaster-prone areas will have lower occupancy rates and rents due to the increase in climate change-related disasters (floods due to rivers overflowing, landslides, etc.).		High	Long-term
Response	We recognize this as an issue, and are continuing to study this issue by checking government hazard maps and understanding the hazards in areas where construction is planned.			
Transition risk: Costs required to decarbonize business activities				
		Financial impact	Time horizons	
Impact	In order to decarbonize our business activities, various costs will be incurred, such as converting business locations to ZEB, electrifying Company vehicles, and making production facilities energy-efficient.		Low	Short-term
Response	The Company is systematically promoting decarbonization in all of its business activities, and the risk of incurring major costs that would affect its business is low at this point.			

Damage to Company-owned assets and the supply chain due to weather-related disasters

The Sekisui House Group conducts risk management based on the following assumptions about rain or wind storms of a severity it has never yet experienced.

Physical risk: Damage to Company-owned assets due to weather-related disasters				
		Financial impact	Time horizons	
Impact	Nationwide weather disasters could damage assets owned by the Group (factories, office buildings and other business locations, production facilities, vehicles, etc.), making it impossible to continue operations and incurring significant repair or replacement costs.		High	Medium-term
Response	The Sekisui House Group operates throughout Japan, with the exception of Okinawa Prefecture, and has already established a system that allows its business to continue through support from undamaged areas in the event of a disaster in some areas, including the head office functions. Such business continuity planning (BCP) measures are properly managed by the Risk Management Committee and updated as necessary. The amount of damage to the five factories in Japan was calculated based on the assumed inundation depths using river flooding hazard maps or internal flooding simulations, and it was found that for the four of these factories other than the Hyogo Factory, there is the potential to suffer inundation damage. A more detailed analysis based on the IPCC RCP8.5 scenario was conducted for the Kanto Factory, which is expected to suffer the most damage, and the expected damage has been confirmed to be within the coverage of the insurance policy that is already in place. Assuming, however, an increase in the severity of natural disasters in the future and the simultaneous occurrence of large-scale disasters throughout Japan, our business is expected to suffer extensive damage, and we will continue to examine ways to strengthen our disaster resilience.			
Physical risk: Damage to the Company's value chain due to climate change				
		Financial impact	Time horizons	
Impact	The frequency of supply chain damage and difficulties in obtaining construction materials will increase due to the intensification of disasters associated with climate change, as well as the increase in flooding, extremely hot days and heavy snowfalls. In addition, construction sites may be affected for the same reasons, and administrative costs may increase due to longer construction periods. In our overseas business, particularly in California, USA, wildfires and other disasters have a significant impact, potentially causing delays in land development plans and decreases in the valuation of planned development sites. In addition, such issues as a reduction in developable areas due to water shortages brought on by droughts and the disruption of wood growth caused by pests and diseases linked to higher temperatures are also considered risks that could lead to rising costs.		Not calculated	Medium-term
Response	Although the Company already has measures in place to decentralize the supply chain in anticipation of damage to suppliers' factories and transportation routes, and to prevent heat stroke at construction sites, continued consideration is needed in anticipation of an increase in the scale and frequency of natural disasters both in Japan and overseas.			

Other risks

Before purchasing land for resale either in Japan or overseas, we require the use of hazard maps and predictive data from water risk analysis tools such as the WRI Aqueduct developed by the World Resource Institute (WRI) to conduct an analysis of possible risks. When constructing large buildings, such as condominiums, we also refer to hazard maps during planning to minimize the risk of damage. However, the impact of climate change is growing year by year, and the scale and frequency of natural disasters may increase, so the Sekisui House Group will continue to study how to deal with related risks.

Disclosure in Line with Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Table 3. Major Opportunities, Potential Financial Impacts, and Responses

Major opportunity: Increase in ZEH/ZEB orders			
	Financial impact	Time horizons	
Impact	The Japanese government has set goals that include reducing greenhouse gas emissions in the residential sector by 66% compared with the FY2013 baseline by 2030, positioning ZEH and ZEB as key measures. In addition, demand for ZEH and ZEB is expected to increase in the future, as consumers become more ethically conscious and businesses further decarbonize. Moreover, we anticipate increasing demand for ZEH specification products overseas.	High	Medium-term
Response	The ratio of our detached house ZEH exceeds 90%, and ZEH is already a standard specification. Currently, we are also beginning to actively promote ZEH in rental housing and condominiums. We will expand ZEH and ZEB orders for the entire Group by leveraging our track record of receiving the largest number of ZEH orders in Japan. In our overseas business, if the installation of photovoltaic panels and storage cells becomes mandatory, our early adoption of ZEH standards provides competitive advantage in procurement and other areas. Early adoption also enables us to appeal to customers with benefits such as houses that maintain high resale value over the long term.		
Major opportunity: Increase in rental business revenues by converting managed rental properties to ZEH			
	Financial impact	Time horizons	
Impact	The Japanese government intends to require ZEH-level energy efficiency in all new buildings constructed in and after 2030. In addition, ZEH conversion of rental housing will eventually become more common, so the need for ZEH rental housing could increase dramatically as consumers become more ethically conscious.	High	Medium-term
Response	Since completing Japan's first rental housing that meets the ZEH standard for all units in 2018, we have been working to promote ZEH units that can appeal to residents. Orders are steadily expanding and we are preparing for a future expansion of demand for rental ZEH units, especially among ethically conscious consumers.		
Major opportunity: Increase in orders for decarbonization remodeling			
	Financial impact	Time horizons	
Impact	The government's goal of reducing greenhouse gas emissions in the residential sector by 66% compared with 2013 by 2030 requires energy-saving renovations to housing stock. For this reason, various reform support policies are being implemented and orders for decarbonization remodeling are proceeding well.	High	Medium-term
Response	Orders for insulation retrofitting, power generation and storage cells are on the rise as a result of customer requests and remodeling proposals. In particular, <i>Idocoro Dan-netsu</i> , a partial insulation improvement concept centered on areas where residents spend the most time, has been well received because of the small burden of the cost and construction period for the customer. These remodeling proposals also highlight enhancing disaster resilience. We will continue to promote remodeling proposals that are realistically feasible for widespread use.		
Major opportunity: Reduction of RE100 promotion costs			
	Financial impact	Time horizons	
Impact	Achievement of RE100 is essential to the realization of a decarbonized society. However, procuring renewable energy usually entails significant costs.	Low	Medium-term
Response	Through the Sekisui House Owner Denki initiative, renewable energy power is procured at almost no cost. Considering the possibility of the electrification of energy used in business in the future, such as a shift to EVs for Company vehicles, the cost of electricity may increase with conventional procurement methods. The cost reductions achieved through the Sekisui House Owner Denki initiative can be utilized to secure funding for other purposes, and can therefore be regarded as an opportunity.		

Major opportunity: Decarbonization of the production stage			
	Financial impact	Time horizons	
Impact	In decarbonizing the entire value chain, efforts by suppliers to reduce emissions at the construction material manufacturing stage are fraught with difficulties.	Low	Short-term
Response	Since a high percentage of our construction materials, such as exterior walls and frameworks, is produced in-house, it is easier to reduce greenhouse gas emissions from material production through planned technological development and capital investment than when relying more on external procurement, thus reducing the impact of carbon taxes. The cost reductions are considered as an opportunity, because they can be utilized to secure funding for other purposes.		
Major opportunity: Increase in infrastructure construction and waste disposal due to more frequent and severe weather-related disasters			
	Financial impact	Time horizons	
Impact	As sudden heavy rains are expected to occur more frequently, demand for construction related to stream and flood control infrastructure, including the replacement and maintenance of aging existing infrastructure, will increase. In addition, demand for proper waste disposal following damage caused by greater than expected rainfall will increase.	Low	Long-term
Response	To meet increased demand for infrastructure development related to disaster countermeasures, we will build up expertise in extending service life through preventive and protective infrastructure renewal and allocate personnel as needed in preparation for receiving orders. We will invest in technological development and the introduction of new technologies to increase competitiveness and differentiation by such means as offering waste disposal with high recycling rates for buildings, household goods, and other waste materials arising from wind and water damage.		

Confirmation of the resilience of the Sekisui House Group's existing strategies

The review found that the Sekisui House Group's strategy has already begun to address decarbonization and extreme weather events in all of its business activities, and it has been determined that no fatal impacts are currently apparent, either in terms of transition risk to a decarbonized society or physical risk due to climate change.

Disclosure in Line with Task Force on Climate-related Financial Disclosures (TCFD) Recommendations

Risk Management

As part of the Group-wide risk management process, the Sekisui House Group conducts assessments to determine climate change-related risks and opportunities based on the TCFD recommendations. Risks and opportunities are identified for the entire Group, led by the principal department of each business, and the results are aggregated by the Environmental Subcommittee, which conducts a financial impact assessment. Major risks and opportunities that are identified based on this process are reviewed by the ESG Promotion Committee, an advisory body to the Board of Directors, before being reported to the Board of Directors, which considers risk mitigation, transfer, acceptance, and control, as required. Furthermore, matters related to operational risks and hazard risks are shared with the Risk Management Committee, and reviewed and managed within the Group's overall risk management structure.

 Value Report 2025 P.133 Risk Management Structure

Metrics and Targets

In 2008, the Sekisui House Group declared its Vision 2050, which aims to achieve zero CO₂ emissions from housing by 2050. The Group has already begun various initiatives to achieve net zero CO₂ emissions in all business activities, including the use of renewable energy.

As a milestone toward achieving this goal, by 2030, compared with FY2013 levels, we aim to reduce our own CO₂ emissions in Scope 1¹ (direct emissions: fuels consumed for factories, offices, vehicles, etc.) and Scope 2¹ (indirect emissions: energy consumed by the Company, such as electricity) by 75%, and those in Scope 3, Category 11¹ (use of sold products) by 55%. These targets have been set by the Science Based Targets initiative (SBTi)² in line with a 1.5°C trajectory. Currently, we have set equivalent reduction targets with FY2023 results as our base year, and simultaneously established a target of net zero across the entire value chain by 2050. Both targets have been approved by the SBTi. Since we already met the 50% reduction target in FY2022, we have revised the targets for Scope 1 and Scope 2 reductions upward to a more ambitious goal for 2030.

As a RE100 member company, we are committed to converting to renewable sources of electricity for our business operations, adopting targets of 50% by 2030 and 100% by 2040. Various concrete measures have already been initiated to achieve these targets, with the 50% target for 2030 being achieved in FY2023.

¹ Classification of CO₂ emissions according to the categories of the Greenhouse Gas Protocol.

² Science Based Targets initiative (SBTi): A joint initiative established in 2015 by WWF, CDP, the World Resources Institute (WRI) and the United Nations Global Compact (UNGC).



SBTi



RE100



ESG Data Book 2025: Sekisui House Group's Scope 1 and 2 CO₂ emissions reduction

Sekisui House Group's Scope 3 CO₂ emissions reduction



ESG Data Book 2025: RE100 achievement rate

Future issues for the Sekisui House Group

As indicated thus far, the Group has already taken measures to address the anticipated risks from climate change and does not expect any significant financial burden. However, in order to ensure that the Group continues to implement decarbonization management as it has in the past, we will continue to monitor the major risk factors with significant financial impact that have been identified in this analysis and strengthen the necessary initiatives while further quantifying risks and improving the accuracy of the analysis. As for challenges going forward, we believe that the mission of the Group is to contribute to the transition to a sustainable society by further quantifying and improving the accuracy of risks related to newly consolidated Group companies.

In addition, climate change involves many uncertainties, so we need to gather a broad range of intelligence from outside the Group. In order for the Group to demonstrate leadership in the international community, we will further focus on stakeholder engagement through participation in various domestic and international initiatives, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Global Alliance for Buildings and Construction (GlobalABC), of which we are the only member in the Japanese private sector.

E Biodiversity Conservation

Commitment to Biodiversity and Zero Deforestation

In our Sustainability Vision 2050¹ plan, Sekisui House has set the goal, as a challenge for 2050, of maximizing ecosystem networks through business operations. We aim not only to achieve no net loss (to maintain the value of ecosystems) but also become nature positive (to enhance the value of ecosystems through our business operations). Based on this commitment, we remain focused on the *Gohon no Ki* Project, a landscaping and greening project that fully considers the ecosystem, as well as FairWood sustainable wood procurement.

In particular, achieving zero deforestation in wood procurement is recognized as a pressing global issue. The goal of zero deforestation by 2030 was adopted in the 2014 New York Declaration on Forests, and at COP26 in 2021, over 140 nations, including Japan, agreed to this goal. The Sekisui House Group supports zero deforestation, which aligns with its FairWood procurement approach, and has declared the goal of zero deforestation Group-wide in Sustainability Vision 2050. In the future, we also aim to achieve zero deforestation throughout our primary and secondary suppliers.

¹ Sustainability Vision 2050

Biodiversity Conservation

The *Gohon no Ki* Project, an eco-friendly landscaping and greening project²

Sekisui House is Japan's largest landscaping company, planting innumerable trees nationwide. To fulfill our responsibility as a large-scale house builder, since 2001 we have been implementing the *Gohon no Ki* ("five trees") Project, an ecosystem-conscious landscaping and greening project, to conserve biodiversity through our housing business.

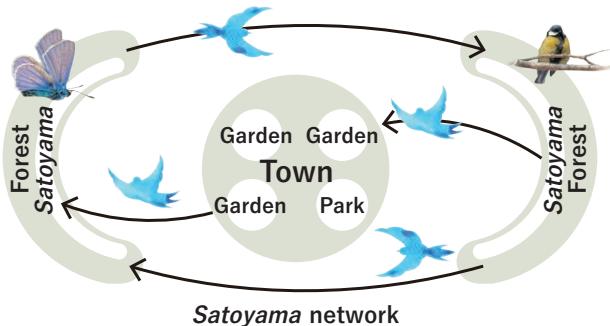
The *Gohon no Ki* Project is based on the approach that "three trees are for birds, two trees are for butterflies, and all are local native tree species." The project proposes the use of native tree species that are

beneficial to birds and butterflies in gardens. In addition to biodiversity conservation, we are making proposals that encompass the benefits to residents of garden visits by fauna and the other effects of garden trees. We seek to maintain and revive the ecosystem network (nature positive) by increasing the amount of richly green space in urban areas and by leveraging residential gardens, created under the *Gohon no Ki* Project, to support the habitat and activities of the fauna. Ecosystem networks enrich biodiversity at the regional and national levels, creating places where both wildlife and residents can simultaneously enjoy the richness of nature.

Thanks to the cooperation of the many customers who have endorsed the philosophy of the *Gohon no Ki* Project, there were 851,000 plantings (includes those outside of the *Gohon no Ki* Project) in FY2024, with the cumulative number of plantings since the 2001 start of the project rising to 20.69 million.

²  [Gohon no Ki Project \(Japanese only\)](#)

 [ESG Data Book 2025: Biodiversity-friendly tree planting](#)



Evaluating effectiveness quantitatively using big data³ on biodiversity

In 2019, to comprehensively evaluate small green spaces scattered across Japan that could not previously be assessed, we worked with the Kubota

Laboratory in the Faculty of Science of the University of the Ryukyus to start a joint verification analyzing the effectiveness of quantitative assessments of biodiversity conservation from a macro perspective. Using the big data on biodiversity from Think Nature Inc. in addition to cumulative data on the number, species, and location of trees planted by the Company, in 2021, this analysis made it possible to quantitatively express the effect of the *Gohon no Ki* Project on biodiversity in terms of the number of bird and butterfly species being attracted to residential areas. We also quantitatively evaluated the effectiveness of restoring biodiversity in Japan's three largest metropolitan areas (Tokyo, Osaka, and Nagoya) using an integrated diversity index and conducted simulations to assess the effect of continuing the *Gohon no Ki* Project through 2070.⁴ The results showed that the *Gohon no Ki* Project contributes to the restoration of biodiversity, and that the potential benefits can be amplified by expanding the project in the future. We will widely disclose not only the results of these assessments, but also the expertise we have accumulated through our activities over the past 20 years, and will continue to work with many companies and individuals to promote nature positive initiatives.

In July 2023, to further accelerate the Company's efforts in biodiversity conservation, we have entered into a collaborative agreement⁵ with Think Nature Inc. to promote biodiversity net gain and the standardization of its calculation methods. In June 2024, we launched a pilot version of the "Biodiversity Visualization Tool," a jointly developed system designed to recommend trees that help maximize biodiversity conservation in customers' gardens. We will accelerate our efforts aimed at our 2030 nature positive initiative while improving the quality of our ecosystem-friendly *Gohon no Ki* Project.

³ A dataset covering over 150 natural capital and ecosystem services, including the importance of biodiversity based on distribution data of over 300,000 different terrestrial and marine species.

⁴ News release: 20 Years of Urban Biodiversity Conservation with Customers through the *Gohon no Ki* Project (Japanese only)

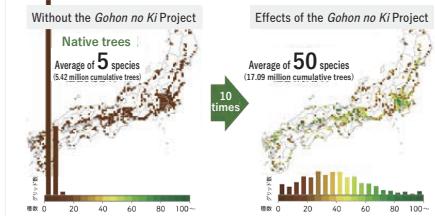
⁵ News release: Sekisui House and Think Nature Inc. Begin Collaborative Agreement Aimed at Promoting Biodiversity Net Gain (Net Increase) and the Standardization of Calculation Methods (Japanese only)

⁶ News release: Sekisui House and Think Nature Jointly Develop and Launch Pilot Version of Biodiversity Visualization Tool – Visualizing Nature-Positive Effects in Residential Landscaping (Japanese only)

Biodiversity Conservation

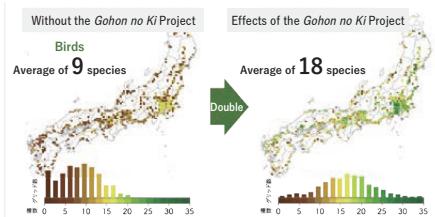
Effects of the *Gohon no Ki* Project

Project has achieved a **Tenfold increase** in tree species that are the foundation of biodiversity



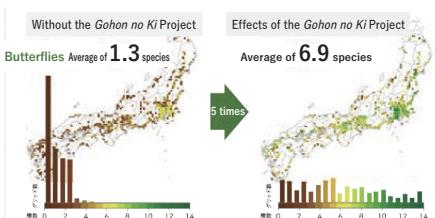
Results of big data analysis: Effect on birds

Gohon no Ki has the effect of attracting about **Twice as many** bird species to residential areas



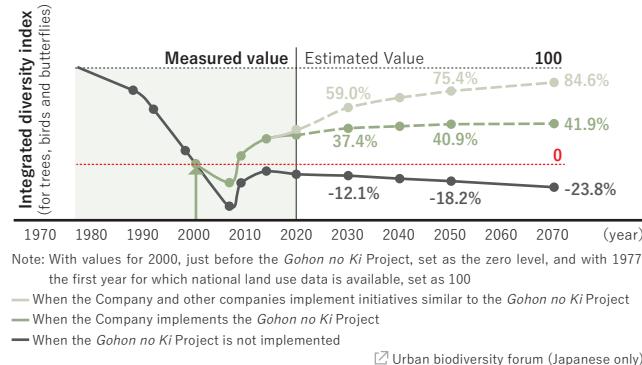
Results of big data analysis: Effect on butterflies

Gohon no Ki has the effect of attracting nearly **Five times** as many butterfly species to residential



Quantitative evaluation of nature positive effects

Simulation of changes through 2070 in three metropolitan areas (Tokyo, Nagoya, and Osaka) where green space degradation is significant



Urban greening

Big data on biodiversity has revealed that urban areas with densely packed houses and a large number of people are just as important to biodiversity conservation as forests and satoyamas (the traditional Japanese rural landscape consisting of cultivated fields, forests, and human settlements that are interconnected and coexist harmoniously). It is important to create high quality green spaces in urban areas where the available area is scarce. The Company has created high-quality green spaces that significantly impact biodiversity conservation efforts through its *Gohon no Ki* Project, a project focused on planting native tree species. To accelerate initiatives throughout the industry, in September 2024, we conducted a joint evaluation with Asahi Kasei Homes Corp. and Daiwa House Industry Co., Ltd. on the effectiveness of biodiversity conservation in urban environments using native tree species. The evaluation was based on the analysis of Think Nature Inc., and the results showed that each greening concept successfully restored the multifaceted elements of biodiversity.

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 property exteriors. In our GRANDE MAISON¹ condominium brand, we maintain a constant awareness of greening, with a target green coverage ratio (the percentage of the property's site area that is planted) of around 20% or more. The average green coverage of the 16 condominiums completed in FY2024 was 21.0%, representing green coverage of 5,597 m².

The outdoor areas surrounding multi-unit buildings such as condominiums also function as a place for re-establishing community among residents, which has increasingly been lost as condominium security has tightened in recent years. The abundance of greenery soothes the spirits of residents and enhances the value of the condominium.

¹ GRANDE MAISON (Japanese only)



Biodiversity Conservation

Urban development under the concept of *keinen bika*— creating a landscape that grows more beautiful 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, the shared spaces boast lushly green plazas and streets as symbols offering a richer life, with a townscape that will grow more attractive over the years under the concept of *keinen bika*. This approach 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,¹ which outlines our diverse expertise cultivated through urban development, such as that acquired through the *Gohon no Ki* Project, with adherence to the concept of sustainability.

¹  Urban Development Charter

Skyclair Town Midorizaka (Hiroshima City)



Photo from 1997



Photo from 2009

Commitment regarding greenfield development

The Tama New Town Higashiyama subdivision (Hachioji, Tokyo) is an example of greenfield development. For this project, we are advancing environmental assessments with due consideration to the preservation and nurturing of the local ecosystem in line with the commitments of the Company's Urban Development Charter, which states that "We will preserve existing woodlands and transplant trees that cannot be kept in place" and "Even small saplings will be saved and planted in various locations around town."

Even when it comes to land within a greenfield, selections are made where residential land development is possible in line with Company standards, and we encourage urban development in accordance with the *Gohon no Ki* Project, taking the local ecosystem and environment into consideration.

Sustainable Wood Procurement

Wood Procurement Policy and Wood Procurement Guidelines

Since establishing the ahead-of-the-curve Wood Procurement Guidelines in 2007, Sekisui House has promoted the procurement of FairWood, a sustainable source of wood. To better clarify our stance, we announced updates to our Wood Procurement Guidelines and creation of the Wood Procurement Policy on October 1, 2023.

Our newly established Wood Procurement Policy not only advances FairWood procurement as previously stated but also reaffirms our stance on working to achieve zero deforestation by 2030 and tolerating absolutely no human rights violations. In line with this, the ten Wood Procurement Guidelines have been revised to use more specific terminology such as "zero deforestation," "zero land conversion" and "respect for the free, prior and informed consent (FPIC) of indigenous peoples."

FairWood is defined as wood that is not only legal, but also contributes to sustainability and local development. We have declared FairWood procurement as a priority in our Wood Procurement Guidelines, and we are working to improve our level of procurement while engaging with FoE Japan and other international environmental NGOs and industry organizations. For example, we are constantly working with environmental NGOs to obtain the latest information on high-risk areas and update our risk assessment methods.

One objective of FairWood procurement is to secure a stable supply of sustainable and renewable resources for the Company. Another objective is to achieve a positive impact through sustainable forestry management that goes beyond avoiding illegal logging by continually working on our supply chain as one of Japan's leading wood consumers. This also aligns with our biodiversity conservation challenge goal of "maximizing ecosystem networks through our business."

The three fundamental policies of the Wood Procurement Policy (established October 1, 2023)

- ① We strive to practice environmentally friendly, socially fair procurement of FairWood.
- ② We will achieve wood product procurement with zero deforestation of natural forests by 2030.
- ③ We do not tolerate conflicts or human rights abuses anywhere in our supply chain.

The ten Wood Procurement Guidelines (as revised October 1, 2023)

- ① Source wood products with guaranteed legality and a supply chain that can be traced back to the logging site for due diligence processes, etc.
- ② Source wood products produced without damaging high conservation values (HCVs).
- ③ Do not source wood products from areas where the logging of natural forests causes biodiversity loss or deforestation.
- ④ Do not use endangered species for wood products.
- ⑤ Minimize CO₂ emissions when producing, processing, and transporting wood products.
- ⑥ Respect the free, prior and informed consent (FPIC) of indigenous peoples and source wood products from supply chains that do not involve conflicts or human rights abuses.
- 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 forests that are managed so as not to damage high carbon stock (HCS) forests or lead to forest conversion.
- ⑩ Source wood building materials that contribute to resource recycling and cascading use.

Biodiversity Conservation

Wood procurement risk survey and risk assessment

Sekisui House implements a wood procurement survey of its major wood suppliers (roughly 60 companies) according to the following process.

Since FY2023, we have explicitly stated in our Wood Procurement Policy and Wood Procurement Guidelines our goal of zero deforestation and have added a new KPI regarding the rate of accomplishment of this goal at our logging areas.

The ratio of Rank S and Rank A¹ wood has been gradually increasing from 47% before the guidelines were implemented in FY2006, reaching 97.1% in FY2024. The ratio of zero-deforestation (ZD) wood procurement has reached 92.4%.

¹ Depending on their total score, purchased wood products are classified into four levels, from high to low: S, A, B, and C. Out of a maximum score of 43, S rank is given to scores of 34 and above, A to 26 or more, B to 17 or more, and C to scores below 17. Minimal acceptable score thresholds are set for Wood Procurement Guidelines 1. and 4. which are especially high priority. We aggregate and disclose these scores as part of efforts to achieve net positive impact and no net loss.

Annual Due Diligence Wood Procurement Risk Survey Process



For existing suppliers whose evaluation results according to the Wood Procurement Policy reveal environmental risks, we conduct thorough due diligence² by continuous monitoring of evaluation standards and the achievement of those standards.

In the event that a serious risk is discovered in the due diligence process, we work with the related divisions to determine the proper remedial action and take measures that could include cutting back on transactions with the supplier, depending on the score in the supplier assessment. No suppliers were deemed high-risk in FY2024.

² Due diligence is the duty of care and effort that companies and others must apply as a matter of course. In Japan, the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (commonly known as the Clean Wood Act) refers to due diligence, and was enacted in response to the tightening of regulations on the handling of illegally harvested timber in Western countries. This is represented by a process of identifying risks of illegality by 1. collecting information, 2. assessing risk, and 3. practicing risk mitigation. A growing number of companies are currently practicing due diligence in wood procurement while also addressing ESG-related risks.

 ESG Data Book 2025: Volume of wood procured

Sustainable wood procurement rate (% that is ranked S or A)
Rate of zero-deforestation wood procurement
Percentage of wood products by region

i Initial risk assessment

- | | |
|-----------------------------|---|
| Tree species at risk | <ul style="list-style-type: none"> Washington Convention IUCN Red List, etc. |
| Logging country/region risk | <ul style="list-style-type: none"> Extent of illegal logging Corruption index, etc. |

ii Detailed risk assessment

If the probability of risk in the initial evaluation is high, we contact upstream suppliers and collect information on local forest management, biodiversity, and human rights risks and make a comprehensive determination.

• NGO information, document confirmation, site visits, etc.

Practicing due diligence in procurement

To us, due diligence is the process of securing sustainable timber that supports the future of our business, and we implement sustainable wood procurement through strict due diligence practices.

Many companies conduct due diligence only for low-risk timber from primary suppliers. In contrast, we also target suppliers at the secondary level and further upstream, visiting logging areas to investigate and confirm the status of operations when risks that cannot be simply eliminated are identified. This is because we believe it is important to share the tracking process with suppliers and strive for ongoing improvement in order to meet growing international calls for zero deforestation.

Conducting onsite due diligence overseas

Conducting onsite due diligence in high-risk areas of wood procurement is both effective in achieving zero deforestation and zero human rights violations in our Wood Procurement Policy and for strengthening engagement between various stakeholders such as suppliers and environmental NGOs.

In FY2024, we conducted due diligence of raw materials for interior components in Java, Indonesia, following due diligence conducted in Vietnam in FY2023. During this visit to logging sites and manufacturing plants for raw materials, we confirmed that our procurement practices do not contribute to deforestation. We additionally held interviews regarding human rights violations in the supply chain and confirmed that no such violations were taking place.

Biodiversity Conservation

Acquiring forest certifications (CoC certification)

The Company uses forest certification systems as one method to advance FairWood procurement and the Production and Procurement Division has acquired FSC,¹ PEFC², and SGEC³ CoC certifications.

Details of certification (FSC certification, FSC-C195799)



Certified organizations	Production and Procurement Headquarters Tohoku Factory, Kanto Factory, Shizuoka Factory, Yamaguchi Factory
Certification code	SGSHK-COC-350922
Date of certification	January 19, 2024
Certification Body	SGS Hong Kong

¹ FSC (Forest Stewardship Council): an international nonprofit organization with the goal of increasing the global responsibility of proper forest management

Details of certification (PEFC certification)



Certified organizations	Production and Procurement Headquarters Tohoku Factory, Kanto Factory, Shizuoka Factory, Yamaguchi Factory
Certification code	FAM-PEFC-COC-039
Date of certification	May 15, 2022
Certification Body	Forest Audit of Mori

² PEFC: Programme for the Endorsement of Forest Certification Schemes, an international certifying agency that engages in global certification systems and mutual recognition based on governmental standards set in place for sustainable forest management.

Details of certification (SGEC certification)



Certified organizations	Production and Procurement Headquarters Tohoku Factory, Kanto Factory, Shizuoka Factory, Yamaguchi Factory
Certification code	FAM-SGEC-COC-039
Date of certification	May 15, 2022
Certification Body	Forest Audit of Mori

³ SGEC: Sustainable Green Ecosystem Council was established as Japan's unique forest certification system, providing mutual recognition with PEFC since 2016.

Supply chain engagement

We conducted a briefing on ESG management in December 2023 to ensure internal and external stakeholders understand the policies set out in the Wood Procurement Policy, established and revised in FY2023, as well as the Wood Procurement Guidelines. A total of 54 suppliers attended, and we will move forward together to achieve our goals.

We invited a lecturer from the international environmental NGO Friends of the Earth Japan (FoE Japan) to give a keynote speech sharing the latest information on wood procurement. Two of our suppliers shared examples and all parties involved gained a deeper knowledge of the Company's policies and guidelines.

As we work together with our suppliers to achieve the goals of our FairWood procurement policy, we often face challenges that are difficult to resolve through supply chain management methods alone, including those related to due diligence. In response to such challenges, we take a cross-organizational approach with our suppliers, engaging in technical discussions—such as exploring the possibility of switching to materials that meet due diligence standards—as part of our efforts to achieve our targets.

Other Initiatives

Corporate green space that can contribute to biodiversity and obtaining Nationally Certified Sustainably Managed Natural Sites certification

On the north side of the Umeda Sky Building in Kita-ku, Osaka, where Sekisui House is headquartered, we created the Shin-Satoyama Garden covering 8,000 m². This garden was renovated in 2006 with more than 500, mainly medium to large native 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 green spaces.

In the belief that a variety of types of spaces supports the richness of an ecosystem, we provided various types of landscapes, including terraced rice paddies and fields to reproduce a satoyama in the city center.



Westward view of Shin-Satoyama and the Wall of Hope

The growth of a wide variety of plants has increased the amount of greenery, and many creatures—including more than 40 species of wild birds and more than 50 species of butterflies—visit, live, and grow in the garden. The arrival of birds of prey, which are rarely seen in the city, has also been confirmed. Instead of employing the conventional consumption-oriented management approach of removing weeds and fallen leaves immediately, natural low-load circulatory management has been adopted for the satoyama to enrich the soil organisms and broaden the food chain. In this way, we have created a green space where many creatures can now thrive.

Additionally, in 2013, we completed the "Wall of Hope," a huge greening monument on the east side of Shin-Satoyama measuring 9 meters high and 78 meters long that was installed at the initiative of the renowned architect Tadao Ando. In order to function as a model for the kind of vertical spatial greening that is expanding in cities, we covered the green wall with more than 20,000 plants of about 100 diverse species, focusing mainly on the tree species selected for the *Gohon no Ki* Project. The strategic arrangement of plants that flower or change colors at different times allows visitors to enjoy the varied appearance of the garden as it changes with the seasons. The Shin-Satoyama project has become familiar to nearby residents and office workers as a place where one can experience the true value of the ecosystem.

In October 2023, Shin-Satoyama was certified as a Nationally Certified Sustainably Managed Natural Site.⁴ Then, in September 2024, the Comprehensive Housing R&D Institute and the adjoining experiential housing museum Tomorrow's Life Museum (Kansai location), jointly received the same certification. In March 2025, Shin Umeda City, which boasts the Shin-Satoyama biodiversity garden, was awarded the highest Triple Star rating by TSUNAG⁵. These certifications affirm that the *Gohon no Ki* Project is contributing to biodiversity through corporate green spaces and is also an initiative that will also help us in achieving Japan's 30by30 target.

⁴ Nationally Certified Sustainably Managed Natural Sites: The Kunming-Montreal Global Biodiversity Framework, a new set of global goals to be achieved by 2030, was adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (CBD-COP15) in December 2022. Among them was the 30by30 target, setting the goal to effectively preserve 30% or more of all land and sea as healthy ecosystems. The initiative in Japan to achieve this goal is referred to as a Nationally Certified Sustainably Managed Natural site (areas where biodiversity is being pursued through private-sector efforts and certified by the Ministry of the Environment).

⁵ TSUNAG: A system under the Urban Green Space Conservation Act, in which the Minister of Land, Infrastructure, Transport and Tourism assesses and certifies the quantity and quality of greenery secured through private-sector initiatives. Launched in 2024, the system was created to encourage private-sector efforts in green space development and improve urban environments, against the backdrop of Japan's relatively scarce (and declining) urban greenery, relative to other countries, even amid growing expectations for functional green spaces.

Biodiversity Conservation

Domestic wood initiatives at Sekisui House

Looking at the forest industry in Japan, while many forests are entering a period of full-scale use, they are not being fully utilized for a number of reasons, and are not being replanted for the next generation.

To revitalize the domestic forest industry, we believe it is necessary to achieve the goals of both increasing demand to promote the renewal of forests for the next generation and advancing branding to create added value. Therefore, we have started using domestic timber, mainly for the structural materials in our SHAWOOD wooden-frame houses.

We do not simply use domestic timber, but also develop it as regional brands. By adopting materials from the regions where our customers live, we are contributing to local production for local consumption and the revitalization of regional economies.

Currently, we are developing cedar, cypress, and larch products, with over 8,000 buildings having been built with these materials. These products have grown to the point where they are an essential element of SHAWOOD.

In addition, the Company utilizes forest certification to support the promotion and expansion of certified forest products in Japan. In FY2024, we also joined the Forest Certification Promotion Council.



SHAWOOD posts bearing the brand of the producing area

Participating in 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) in 2008, we were one of the nine major Japanese companies to sign the Leadership Declaration of the Business and Biodiversity Initiative.

As a founding member of this initiative, we agreed to the three objectives of the Convention on Biological Diversity (conservation of biodiversity, sustainable use of biodiversity components, and fair and equitable distribution of the benefits of genetic resources), and we continue to promote biodiversity conservation¹ under this policy in our business operations. We have also endorsed the goals of the Taskforce on Nature-related Financial Disclosures (TNFD), which was launched in June 2021. We then joined the TNFD Forum in February 2022 and in January 2024 were recognized as a TNFD Early Adopter. In addition, we are part of the 30by30 Alliance, which was launched with the aim of achieving the global 30by30 target² adopted at the 15th Conference of the Parties to the Convention on Biological Diversity (COP15), and we are proactively cooperating with Nationally Certified Sustainably Managed Natural Sites⁴ with the aim of achieving OECM³ registration.

These initiatives are led and promoted by the Environmental Subcommittee, in cooperation with each department as well as domestic and overseas Group companies, based on the ESG management promotion structure.⁵ We also ensure that all employees understand and are familiar with these initiatives through progress reports, feedback on issues, and proposals for improvement.

1 → P18 Commitment to biodiversity and zero deforestation

2 30by30 is an international initiative to effectively conserve at least 30% of the Earth's land and ocean area as sound ecosystems by 2030 with the nature-positive goal of halting and reversing biodiversity loss by 2030.

3 Other effective area-based conservation measures, an approach to designating areas that contribute to biodiversity conservation outside of protected areas

4  Ministry of the Environment's "Nationally Certified Sustainably Managed Natural Sites" (Japanese only)

5 → P89 ESG Management Promotion Structure

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

The Six General Requirements of the TNFD

1. The Application of Material Issues

One of the Sekisui House Group's material issues is "Contributing to a Sustainable Society." Moreover, the Sixth Mid-Term Management Plan sets "deepening ESG management focused on material issues" as its fundamental policy, with a strong focus on nature-related initiatives. In our TNFD disclosures and analyses, which are based on the LEAP approach, we apply the principle of double materiality—recognizing both our impact on nature and our dependence on it.

2. The Scope of Disclosures

We evaluated the impacts and dependencies of all direct operations within our Group's business portfolio and conducted an analysis of associated risks and opportunities. In addition, after taking into account the scale of our operations and their financial significance, we performed an upstream evaluation of impacts and dependencies, along with a risk and opportunity analysis in our housing business. We also conducted a detailed analysis of impacts and dependencies on nature in wood procurement, which represents significant impacts and dependencies in the upstream value chain.

3. The Location of Nature-related issues

We have identified high priority locations in upstream value chain raw material procurement, particularly for wood, which has a significant impact and dependence on nature. Moving forward, we plan to further analyze and assess the impacts of other priority locations related to non-wood raw material procurement and the direct operations of our business.

4. Integration with other sustainability-related disclosures

This disclosure is based on the TNFD recommendations, and we are analyzing the alignment, synergies, and trade-offs of environmental issues such as climate change, resource circulation, and water security. Moving forward, we are considering integrating the nature-related disclosures into other sustainability-related disclosures.

5. The time horizons considered

The time horizons considered are short term: 3 years from 2024; medium term: up to 2030; and long term: up to 2050.

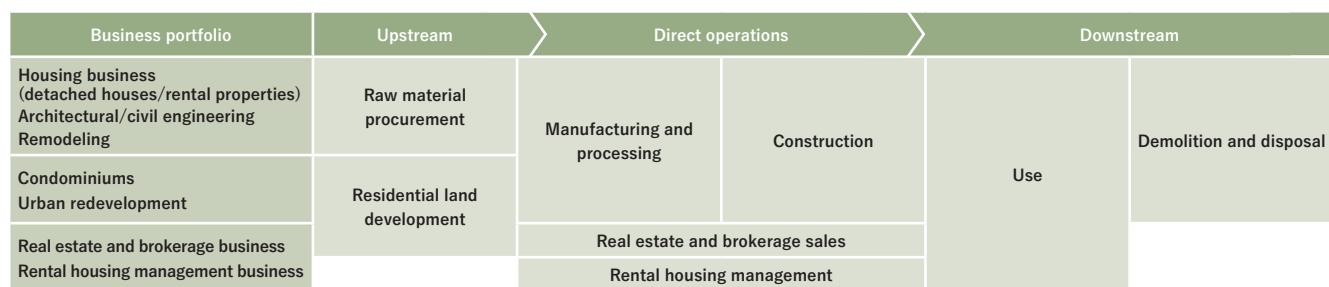
6. The engagement of Indigenous Peoples, local communities and affected stakeholders in the identification and assessment of nature-related issues

The Group places importance on "coexisting with local communities" as a key aspect of our material issue "Contributing to a Sustainable Society." By accurately understanding the needs and issues of regional communities and building trust with local stakeholders, we are able to appropriately adjust business and activity plans while forming strong partnerships with regional communities. In addition, we conduct risk management to address regional issues, achieving sustainable business activities through initiatives that consider the impact on regional environments.

Governance

The Group has established the ESG Promotion Committee as an advisory body to the Board of Directors to determine and implement action policies while confirming that all ESG management initiatives are reasonable and in line with societal expectations. The committee meets once every three months. Along with climate change, addressing nature-related issues is one of the key topics discussed by the committee. The committee evaluates the appropriateness of action policies and progress, and reports important matters to the Board of Directors. Additionally, the Human Rights Policy respects international norms, such as the International Bill of Human Rights, the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work, and Guiding Principles on Business and Human Rights, and supports the Ten Principles of the United Nations Global Compact. The CSR Procurement Guidelines and the Wood Procurement Guidelines also establish policies and standards aimed at preventing human rights violations. By following these policies and guidelines, the Group strives to have zero biodiversity-related and natural resource-related human rights violations in our business activities and procurement. In particular, the Wood Procurement Guidelines stipulate that free, prior, and informed consent (FPIC) be followed regarding all stakeholders, including indigenous peoples, near procurement sites. Additionally, we have established wood procurement policies that ensure we do not procure wood from any conflict areas.

Figure 1. The Scope of Our Group's Businesses



Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

Strategy

As with climate change, regarding biodiversity and natural capital, the Sekisui House Group works to clarify the appropriateness of its strategy and issues therein by anticipating various situations that may occur in order to make steady progress toward a world where people live in harmony with nature.

Accordingly, the Company considers risks and opportunities related to nature as well as assesses its impact and dependency based on the LEAP approach in the TNFD (Figure 2). In Value Report 2024, we screened and evaluated nature-related dependencies and impacts (1-1),

organized initiatives and used scenario analysis to prioritize our responses to risks and opportunities (3-1). We conducted an advanced analysis of wood procurement in the material procurement process, which is one of the four stages of our housing business (material procurement, manufacturing and processing, construction, and demolition) and has a high impact and dependency on nature, using big data on biodiversity possessed by Think Nature Inc.¹ Through this, the Company identified points of contact with nature that bear particular importance and evaluated impacts and dependencies (1-2, 2-1, 2-2), as well as qualitatively assessed the financial impact of risks (3-2). This report locates and evaluates nature-related impacts and dependencies across the direct operations of all

businesses (1-3). It also identifies risks and opportunities, and quantitatively assesses the financial impact on these businesses (3-3, 3-4). For details on 1-2, 3-1, and 3-2, please refer to the Value Report 2024.

1-1 Screening and evaluation of nature-related dependencies and impacts of the housing business (Locate•Evaluate)

In Value Report 2023, we screened potential impacts and dependencies using ENCORE² and other such methods on procurement data for the housing business (detached houses and rental housing). For details, please refer to Value Report 2024.

² ENCORE Partners (Global Canopy, UNEP FI, and UNEP-WCMC). ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. [Online], [version downloaded 1/2023], Cambridge, UK: the ENCORE Partners. Available at: <https://encorenature.org>. DOI: <https://doi.org/10.34892/dz3x-y059>. ENCORE is an analytical tool on the TNFD Tools Catalogue. By helping users better visualize and understand the impact of environmental change on the economy, ENCORE can be used to understand how common business processes impact and depend on nature.

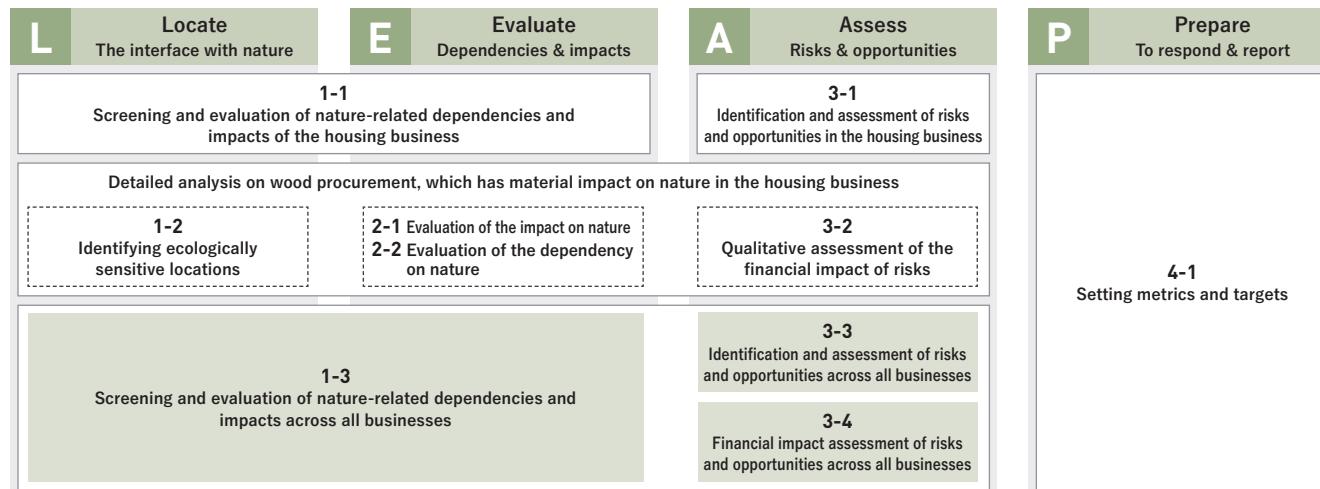


Figure 2. Nature-related management approach in line with the TNFD LEAP

Note: Green indicates areas newly covered in FY2024.

1 A dataset covering over 150 natural capital and ecosystem services, including the biodiversity importance based on distribution data of over 300,000 different terrestrial and marine species

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

1-3 Screening and evaluation of nature-related dependencies and impacts across all businesses (Locate/Evaluate)

In FY2024, we categorized all of the Group's direct operations into four business classifications and used ENCORE to analyze nature-related impacts, such as the conversion of land and pollution, as well as dependencies on ecosystem services, such as rainfall regulation (Figure 3). From these analyses, we found that many of our direct operations are related to impact and dependency factors concerning water cycles and soil, as well as ecosystem services.

2-1 Evaluation of the impact of wood procurement on nature (Evaluate)

ENCORE identifies terrestrial ecosystem use,¹ as having a significant impact within the forestry-related factor. Specifically, when considering the distribution of procurement volume, we have observed relatively large

impacts on plantation forests throughout Malaysia; natural forests in Kalimantan, Indonesia; plantation forests in central Java, Indonesia; and plantation forests in the Chugoku and Shikoku regions of Japan as well as on the Pacific side of Honshu south of the Kanto region. We recognize that wood production in these regions may pose a threat to the regional terrestrial ecosystems.

The Company conducts onsite due diligence as part of our commitment to achieving the zero-deforestation goal outlined in our Wood Procurement Policy. In FY2024, we carried out onsite due diligence in central Java, Indonesia, which has been identified as having a significant impact on terrestrial ecosystems due to wood procurement activities. Our due diligence focused on wood sourced for interior components from plantation forests and upstream processing sites. As a result, we confirmed that appropriate management practices are in place at production sites and operations are not contributing to deforestation in natural forests. We will continue to conduct periodic assessments to ensure that sustainable forest management practices

are being upheld. Additionally, we will consider conducting assessments in other regions identified as having a significant environmental impact.

¹ Refers to land conversion of terrestrial ecosystems for purposes such as agriculture, forestry or urban development. The magnitude of terrestrial ecosystem use was assessed by multiplying geographical data on the degree of threat to the terrestrial ecosystem by the volume of procurement distribution. The degree of threat to the terrestrial ecosystem was evaluated by scoring the concentration of rare species that are threatened by land use and development activities. It is important to note that land use and development may occur for reasons beyond wood production. Consequently, there may be additional factors influencing the degree of threat to the terrestrial ecosystem in areas identified as having high levels of threat.

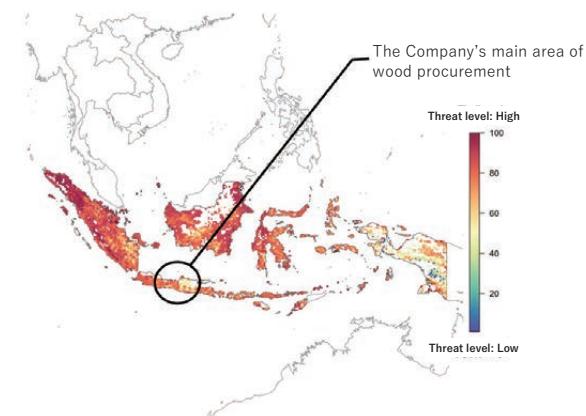


Figure 4. Analysis of Impacts on Terrestrial Ecosystems
(Plantation Forest Areas in Indonesia)

Figure 4. Plantation forests in the central region of Java comprise the Company's main wood procurement area in Indonesia. The impact on the terrestrial ecosystem in this procurement area is relatively low compared with other areas in Indonesia. However, Indonesia's importance to biodiversity is substantial, exerting a considerable nationwide impact on terrestrial ecosystems. Therefore, it is essential to properly select and manage sustainable procurement practices.

Note: The threat to terrestrial ecosystems score is a relative representation of threat levels of each location, ranging from 1 to 100, where 100 indicates an area with the highest level of global threat and 1 indicates an area with the lowest level of global threat.

Businesses	Major category	Dependencies										Pressures (impact drivers)											
		Provisional services		Regulatory services			Cultural services		Land conversion	Direct use	Climate change	Pollution	Invasive species, etc.	Disturbances (e.g., noise, light)	Invasive species								
Direct operations	Industry	Water supply	Water flow regulation	Animal-based energy	Water purification	Soil and sediment retention	Flood control	Noise attenuation	Sensory impact	Global climate regulation	Air Filtration	Rainwater pattern	Dilution by atmosphere and ecosystems	Local climate regulation	Land use	Seabed use	Water use	GHG	Non-GHG air pollutants	Toxic pollutants	Solid waste	Disturbances (e.g., noise, light)	Invasive species
Detached houses/Rental housing and commercial buildings/Remodeling/Condominiums/Urban development	Construction																						
Architectural/Civil engineering	Construction																						
Rental housing management	Real estate activities																						
Real estate and brokerage	Real estate activities																						

Figure 3. Potential impact drivers and dependencies on natural capital in all businesses (direct operations)

Note: Based on analysis results from ENCORE; darker orange indicates the higher potential impact and dependency.

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

2-2 Evaluation of the dependency of wood procurement on nature (Evaluate)

To identify areas that are deficient in ecosystem services and vulnerable to dependencies on nature, we analyzed forestry-dependent ecosystem services, as identified by ENCORE. As a result of this analysis, we found areas in the following regions to be lacking in essential functions that wood procurement activities depend on: soil stabilization and erosion control in the Chugoku and Shikoku regions of Japan, pest control functions in the central and southern parts of Sweden, as well as in all natural forests in the United States and plantation forests in its northern and western regions, and flood protection functions in the northern parts of Austria. For details, please refer to Value Report 2024.

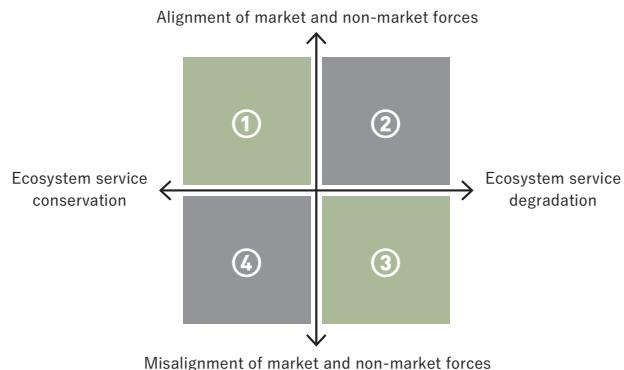
3-3 Identification and assessment of risks and opportunities across all businesses (Assess)

We have compiled a list of items with significant environmental impacts and dependencies in our direct operations (1-3), along with potential risks and opportunities related to raw material procurement, which has been identified as having a substantial impact on nature (1-1). Subsequently, we highlighted the items from this list that are particularly important to our Company and identified the corresponding specific risks and opportunities. As part of the process to identify these major risks and opportunities, we established a cross-functional working group consisting of 52 members from 23 departments within the Group. We have held 16 workshops in total, creating a platform for discussions on future nature-related risks and opportunities, as well as our resilience in addressing them.

When conducting these workshops, we constructed exploratory scenarios¹ for the short term (3 years from 2024), the medium term (up to 2030) and the long term (up to 2050), based on perspectives of the state of nature in terms of the condition of biodiversity and temperatures increases (horizontal axis) as well as global trends in technology, society, regulations and

politics (vertical axis). In the four-quadrant scenario consisting of two uncertainties as recommended by the TNFD, we titled Scenario 1 as "A World of Sustainable Systems" and Scenario 3 as "A World Headed for Ruin" (Figure 5). Next, we held internal workshops for relevant employees and discussed the nature-related risks and opportunities the Company could face under each scenario.

1 In constructing the scenarios, we used WWF's Living Planet Report 2022 and IPCC's Sixth Assessment Report (2021) as references to set fixed conditions regarding the state of nature in 2040. In Scenario 1, with the horizontal axis representing the state of nature, the ecosystem is gradually recovering and the global environment is projected to improve due to achievement of the 1.5°C scenario. The vertical axis represents market and non-market forces moving in the same direction. This scenario envisions a world where society, laws, regulations and the economy are all moving in a way that is beneficial for the environment. Scenario 3, on the other hand, envisions a world where ecosystems degrade and climate change-induced temperature increases continue. The vertical axis shows market and non-market forces running counter to each other, with society, laws, regulations and the economy moving in a way that is detrimental or has no positive impact on the global environment.



Note: Created based on the TNFD v1.0 "Guidance on scenario analysis"

Figure 5. Four-quadrant Scenario Consisting of Two Uncertainties as Recommended by the TNFD

3-4 Financial impacts of risks and opportunities (Assess)

Through Company-wide workshops and scenario analysis, we identified key risks and opportunities and assessed their potential financial impact. The results are displayed on the following page. The Company will further advance internal discussions to gain deeper insights into nature-related impacts and dependencies linked to each risk and opportunity, refine priority areas and approaches, and formulate action plans for issues requiring further attention. Financial impacts will also be examined in greater detail.

The financial impact and time horizons are defined as follows.

Financial impact

Large: ¥30 billion or more; medium: ¥10 billion or more; small: less than

¥10 billion

Time horizons

Short term: 3 years from 2024; medium term: up to 2030; long term: up to 2050

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

Table 1. Nature-related Risks of the Group

Risk type		Impacts/Dependencies *Based on TNFD Sector Guidance	Risk	Financial impact	Scenario		Time horizons		
					1	3	Short-term	Medium-term	Long-term
Physical risk	Acute	Dependency	Protection from floods, storms, landslides, and soil erosion	Landslides, storm damage, and flooding due to the degradation of nature caused by development activities may expose the Company to liability for compensation.	High	●			●
	Acute/ Chronic	Impact	Sealed surfaces increase temperatures and flood risk, and reduce the recharge of water resources	Extreme weather, increased damage from floods and storms, a higher frequency and severity of landslides, and restrictions on water usage may cause delays or stoppages in various business operations, including construction and material transportation.	Low	●			●
	Chronic	Dependency	Sourcing of building materials	The degradation of ecosystems poses challenges in sourcing materials from habitats associated with threatened species and products from supply chains that have a significant impact on the environment. This, combined with rising material costs, may affect the overall capacity for housing supply.	High	●			●
	Chronic	Dependency	Sourcing of building materials	Excessive gravel extraction through environmentally harmful methods may diminish the supply of gravel and sand needed for concrete production, resulting in increased costs for concrete materials and alternative products.	High	●			●
	Chronic	Dependency	Sourcing of building materials	Forest fires may disrupt the consistent procurement of timber, causing material procurement costs to rise sharply.	High	●			●
	Chronic	Dependency	Water supply	Weather-related disasters, such as typhoons and floods caused by climate change may disrupt the water cycle and restrict water use, leading to increased costs if production bases are unable to access water, and reduced rental income if widespread water outages result in rent reductions.	Medium	●			●
	Chronic	Impact	Land clearance, habitat fragmentation, and degradation	Stricter regulations or increased emphasis on greenery and scenic value in planned development areas may necessitate changes to plans, leading to higher response costs.	High	●		●	
	Government policy	Impact	Contaminated soil and water from spills and waste accumulation	The introduction of new standards and regulations for pollution control and waste management may increase risk mitigation costs, such as waste disposal, demolition, and soil contamination associated with land acquisition.	Medium	●			●
	Government policy	Dependency	Land availability	Urban planning regulations may become stricter to preserve the habitats of endangered species and valuable ecosystems in urban areas, resulting in higher costs for land acquisition, habitat compensation, and increased assessment-related expenses.	Medium	●			●
Transition risk	Government policy/ Market	Impact	Noise disruption to wildlife	Growing concern about mitigating environmental impacts may lead to higher costs associated with noise monitoring for sounds that could negatively impact biodiversity and related management costs.	Low	●			●
	Market	Impact	Impacts associated with production of building materials	The growing demand from investors for reports on nature-related risks in the upstream supply chain of wood harvested from natural forests and forests with high conservation value may lead to higher costs for wood sourced sustainably.	Low	●			●
	Reputation	Impact	Contaminated soil and water from spills and waste accumulation	Growing concern for ecosystem preservation and inadequate responses to environmental challenges may lead to distrust, resulting in reputational risks for the Company, which could cause project suspensions, reduced sales, and a decline in stock prices.	High	●			●

Table 2. Nature-related Opportunities of the Group

Opportunity type		Impacts/Dependencies *Based on TNFD Sector Guidance	Opportunity	Financial impact	Scenario		Time horizons		
					1	3	Short-term	Medium-term	Long-term
Opportunities related to sustainability performance	Resource use	Impact	General	Through initiatives such as the reuse of buildings, the Company is recognized as a leading organization implementing circular economy strategies, resulting in enhanced evaluations from customers and the market.	High	●		●	
	Resource use	Impact	General	By engaging with local communities, government, and stakeholders early on through explanations of development and architectural design projects, the Company can avoid potential issues and facilitate smooth business operations.	High	●			●
	Resource use	Impact	General	By proposing initiatives that protect cultural values and leverage regional strengths, the Company can create new value by gaining customer empathy, which may lead to increased sales and the development of new business opportunities.	High	●			●
	Ecosystem conservation/ restoration/ regeneration	Impact	Land clearance, habitat fragmentation, and degradation	By establishing buffer zones around construction sites that consider the habitat of native species and other wildlife, the Company can reduce the impact on ecosystems. Additionally, the presence of green spaces in the area improves the living environment and enhances the asset value of land and buildings.	Medium	●			●
Business/ sustainability	Product and service ecosystem conservation/ restoration/ regeneration	Impact	Land clearance, habitat fragmentation, and degradation	By leveraging the expertise and technology from the <i>Gohan no Ki</i> Project, we will promote green spaces in residential areas and enhance the value of urban green spaces, thereby facilitating the development of new business opportunities.	High	●			●
	Products and services	Dependency	Green space creation, improving environmental quality and protection from floods, storms, and soil erosion, as well as providing amenity value	Increasing demand for real estate with green spaces or those located near green areas will lead to higher demand for projects that incorporate planting plans based on the <i>Gohan no Ki</i> Project, while also expanding businesses opportunities such as hotel operations that leverage the rich natural environment.	High	●		●	
Opportunities related to business performance	Market/ Reputation	Impact	Impacts associated with production of building materials	By transforming virgin materials into alternative products made from waste and by-products, the Company enhances its reputation as an environmentally conscious organization, which in turn raises environmental awareness throughout our value chain. This can lead to the development of new business opportunities and an increase in sales.	High	●		●	●
	Market/ Reputation	Impact	General	By creating community services that involve local residents in the maintenance of planting in residential developments, the Company contributes to the sustainable development of the community through revitalization efforts, while also facilitating business expansion.	High	●			●
	Market/ Reputation	Impact	General	Due to policies in various countries, there is a growing demand for low-environmental-impact construction, such as green buildings, driven by a significant promotion of sustainable building practices.	High	●			●

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

Risk and Impact Management

As part of the Group-wide risk management process, the Group implements assessments to determine nature-related risks and opportunities as well as impact and dependency assessments based on the TNFD's LEAP approach. First, we identified activities throughout the entire value chain that have potential nature-related impacts or dependencies. For wood, we conducted a geographic assessment to identify points of interface with ecologically sensitive locations based on detailed procurement information. After identifying impacts and dependencies, we evaluated their significance based on qualitative and quantitative analyses.

The identification of risks and opportunities was conducted across the Group using scenario analysis, with the relevant departments of each business unit taking the lead. The results are consolidated within the Environmental Subcommittee, where financial impact assessments are performed. Key risks and opportunities identified through this process are reviewed by the ESG Promotion Committee, which serves as an advisory body to the Board of Directors and are subsequently shared with the Board. Necessary discussions regarding risk mitigation and responses are considered as needed. In addition, matters related to operational risks and hazard risks are also shared with the Risk Management Committee, ensuring they are considered and managed within the Group-wide risk management framework.

We will continue to strengthen our engagement with key stakeholders, including suppliers related to our business activities.

Currently, we are implementing initiatives that create opportunities and contribute to risk reduction, as outlined below. Moving forward, we will actively consider and execute new initiatives.

Risk Reduction: Sustainable wood procurement

We are committed to sourcing 'FairWood', which not only complies with legal standards, but also contributes to biodiversity conservation and the development of local communities. Since 2007, we have established the Wood Procurement Guidelines (10 principles) for sourcing. However, to better respond to social conditions, we set a "Wood Procurement Policy" as our fundamental policy in October 2023, positioning the "Wood Procurement Guidelines" as a specific approach. This revision clarifies our stance on wood procurement aimed at achieving the materiality of

Contributing to a Sustainable Society. We believe that sustainable procurement efforts also enhance our risk resilience from the perspective of resource efficiency. In procurement areas where we have identified significant impacts and dependencies, we will closely monitor information based on these guidelines and verify details individually to work on risk reduction.

→ P20 Wood Procurement Policy and Wood Procurement Guidelines

Opportunity creation: Measuring the biodiversity effects of the *Gohon no Ki* Project

Since 2019, in collaboration with the Kubota Laboratory of the Faculty of Science of University of the Ryukyus and Think Nature Inc., we have been engaged in joint research to analyze the quantitative effectiveness of biodiversity conservation. This project has demonstrated that the *Gohon no Ki* Project can contribute to the recovery of biodiversity in urban areas where ecosystem degradation is severe, and that expanding the project in the future will further enhance its effectiveness. In June 2024, we jointly developed an internal tool called the "Biodiversity Visualization Tool," which aims to maximize the biodiversity conservation effects of trees and other plants in customers' gardens by visualizing these effects from the design stage. We are currently reviewing future developments and objectives based on pilot tests and result analyses. Additionally, we are conducting joint research on biodiversity and well-being with the Laboratory of Conservation Ecology in the Graduate School of Agriculture and Life Sciences / Faculty of Agriculture, The University of Tokyo. In 2024, we found that planting native tree species fosters interaction with nearby nature, enhancing the well-being of residents and their environmental awareness. The *Gohon no Ki* Project, which contributes to biodiversity while providing a rich living environment, not only creates brand value for our Company but also has the potential to contribute to society's nature-positive initiatives as a Nature-based Solution (NbS). We will actively engage in new areas, including the verification of the social aspects of nature-related initiatives.

Metrics and Targets

At the Sekisui House Group, our Sustainability Vision 2050¹ sets goals for 2050 that aim not only for No Net Loss (ensuring that ecosystem values are not diminished) but also for becoming Nature Positive (to enhance

the value of the ecosystem through our business operations). We are committed to maximizing ecosystem networks through our business activities, focusing on the landscaping and greening initiative the *Gohon no Ki* Project, and sustainable wood procurement through FairWood. Additionally, we will promote decarbonization across all business activities, including our supply chain, and advance our efforts toward a circular economy.

1  Sustainability Vision 2050

4-1 Setting Metrics and Targets

(Prepare)

The Group aims to properly evaluate and manage risks and opportunities that have large nature-related impacts and dependencies. To achieve this, we establish appropriate assessment metrics in line with recommendations from the TNFD and disclose actual results, mainly focused on the core global disclosure metrics.

We will disclose all TNFD-established core global disclosure metrics that are relevant and important to the Company. We have established assessment metrics from two perspectives: indicators that should be monitored to achieve our Sustainability Vision 2050 and metrics that should be monitored to stabilize business foundations and ensure responsible business activities.

We have disclosed results for some of the core global disclosure metrics that can be presently calculated (Table 3). Going forward, we will calculate results for core global disclosure metrics that were not disclosed at this time as well as results for important assessment indicators, which we will include as additional global disclosure metrics.

We are also considering setting targets and monitoring progress using assessment metrics that are most closely related to the identified risks and opportunities.

In addition, as a non-indicator-based target, we have designated achieving a rate of zero deforestation as a KPI starting in FY2023, with the goal of managing progress toward the 2030 goal of reaching zero deforestation in natural forests, as set forth in our Wood Procurement Policy. In pursuit of this target, we are advancing a range of initiatives, including strengthening supplier engagement, conducting thorough due diligence in regional areas, and switching raw materials through specification changes.

Disclosure in Line with the Recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD)

Indicators established by the Company in accordance with TNFD core indicators

Table 3. List of Company-established Indicators Corresponding to TNFD Core Indicators for Impact and Dependency

Category	Metric No.	Overview of TNFD indicators	Company-established indicators	Company results (FY2024)
Climate change		GHG emissions	GHG emissions	Referencing Scope 1 to Scope 3
Land/freshwater/ocean-use change	C1.0	Total spatial footprint	Total area of manufacturing sites	935,671 m ²
			Area of Nationally Certified Sustainability Managed Natural Sites	21,808 m ²
	C1.1	Extent of land/freshwater/ocean-use change	Construction area over a specified period	2,478,000 m ²
Pollution/pollution removal	C2.0	Pollutants released to soil split by type	Hazardous waste discharged into the environment (including soil) from direct operations	No incidence of discharge
			1,196,000 m ³ Please refer to separate page for pollutant concentration in wastewater from manufacturing processes. No pollutants in wastewater from construction and demolition activities.	
	C2.1	Wastewater discharged	Wastewater volume and its concentration of pollutants Group-wide	
			Top row: Quantity of waste generated in manufacturing and processing, construction, demolition and office-related activities Bottom row: Hazardous waste generation	Top row: 1,045,000 t Bottom row: 979,300 t
	C2.2	Waste generation and disposal	Quantity and rate of recycling in manufacturing and processing, construction, demolition and office-related activities	1,020,000 t, 97.6%
			Recycling rate in new construction	100%
	C2.3	Plastic pollution	Material recycling rate of plastics in new construction	Under review for future disclosure
	C2.4	Non-GHG air pollutants	Quantity of non-GHG air pollutants from manufacturing and processing activities	NOx: 2.72 t VOC: 61.8 t SOx: 0.052 t
Resource use/replenishment	C3.0	Water withdrawal and consumption from areas of water scarcity	Quantity of water withdrawal and consumption from water-stressed areas in manufacturing and processing activities	481,100 m ³ , 208,300 m ³ Reevaluating water stress →P38
			Quantity of wood procured from tree species other than those at risk, such as threatened species (Sustainable wood procurement amount)	223,613 m ³ (97.1% of total procurement amount) If significant risks are identified, we will consult with relevant departments and may reduce transactions based on supplier evaluation results.
Invasive alien species and other	C4.0	Placeholder indicator: Measures against unintentional introduction of invasive alien species (IAS)	Risk of IAS introduction through implementation of the Gohan no Ki Project	In our landscaping and greening business, we utilize the national "Invasive Alien Species (IAS) List" to avoid planting risks associated with IAS in trees.
State of nature	C5.0	Placeholder indicator: Ecosystem condition	Areas with large impacts and dependencies on wood production	See TNFD Disclosure "Strategy" section.
			Increase in the biodiversity integration index for Japan's big three metropolitan areas (Tokyo, Nagoya and Osaka) as a result of the Gohan no Ki Project	See Evaluating effectiveness quantitatively using big data on biodiversity. →P.18

Table 4. List of Company-established Indicators Corresponding to TNFD Core Indicators for Risks and Opportunities as well as Response Policies

Category	Metric No.	Overview of TNFD indicators	Company-established indicators	Company results (FY2023)
Risk	C7.0	Assets/liabilities/revenue/expenses vulnerable to transition risks	Quantity and proportion of assets vulnerable to transition risks	Under review for future disclosure
	C7.1	Quantity and proportion of assets vulnerable to physical risks		
	C7.2	Description and value of significant fines/penalties received/litigation action for the current fiscal year	Compliance with environmental laws and regulations	No significant violations of environmental laws and regulations, including those related to soil, groundwater, or air pollution.
Opportunity	C7.3	Description and value of significant fines/penalties received/litigation action for the current fiscal year	Amount of opportunity-related capital expenditure	Under review for future disclosure
	C7.4	Increase and proportion of revenue from products and services producing demonstrable positive impacts on nature with a description of impacts	Increase in revenue from activities that have a positive impact on nature over a given period of time, and said positive impact	

E Initiatives to Realize a Circular Economy

Governance

→ P4 Environmental Management (Governance)

Implementation Framework

Under the ESG Promotion Committee, the Sekisui House Group has set up a Resource Recycling Task Force within the ESG Management Promotion Headquarters to build and administer a system for resource recycling for the entire Group. To maintain advanced resource recycling procedures, we created the Sekisui House Zero Emissions System based on the Wide Area Certification System. We also set up our own facilities, called Resource Recycling Centers, to consolidate waste generated at construction sites and ensure reliable recycling. To support this system, we created a waste sorting guide for resource recycling as well as guidelines that set out the criteria for selecting recycling companies. We are distributing information on these measures to our employees and partner building contractors, and we have developed and operate our own waste collection and waste measurement systems. In this way, we centrally manage all processes from waste generation to recycling.

In addition to using recycling methods, the Resource Recycling Task Force also coordinates related resource recycling activities that help develop a circular economy, including through our product development and manufacturing departments.

Strategy

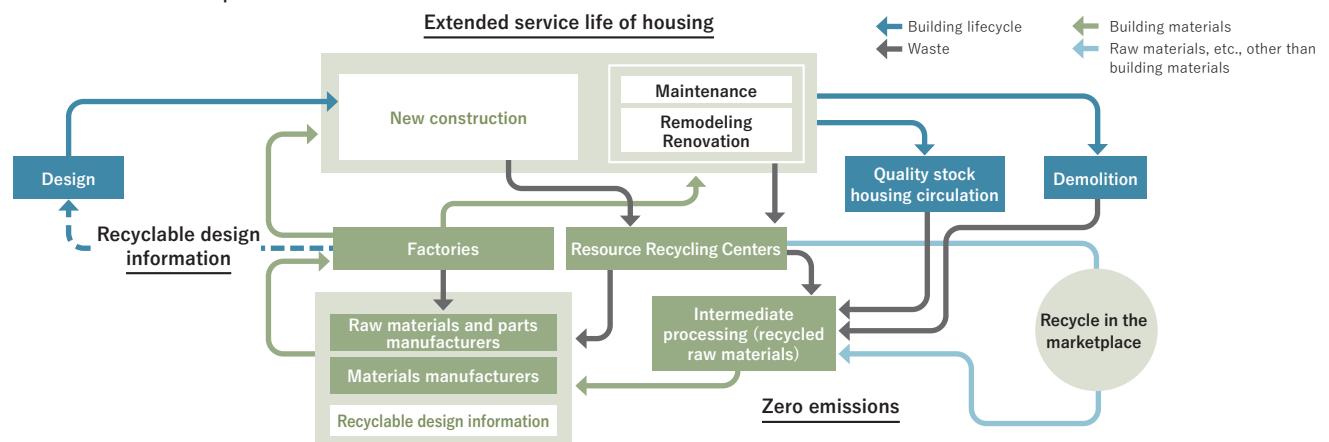
Resource circulation guidelines

Our basic guideline is to sustain an advanced resource recycling system based on the Sekisui House Zero Emissions System.

Basic policy for zero emissions

1. This system is designed to control waste generation throughout the entire supply of pre-fabricated housing by analyzing the state and nature of waste generation and continually providing information useful for reducing waste during design, production, and construction.

Resource Circulation Graphic



2. This system, which establishes standards for treatment consigned to others and ensures effective treatment contracting based on those standards, is also designed to withstand future improvements in social standards.

Priority items

- Ensure effective recycling processes
- Ensure traceability
- Implement complete sorting of waste within the Company

3. Operations follow the Wide Area Certification System, in principle, as a basis for fulfilling the above norms.

Initiatives to Realize a Circular Economy

Measures and commitments to reduce resource use

The Sekisui House Group works to reduce resource use based on three approaches.

1. Through zero emission initiatives, we are working to recycle and make effective use of waste from construction sites, with a focus on material recycling.
2. We strive to improve durability and provide after-sales services and remodeling in step with the lifecycle stages of housing. These efforts help to extend the service life of housing and reduce resource use.
3. We aim to realize a circular economy through research and development of new building materials using recycled resources.

Measures and commitments for resource use at factories

To effectively utilize byproducts resulting from the production of factory-manufactured components, we recycle such byproducts by processing and converting them into raw materials. For example, we have adopted equipment for recycling scraps generated during exterior wall panel manufacturing and the cutting of holes for pipes to pass through, turning them back into raw materials for exterior walls.

Measures and commitments for handling waste

Controlling waste generation

We have focused efforts on the development of systems intended to control waste generation. We analyze the amount of resource inputs that go into product supply as well as the status and nature of waste generated during the manufacturing and construction processes. We also continuously improve systems for providing information useful in reducing waste in the processes of design, production, and construction.

Utilizing waste

We 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, factory production companies, partner building constructors, intermediate processing companies, and demolition companies.

Basic program for increasing the resource usage rate

We are working to maintain resource efficiency-conscious product design that minimizes the generation of unused materials (waste), regardless of changes in material inputs required to enhance housing functionality (such as improving durability, thermal insulation, and the flexibility of living spaces).

Product requirements of the Green Procurement Policy

We are committed to green procurement, seeking to fulfill our social responsibility under our basic purchasing policy of providing the best quality, robust delivery, and reasonable prices while also incorporating ESG Risk Management considerations. Through such efforts as working with suppliers to develop and procure products that are easy to separate and sort for recycling, the Company prioritizes choosing environmentally friendly products and services in our procurement efforts that contribute to sustainability. For example, to facilitate the sorting of hot water pipe scraps, we do not use adhesives to bond double-layered hot water pipes when the layers are made from different types of plastic.

Risk Management

Addressing resource recycling risks

When formulating the Sekisui House Zero Emissions System, the Group focused on building a system that takes into account certain risks in resource recycling, such as fraudulently passing off non-recyclable waste as recyclables and illegal dumping. In addition to selecting recycling companies based on the guidelines from our selection criteria, we periodically inspect treatment centers, perform operational audits, and (on an ongoing basis) manage consignment contracts and waste management manifests through a centralized in-house management system. Through these efforts, we work to minimize (avoid) potential risks. A dedicated department at the head office is ready to take immediate action in the unlikely event that a potential violation of laws and regulations is detected.

Metrics and Targets

<input checked="" type="checkbox"/> ESG Data Book 2025: Waste rate (new construction)
Waste recycling rate (new construction)
Waste recycling rate (maintenance and remodeling)
Recycling rate of waste from Sekisui House new construction sites
Waste measurement system utilization rate at business sites
Materials used in production

ESG Data Book 2025: Waste generation

Initiatives to Realize a Circular Economy

Initiatives

Zero emissions in production and construction divisions

Expanding efforts under the Wide Area Certification System

Housing construction requires a significant input of resources. The Group is involved in the entire lifecycle of housing from producing materials in our factories to demolition work, and we achieved zero emissions¹ in four of our divisions (material production, new construction sites, after-sales maintenance, and construction sites for remodeling our own properties) between 2002 and 2007. 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 in achieving zero emissions across many areas of our business 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 at the time was approved. Through efforts like these, we intend to further expand and strengthen the resource recycling system of the entire Group.

As one part of zero emissions efforts centered on the lifecycles of our products, we are also working toward zero emissions in the real estate leasing business, with Sekisui House Real Estate Holdings, Ltd. playing a central role. Specifically, we are implementing initiatives aimed at achieving zero emissions of waste (interior materials such as wallpaper and cushion flooring) generated during repair work when residents vacate Sha Maison rental housing delivered by the Company and managed by Sekisui House Real Estate companies. Looking ahead, a large amount of aging photovoltaic panels are expected to be scrapped in coming years. We are considering installing recycling facilities for these panels within our in-house waste processing system run primarily through the Resource Recycling Centers.

¹ Zero simple incineration of industrial waste and zero landfill disposal

Resource Recycling Centers: The core of our zero emissions efforts at new construction sites

One unique characteristic of the Sekisui House Zero Emissions System's waste collection system, under the Wide Area Certification System, is our use of in-house Resource Recycling Centers. These centers, which have been in operation at our production facilities across Japan since 2003, serve as the core of our zero emissions efforts at new construction sites. The centers manage processes from allocating waste collection vehicles to supervising outsourced recycling companies.

All our waste generated during new construction is first sorted into 27 categories on site, then re-sorted into 60 to 80 categories at our 23 Resource Recycling Centers nationwide. All this waste is eventually recycled under the Group's management. By disassembling items into components of a single material and reducing their volume through compression and heating, we prepare these materials to enter recycling streams handled partly by external contractors.

Plastic, which has become a particular problem in recent years, has been collected and recycled at a 100% rate since the introduction of zero emissions at our new construction sites in 2005. In addition to sorting plastics by type, we subdivide sorting categories, such as the degree of soiling, according to the requirements of recycling facilities in an effort to maintain a high standard of recycling.

Waste measurement system

Securing traceability in the proper disposal of construction waste is of the utmost importance not only to ensure proper treatment and recycling of waste, but also for promoting recycling business models such as streamlined construction. 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 2D barcodes. This innovative system accurately monitors conditions 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. The detailed data analyzed in this way is then fed back to inform product development, material design, production processes and construction processes, enabling the more effective use of resources.

Reducing the volume of waste and improving the quality of recycling

We continue working to reduce the amount of waste generated at our production and construction sites. In FY2024, we reduced the total amount of waste generated from factory production by 3.5% from the previous fiscal year.

Although the amount of waste generated per newly built house has decreased by nearly 60% compared with FY1999 levels as a result of our zero emissions initiative, in recent years this figure has been increasing slightly amid the growing proportion of houses with high environmental performance and houses requiring large amounts of material input.

However, with the recent global emphasis on achieving a circular economy, greater importance is being placed not only on reducing the amounts of waste generated, but also on improving the quality of recycling through the redesign of entire businesses. In light of this trend, we have been improving our construction methods by revising our structural building and construction techniques, utilizing the strengths of our in-house production and direct construction, handled exclusively by Group companies and partner building constructors.

Moreover, by thoroughly sorting, categorizing, and processing waste to meet the exact needs of recyclers, we are contributing to a higher quality of recycling.

At the same time, while maintaining zero emissions during the production, construction, and maintenance phases, we are conducting research aimed at increasing our material recycling rate, which stood at 80.6% in FY2023, to 90%.

Initiatives to Realize a Circular Economy

Recycling initiatives

We reuse waste generated in-house as a raw material in buildings we construct. For example, we manufacture house construction materials from plastics recovered from packaging materials and an acoustic insulation material for floors from crushed scrap roof tiles.

Notable initiatives

Recycling packaging and paper at construction sites

Sekisui House has launched a project to replace its plastic bags, and instead start providing recyclable paper bags. We considered a variety of materials for the new bags, ultimately selecting sanitary packaging paper used to package sanitary equipment, such as hot water heaters. This paper can be mixed with general recycled paper, without the use of virgin pulp, to be recycled into environmentally friendly paper bags.

We expect this project to help alleviate environmental burden, reducing plastic use by 10,723 kg per year through the phasing out of plastic bags, and reducing virgin pulp use by 13,232 kg per year through the use of waste materials and recycled paper.



Materials samples



Sample bag

Dyne Concrete recycling

The Kanto Factory and Hyogo Factory recycle concrete waste that arises in the Dyne Concrete manufacturing process as raw materials. Scrap material bored out of exterior wall panels and concrete residue that adheres to equipment were previously disposed of as waste. Some of this material is now recycled by pulverizing it to specific grain sizes for reuse as raw materials, reducing overall resource consumption.

Bellburn recycling

Bellburn scraps are pulverized and used as filler in Sekisui House's Shellshut Slab sound- and vibration-absorbent floor system. By replacing the inorganic sands previously used for this filler with Bellburn pulverized to specific grain sizes, we are able to reduce material input.

Reusing solid waste

At manufacturing and processing facilities located at two of our Resource Recycling Centers, scrap plasterboard collected from new housing construction sites and eggshells from third-party food processing factories are mixed together and crushed. This produces Platama Powder, an athletic field marking chalk, which we have manufactured and sold since 2010. This initiative has enabled us to establish a new commercial distribution channel and a system for continual recycling by regularly purchasing egg shells, which were previously thrown away as food waste.

We also reuse sorted solid waste by selling it in such forms as resin materials, woodchips, power line materials, and Styrofoam materials (ingots).

 ESG Data Book 2025: Recycling initiatives



Platama Powder, an athletic field marking chalk with a low risk of irritation to the human body.



Eco Mark

Initiatives to reduce hazardous waste from factory production

We are constantly considering how to use the best economically feasible technologies. One example of reducing hazardous waste is electrodeposition coating materials used for antirust treatment on steel frames. In the past, these contained a very small amount of lead, which could become hazardous waste, but since January 2003, we have switched to lead-free coatings.

 ESG Data Book 2025: Hazardous waste generated

Efforts to use environmentally friendly paper

We proactively engage in green procurement, which prioritizes the purchase of environment-friendly products, and we purchase stationery and other office products used by our business offices across Japan in accordance with our Green Procurement Guidelines.

By gathering, compiling and visualizing data on the amount of paper used in offices, 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 supply domestically produced, bright white 100% recycled paper that is high quality and environmentally friendly (the standard under the Green Purchasing Law is 70% recycled paper content). This recycled paper, produced by the Group, is supplied to offices, including Group companies, throughout Japan.

 ESG Data Book 2025: Paper usage

E Measures Against Environmental Pollution Caused by Chemical Substances, etc.

Governance

→ P4 Environmental Management (Governance)

Implementation Framework

With regard to chemical substances used by relevant departments and subject to pollution prevention measures, the Environmental Subcommittee confirms their usefulness and risks and when necessary, instructs improvements, thereby ensuring proper monitoring and supervision of their use.

Strategy

Preventing pollution from chemical substances

Throughout the lifecycle of our homes, we strive to minimize risks of chemical substance use through proper EVABAT (Economically Viable Application of Best Available Technology) procedures to prevent and stop pollution in excess of legal regulations. We formulated our Chemical Substance Guidelines in 2007 as a standard for managing chemical substances and have enforced this management system of chemical substances ever since. However, in August 2024, we transitioned to a more robust framework by aligning each phase of the product lifecycle with departmental procedures and integrating these with internal rules (such as product design reviews) and the content of the aforementioned Chemical Substance Guidelines. Following this integration, the Chemical Substance Guidelines were discontinued in the same month.

Responsible Divisions, Preventive Procedures, and Risks Addressed at Each Lifecycle Phase

Lifecycle phase	Division	Design and Development Divisions	Production Divisions	Construction Divisions	Design and Development Divisions
	Preventive procedures				
	Risks addressed				
1 Product design and development	Impact across product lifecycles	<input type="radio"/>			
2 Production at suppliers	Risk of supplier employees being exposed to substances during production Risk of environmental contamination during production	<input type="radio"/>			
3 Production at Company factories	Risk of employees being exposed to substances during production Risk of environmental contamination during production	<input type="radio"/>	<input type="radio"/>		
4 Construction	Risk of employees being exposed to substances when handling components Risk of environmental contamination due to improper disposal of construction waste	<input type="radio"/>		<input type="radio"/>	
5 Residence	Risks to residents from insufficient environmental design	<input type="radio"/>			<input type="radio"/>
6 Product disposal	Risk of employees being exposed to substances during demolition Risk of environmental contamination due to improper disposal of waste	<input type="radio"/>			<input type="radio"/>

Order of considerations

Level	Areas of focus	Relevant examples	Operational standards (criteria)
1	Chemical substances prohibited from use under Japanese law	Asbestos: Subject to the Act on Asbestos Health Damage Prevention and other regulations Ozone-depleting substances: Designated substances under the Act on the Protection of the Ozone Layer Class 1 specified chemical substances under the Act on the Regulation of Manufacture and Evaluation of Chemical Substances	Use is prohibited, and products containing these substances are not adopted.
2	Chemical substances subject to management system reviews from a risk management perspective, with actions taken as necessary to reduce usage or switch to alternatives	Hazardous substances subject to risk assessment under Article 57 of the Industrial Safety and Health Act (Ministry of Health, Labour and Welfare) Substances causing sick building syndrome and similar conditions (with guideline values set by the Ministry of Health, Labour and Welfare) Class 2 specified substances under the Soil Contamination Countermeasures Act (Ministry of the Environment)	Adoption of products containing these substances requires confirmation to ensure proper prevention of contamination. Consideration may also be given to switching to alternative substances or reducing usage, while accounting for performance and cost.
3	Chemical substances regulated by Japanese environment-related laws, excluding those listed above	Substances specified by and subject to the PRTR Law (Ministry of Economy, Trade and Industry) Substances specified by Cabinet Order under the Poisonous and Deleterious Substances Control Act (Ministry of Health, Labour and Welfare)	Ensure compliance with applicable regulations, track usage, and conduct required reporting and public disclosure.

Note: This section defines pollution as a state in which ecosystems or human health are adversely affected because of insufficient preventive actions.

Measures Against Environmental Pollution Caused by Chemical Substances, etc.

Policy for proper disposal of hazardous waste

The hazardous waste this report refers to is waste generated during operations, which, according to the Wastes Disposal and Public Cleansing Act, the Group regulates as specially controlled industrial waste (including specific types of hazardous waste regulated in the Basel Convention, etc.). All types of hazardous waste are properly handled throughout storage, transport, and disposal based on legal, governmental, and industry guidelines.

Hazardous waste mainly originates from building materials used in construction and demolition (including restorations) and leftover chemical substances produced as byproducts in material manufacturing. For building materials used in the above-mentioned operations, this may include asbestos in heat-retaining, thermal insulation, and fire-resistant coating materials, slag, sludge above base amounts, and other hazardous waste connected to construction work that may be generated depending on site conditions.

As a rule, hazardous waste is disposed of in controlled landfills which have measures to prevent leakage into the natural environment. Leftover chemical substances produced as factory byproducts of material manufacturing are, with regard to their various characteristics and properties, recycled in their entirety through processes such as neutralization, reduction treatment, and thermal recovery conducted through incineration.

Because hazardous waste generated by factories presents a large potential environmental impact, procedures have been established by these factories to prevent and mitigate pollution in emergencies such as accidents, earthquakes, and other disasters. Through repeatedly conducting appropriate tests, they are working to ensure there are zero emissions to the natural environment even during emergencies.

Risk Management

Addressing risks of contamination by hazardous chemicals

In addressing risks of contamination by hazardous chemicals, it is essential to always strive to balance corporate activities with preventive measures by such means as setting management levels according to the risks of using the chemical substances in products. We set a variety of standards and procedures for handling our products at each lifecycle phase.

Addressing risks related to soil and groundwater pollution

We work to minimize risks, including the prevention of secondary pollution, by conducting surveys and implementing countermeasures not only for the land of Company facilities, but also for land we have engaged in transactions.

Prior to engaging in land purchase or sales contracts, we identify risks related to soil and groundwater contamination by means of a pre-screening system using our own soil contamination checklist (including a survey of historical land use; surveys of topography, geology, and groundwater; a data survey on surrounding environmental measurements by local governments; a site inspection survey; and legal compliance check).

In the case of land that may contain contaminated soil, such as former factory sites, sellers are increasingly conducting their own voluntary surveys. When purchasing land, a specialized department of the Company scrutinizes all such survey reports. If a problem is identified 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 appropriateness of the transaction. 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 where complete remediation can be guaranteed) undergoes remediation by soil replacement before the sale. In such cases, we explain the measures that have been taken as a material matter. Land with more serious contamination is not purchased.

At domestic factories on our own sites where contamination could be a risk if no action is taken, we have set up measures and procedures for investigation, prevention, ongoing management, and emergency response (prevention and mitigation of contamination), and are implementing contamination risk management.

Initiatives for proper processing of hazardous waste

Approximately 95% of the hazardous waste that we handle is asbestos (Levels 1 and 2) from existing structures, which is strictly treated as specially controlled industrial waste. The remainder is mainly residual substances left over from the use of chemical raw materials handled in domestic production facilities.

For specially controlled industrial waste generated at domestic factories, we comply with the Wastes Disposal and Public Cleansing Act, as well as all related laws and regulations (such as the Ordinance on Prevention of Hazards due to Specified Chemical Substances) and industry guidelines. Procedures are also in place to identify potential accidents and emergencies that could lead to significant environmental impact, to prevent any adverse environmental impact, and to conduct mitigation to minimize the escalation of impact. At the same time, the effectiveness of emergency preparedness and response procedures is maintained through annual testing and internal audits.

Measures Against Environmental Pollution Caused by Chemical Substances, etc.

Metrics and Targets

Atmospheric and other external emissions of chemical substances from factory production

 ESG Data Book 2025: Atmospheric and other external emissions of chemical substances from factory production

Initiatives for processing hazardous waste and preventing contamination by chemical substances

 ESG Data Book 2025: Initiatives for processing hazardous waste and preventing contamination by chemical substances

Pollution, waste, and resource use costs (including shadow costs) and investment in R&D on reducing or avoiding their impacts

The Resource Recycling Centers at our factories handle waste from construction sites, sorting plastic products for recycling, and collecting metals and other valuables. In FY2024, the operating expenses associated with the facilities, from the operation of collection points to disposal (costs imposed by waste issues, including external economic costs), totaled ¥522 million.

In addition, Group company Konoike Construction invested ¥50 million for experimental research aimed at developing technologies for processing organic fluorine and radioactive substances.

Initiatives

Evidence of urban brownfield redevelopment

Risk assessments of all properties based on a soil contamination checklist in accordance with Company standards are conducted when purchasing real estate. Should soil contamination risks be discovered, we consult with a specialized department, survey the soil and implement contamination countermeasures before selling the property to the customer. *MiraMachi*, a 27-hectare former factory site in Toyohashi City, Aichi Prefecture, is being developed as a mixed-use project that aims to solve local issues and realize a compact city.

In addition, for the redevelopment of former factory sites and similar sites, Group company Konoike Construction draws on its wealth of experience and technologies to plan and implement optimal measures, based on surveying results, for dealing with soil contamination, including that caused by leaks of hazardous substances, heavy metals, and volatile organic compounds. For example, on a former factory site where soil contamination from mercury was identified, we installed a temporary on-site soil washing facility and conducted operations to clean the contaminated soil. Soil washing generally involves the use of water. However, as removing mercury from minute soil particles is difficult with water washing alone, a solvent is used to separate the mercury from soil particles. In a single day, 150 m³ of contaminated soil can be treated, resulting in an average of 3,000 m³ being treated a month. By conducting soil washing on-site, the remediated soil can be reused as backfill after excavation, eliminating the need to procure additional soil. In addition, compared to conventional off-site disposal methods, this approach significantly reduces the number of construction vehicles entering and exiting sites.

E Water Security

Governance

→ P4 Environmental Management (Governance)

Implementation Framework

The Sekisui House Group implements initiatives to address issues related to climate change, including water-issues, through the ESG Promotion Committee. Furthermore, at our factories, we have established a management system under ISO 14001, the international standard for environmental management systems, through which we are promoting water-related initiatives.

Strategy

The Sekisui House Group's business activities, in such areas as housing, construction, and remodeling, use only small amounts of water. However, as the impacts of climate change on human society and ecosystems intensify year by year, water resources are becoming a significant global concern. In particular, over the long term, water shortages are seen as a global water risk, and the conservation of water resources, using water stress as a metric, is a challenge going forward. To secure the sustainability of water resources, we not only avoid water risk in our own businesses, but work to promote efficient water use and prevent water pollution based on the understanding that these issues have a tremendous impact on our supply chains. To this end, we assess water risks, set water use reduction targets, and implement measures to promote the effective use of water resources and manage wastewater quality.

Risk Management

Initiatives at Factories in Japan

Our five domestic production factories (the Tohoku Factory, Kanto Factory, Shizuoka Factory, Hyogo Factory, and Yamaguchi Factory) use groundwater

in addition to the municipal water supply and industrial-use water in the coating of steel frame members and the manufacturing and painting of exterior walls used in residential construction. All five factories have formulated water management plans. We are making ongoing efforts to ensure appropriate wastewater quality management and the efficient use of water resources in these processes. Specifically, we implement wastewater quality analyses at least once a month and work to reduce water consumption through such efforts as reusing treated water for cleaning. Wastewater from all five factories in Japan is discharged into public sewers and rivers after being purified in the factory's effluent treatment plant. We manage wastewater quality according to voluntary standards set as annual targets that are stricter than the Water Pollution Control Law and local ordinances applicable to factories. In FY2024, the measured water quality of discharge was better than these voluntary standards. In this way, we strive to prevent water pollution and protect the water quality environment in the areas surrounding our factories. We share the results of wastewater quality assessments at all five factories in Japan. In the unlikely event that our voluntary standards are exceeded, we share the information on the actualized water pollution risk at a managers' meeting to prevent recurrences.

Evaluating Water Stress Levels at Production Sites

We have evaluated the water stress levels of the Company's production bases using the WRI Aqueduct tools developed by the World Resources Institute (WRI). In FY2024, we revised one of the thresholds of this evaluation from "high" to "medium-high" to raise internal awareness of water resource conservation and accelerate related initiatives. Upon reevaluation, we confirmed that Kanto Factory and Shizuoka Factory fall into the "medium-high" category, while Tohoku Factory, Hyogo Factory, and Yamaguchi Factory are categorized as "low-medium."¹

¹ The Ingleburn Manufacturing and Quality Control Centre in Australia is located in a region with a high level of water stress, but the facility is not included as it does not carry out manufacturing processes that use water.

Metrics and Targets

- ESG Data Book 2025: Water use and wastewater volume
Water use per unit of net sales
- ESG Data Book 2025: Costs associated with water-related risks
- ESG Data Book 2025: Company facilities in water-stressed regions
Number and proportion of assets, production, and revenue in water-stressed regions
Water withdrawal/consumption in water-stressed regions
- ESG Data Book 2025: Water pollutant discharge
Number of violations of permits, standards and regulations related to water quality and quantity
- ESG Data Book 2025: Domestic factory water quality analysis results (FY2024)

Targets for Reducing Water Consumption and Withdrawal in Water-Stressed Areas

The Company is advancing initiatives to set targets for reducing water consumption and withdrawal at our production bases, starting with those sites identified as having relatively high levels of water stress.

The Shizuoka Factory is actively working to utilize industrial-use water in processes that previously used municipal water. Furthermore, the factory has set the target of reducing the consumption of industrial-use water by 80% in its internal wastewater treatment facilities from FY2021 levels by 2030. As part of these reduction efforts, we will promote the internal circulation of water by reusing some effluent and by expanding the use of rainwater.

The Kanto Factory is also taking a proactive stance on water conservation, setting targets to guide its efforts.

- ESG Data Book 2025: Reduction rate of industrial water withdrawal at wastewater treatment facilities in water-stressed areas

Targets and Progress toward Reducing the Use of Water as a Raw Material

The Group does not use water as a raw material.

Water Security

Investment in R&D to Mitigate Water-Related Risks

Group company Konoike Construction boasts a long track record and advanced technologies in the cleanup of soil contaminated by a variety of pollutants and, in addition to soil, is working in a wide range of areas including water pollution countermeasures and disaster-related waste disposal. Details of our FY2024 investments in research and development of soil and water purification technologies are disclosed in the ESG Data Book 2025.

 ESG Data Book 2025: Investment in R&D to mitigate water-related risks

Initiatives

Cooperation with Diverse Stakeholders

Cooperation with customers

We have installed the latest water-saving fixtures (faucets, showers, flush toilets, etc.) supplied by housing device equipment manufacturers as standard equipment in the majority of the Group's newly built houses since before 2020. In this way, we are helping to reduce water consumption in houses. Furthermore, for existing homes, we are promoting the use of water-saving fixtures, including by replacing existing fixtures, through the remodeling business.

Cooperation at business sites in water-stressed areas

The Shizuoka Factory uses municipal water drawn from the Oi River system. Based on requests from the Toen Industrial Water Business Association, the Shizuoka Factory proactively uses industrial-use water, helping to reduce municipal water consumption.

Cooperation with public entities

Sekisui House participates in the Ministry of the Environment's Water Project. This project carries out activities related to offering initiatives, products, technologies, and services that promote the effective use of water resources and water-saving sewerage in business activities in Japan.

Group company Konoike Construction is actively involved in renewable energy projects aimed at contributing to decarbonization and is therefore working with municipalities to develop small-scale local energy distribution. We are engaged in micro hydroelectric power generation projects in Higashinada Ward in Kobe City and in Kami Town, Hyogo Prefecture. In Shimane Prefecture, we have signed a cooperative agreement with Okinoshima Town regarding the promotion of renewable energy. In 2024, we launched two power generation facilities: the Minamatani Power Station for micro-hydroelectric power and the Shimonishi Power Station for biomass power. Through these operations, we contribute to the vitalization of regional communities.

 Ministry of the Environment's Water Project (Japanese only)

Group-wide collaboration to reduce water withdrawal and wastewater generation

The Group company, Konoike Construction, is leading the construction of the "EXPO National Day Hall" for Expo 2025 Osaka, Kansai, Japan. To address challenges related to infrastructure limitations at the construction site, the company implemented the AQUAMAKE SYSTEM®, an on-site wastewater treatment and recirculation system. This system filters and circulates wastewater, including sewage and household wastewater, allowing the treated water to be reused as flush water for toilets. In addition, analysis on the quality of this excess water revealed that it contains nitrogen, phosphorus, and potassium, all nutrients beneficial for plant growth. Leveraging this finding, the water is transported to our Hyogo Factory where it is applied to green areas and flower beds as liquid fertilizer.

Through this initiative, both the Hyogo Factory and Konoike Construction have achieved measurable reductions in water withdrawal. Konoike Construction has also reduced wastewater generation at its construction sites. Furthermore, the installation of flush toilets in areas with limited infrastructure has contributed to a more comfortable working environment for employees.

Cooperation with other regional companies

When shipping and transporting products to construction sites—whether from our own factories or those of our partner manufacturers—we use

the Company's transport cases. After use, these cases are collected from construction sites, returned to factories, washed, and reused. The water used in this washing is recirculated within the cleaning facilities, helping reduce water consumption. In addition, the employee cafeterias at some factories are operated by external food service contractors. As one part of water conservation efforts in these operations, we proactively use no-wash rice,¹ which can be cooked without additional washing.

¹ Rice that can be cooked just by adding water, without rinsing

Cooperation with investors

The management of office buildings owned by the Company and its overall real estate portfolio is entrusted to Sekisui House Asset Management, Ltd., which implements appropriate water management, including monitoring and setting numerical targets for the volume of water use.

Initiatives in overseas businesses

Located in Brisbane Australia, the mixed-use development project West Village has received high external praise for its environmentally friendly and socially sustainable initiatives. In 2017, it received the highest 6 Star Green Star Communities Certification from the Green Building Council of Australia (GBCA)² and in 2023 was honored with the Marketing Excellence Award for exemplary projects by the Urban Development Institute of Australia (UDIA).³

West Village comprises eight condominium buildings and nearly one hectare of green, open space, including four leafy laneways and two parks. In particular, Morrison Park, which lies within the village, incorporates nature conservation activities and historical property management initiatives. Wastewater in two of the neighboring residential buildings is treated onsite and stored in a 250 kL tank. This, together with a 50 kL rainwater tank is used to water the gardens in the park and contributes to promoting environmentally-friendly initiatives.

² Green Building Council of Australia (GBCA): Evaluates the sustainability of buildings, facilities, and communities through what is known as the Green Star, the largest national voluntary and comprehensive evaluation system.

³ Urban Development Institute of Australia (UDIA): Australia's largest real estate industry association



E Factory Site Report

The Sekisui House Group's five domestic factories (Tohoku, Kanto, Shizuoka, Hyogo, and Yamaguchi) have compiled data and reported on their environmental activities at the production stage, including energy consumption and emissions, for FY2024.

All factories have in place exacting production quality management systems and operate with consideration for their impact on the local environment. In 2000, we built a unified environmental management system for all production factories and received JIS-Q-14001 certification. Under this system, we set voluntary standards for air and water emissions that are stricter than legal or regulatory standards and periodically measure emissions as part of management efforts. No serious accidental releases of chemical substances, oil, or fuels were reported in FY2024.

Working toward the realization of decarbonization, in FY2013 we installed photovoltaic (mega solar) power generation systems at all factories as part of efforts to spread the use of renewable energy. Furthermore, we are switching over power used at factories to power purchased through Sekisui House Owner Denki.¹ As a result of this and similar efforts, in FY2024, 100% of the electricity used at factories was renewable energy.

Tohoku Factory mega solar



Kanto Factory mega solar



Shizuoka Factory mega solar



Hyogo Factory mega solar



Yamaguchi Factory mega solar



To reduce energy use in production, we are systematically replacing existing machinery with high-efficiency models. Approximately 98% of factory lighting is now LED, and we plan to increase this to 100% by the end of FY2025. Furthermore, we are aiming for 100% electrified forklifts by the end of FY2025. We are also systematically replacing Company vehicles with hybrid electric (HEVs) and battery electric vehicles (BEVs).

As for production facilities, we are working to improve productivity by reducing production issues and updating production methods while saving energy through such initiatives as optimizing production conditions. For drying equipment and other facilities that use heat, we are improving insulation performance to cut energy use and switching fuels to liquified natural gas, which emits less CO₂, while examining ways to eliminate the use of fossil fuels in the future.

Through the efficient selection and use of resources at every step from raw materials to final products, we are optimizing material yields to save resources and reduce waste. At the same time, we are advancing circular economy activities, such as recycling waste into raw materials and reusing it in products for other purposes.

¹ A mechanism by which Sekisui House buys surplus solar power from customers after their Feed-In Tariff (FIT) contracts expire. FIT is a contract system that sets fixed prices for the purchase of renewable energy.



Factory Site Report

East Japan Product Center, Tohoku Factory



The Tohoku Factory manufactures Bellburn earthenware exterior wall panels exclusively for SHAWOOD homes. The firing furnace in this process uses a great deal of energy. To reduce energy use, exhaust heat from the firing furnace is captured and used in the drying furnace, thereby increasing energy efficiency. In the Bellburn forming process, after extrusion molding, the product's appearance is checked by AI. Panels that do not meet the required standards are sent back for reuse as raw materials via a return conveyor, helping use raw materials efficiently and reduce waste.

After the Great East Japan Earthquake, Sekisui House formed a disaster prevention agreement with Shikama-Cho, Miyagi (where the Tohoku Factory is located), to set up emergency shelters and provide supplies in the event of a disaster. Environmentally friendly in ordinary times and providing safety and peace of mind to customers and the local community in times of disaster, the site serves as a disaster risk reduction factory of the future. Aiming to speed up initial response and enable energy self-sufficiency when disaster strikes, the factory has built a smart energy system comprising the existing photovoltaic power generation system as well as new large storage cells, gas engine generators, plug-in hybrid electric vehicles (PHEVs) and a factory energy management system (FEMS). Using the large (2 MW-class) storage cells, the factory seeks to lower its peak electricity draw. The use of FEMS improves the visibility of energy use by the factory's main facilities, raising employee awareness of energy saving and thereby helping reduce energy use.

- ESG Data Book 2025: Major energy and resource consumption
- ESG Data Book 2025: Amount of waste generated and recycling rates
- Air analysis results

1. Initiatives to reduce CO₂ emissions from production (production at factories plus shipping and transportation)

To reduce CO₂ emissions from production, we are working to improve production efficiency by lowering the product defect rate and to save energy by replacing air conditioners and other equipment with energy efficient models. We have also advanced the electrification of forklifts within our factories as part of our decarbonization efforts, aiming to achieve 100% electrification in the Tohoku Factory by the end of 2025. In terms of shipping and transportation, we used trucks with larger loading capacities in the transport of materials for new detached houses, improving loading efficiency. For large multi-building housing developments, we transported materials for multiple buildings together, thereby reducing CO₂ emissions.



Electric forklift

2. Resource recycling initiatives

In the Bellburn manufacturing process, we are working to reduce waste by using 3D scanners to create digital 3D models of components that greatly affect the material yield rate and implement multifaceted analyses to reduce the defect rate and thereby reduce waste. At the Resource Recycling Center, we survey and analyze waste sent back from new construction sites in an ongoing effort to reduce surplus material. The survey results are shared with the branch and sales offices to develop countermeasures, improve systems, and reduce waste.



3D scanning



Model on screen

3. Rehabilitation of ecosystem networks and contribution to society

Since 2023, as part of community outreach efforts, the Company has participated in the Zero Marine Trash Festival in Kami Town, a waterfront environmental conservation activity through which we are helping raise awareness of the problems caused by marine plastics.



Zero Marine Trash Festival in Kami Town
(Land cleanup)



Zero Marine Trash Festival in Kami Town
(Marine cleanup)

Factory Site Report

East Japan Product Center, Kanto Factory



The Kanto Factory manufactures high-performance Dyne Concrete exterior wall panels. This process uses a great deal of energy. We are implementing a variety of measures to save energy in the manufacturing process, such as using exhaust heat from steam boiler drains and changing the heat source for drying furnaces from steam to burners. Furthermore, in the manufacture of steel frame members, panel components, and processed wood parts, we are systematically implementing upgrades such as replacing existing equipment with high-efficiency models, including updating cubicles and installing amorphous transformers.

In 2022, we rebuilt the factory's office, creating a net zero energy building (ZEB) of the type that Sekisui House is promoting using the expertise cultivated in the housing business. Aiming to ensure peace of mind for everyone working there and create a comfortable space to be in, the building's basic specifications include disaster resilience, efficient ventilation systems (in light of the COVID-19 pandemic), and thermal insulation. In addition, we adopted a free address system, did away with land lines, and designed the layout to facilitate interaction between departments to make the office environment more pleasant. Rebuilt as a Green First office, the new building also uses less energy.

- ESG Data Book 2025: Major energy and resource consumption
- ESG Data Book 2025: Amount of waste generated and recycling rates
- Air analysis results

1. Initiatives to reduce CO₂ emissions from production (production at factories plus shipping and transportation)

We are advancing our efforts to reduce CO₂ emissions mainly in the areas of energy-saving equipment and controls. We installed inverter compressors, LED interior lighting and other energy-saving equipment. We also adopted energy-saving controls for heating and cooling in electrodeposition coating processes to reduce electricity use. On the steel frame member welding line, we used AI to establish an optimized production method. This greatly improved productivity and reduced the line's electricity use.

To minimize CO₂ emissions during shipping and transportation, we are working to improve our truck loading methods to



reduce the number of trucks required. For example, we made adjustments to packing at the production stage based on the way that materials are loaded onto trucks, eliminating the need for a loading trestle and thus expanding the effective truck bed space. Through such efforts, we are successfully improving loading efficiency.

2. Resource recycling initiatives

Waste reduction activities are focused mainly on improving yields and reducing sludge. In the Ironwork Group, chemical sludge can form during electrodeposition coating processes. To minimize this, we utilize temperature controls for pretreatment chemicals, allowing us to curb the formation of chemical sludge. The Dyne Wall Panel Group is making improvements to vibrators to increase the uniformity of concrete placing, working to increase yields and reduce waste. In FY2023, we installed new crushing equipment to turn concrete waste generated in the factory into raw materials, increasing the Company's concrete waste recycling rate.

3. Rehabilitation of ecosystem networks and contribution to society

Since 2022, we have been implementing such initiatives as donating Bellmark charity points to the local social welfare council and participating in cleanup activities near Koga Station organized by local soccer club FC Koga, an NPO. To support Burano and Mirai no Kodomo Network, both of which are organizations that receive funds through the Sekisui House Matching Program, we continued to support field trip events for children and donated school swimming supplies and food products.



Factory Site Report

Central Japan Product Center, Shizuoka Factory



The Shizuoka Factory manufactures Bellburn earthenware exterior wall panels exclusively for SHAWOOD homes. This process uses a great deal of energy, but to save energy, the factory changed fuels from liquid propane gas (LPG) to liquid natural gas (LNG) in 2011. We have installed an LNG storage tank within the factory to provide a stable supply of fuel. LNG is evaporated in an air heat vaporizer, which draws on natural energy provided in the form of heat by the ambient atmosphere. We are also implementing ongoing initiatives to save energy by improving LNG consumption efficiency, including directing exhaust heat from firing furnaces to warming and drying facilities. The electrification of all Company-owned forklifts at the Shizuoka Factory was completed in February 2025.

Among the Group's five domestic factories, the Shizuoka Factory is actively working to reduce water use, as it is located in a water-stressed area. To this end, we store rainwater and use it to clean the dehydrators in the factory's wastewater treatment facilities.

In terms of resource recycling, we have installed equipment to recycle defective Bellburn panels. We use AI in quality inspections, and dispose of panels that do not meet our strict quality standards. Such tiles are crushed and recycled as filler in sound-absorbent flooring, thereby making effective use of materials and reducing waste.

- ESG Data Book 2025: Major energy and resource consumption
- ESG Data Book 2025: Amount of waste generated and recycling rates
- Air analysis results

1. Initiatives to reduce CO₂ emissions from production (production at factories plus shipping and transportation)

We are switching to LED lighting, shifting to high-efficiency equipment and transitioning to electric forklifts. In terms of shipping and transportation, we are working to reduce CO₂ emissions by changing production to reduce transport distance and improving loading efficiency to reduce the number of trucks used.



LED lighting in Yard 2



Ironworks compressor (replacing equipment with high-efficiency models)



Woodworking dust collector (replacing equipment with high-efficiency models)

2. Resource recycling initiatives

To minimize factory waste, we are working to improve the yield of wooden pillars and coatings and reduce the mass of sludge from internal processes through dehydration. Initiatives started in December 2020 to recycle rejected Bellburn ceramic exterior wall panels for use in filler for sound-absorbent flooring are producing significant results. Since December 2024, we have been using sieving machines to separate crushed waste that is unsuitable for use as sound-absorbent filling and have begun recycling ceramic powder as a raw material for ceramic exterior wall panels.

3. Rehabilitation of ecosystem networks and contribution to society

The Shizuoka Factory focused on maintaining and improving the greening of the site based on a greening plan. On May 26, 2022, a ceremony to grant a subsidy to certified NPO Tokinosu Forest Club under the Sekisui House Matching Program was held at the Shizuoka Factory. The factory has been involved with Tokinosu Forest Club since 2010 through annual tree planting volunteer activities, and the subsidies granted through the Matching Program have helped deepen our involvement in these projects. In March

2023, the Company signed a four-party agreement with Shizuoka Prefecture, Kakegawa City and Tokinosu Forest Club to form the Shizuoka Future Forest Supporters. The Company then kicked off the Sekisui House Forest Creation event in July 2023, and we will continue these activities in the future.



Clearing underbrush (group photo)



Tree-planting



Group photo at the kickoff event



Signing of the four-party agreement

Factory Site Report

Central Japan Product Center, Hyogo Factory



The Hyogo Factory manufactures high-performance Dyne Concrete exterior wall panels. The production of concrete uses a large amount of steam. We have installed automatic steam valves in the pipes that supply steam to each process. These enable steam supply to be shut off to processes not in use, saving energy. In 2020, we replaced one of the boilers that supplies steam with a cutting-edge high-efficiency model. Through system control that prioritizes the use of the new boiler, we have promoted further energy saving. In addition, we have applied a thermal barrier coating to the roof of the office building, reducing summer air conditioning power consumption. Responding to calls for energy saving in light of power shortages, we have installed three 35 kW in-house stations to reliably power the factory in the event of electrical grid instability.

We are also working to reduce concrete waste in concrete manufacturing. We are implementing a variety of initiatives to this end, including installing automatic scrapers to prevent material from sticking to the sides of concrete hoppers and switching to butterfly valves on the intake ports of pumps for pouring liquid concrete into molds to prevent liquid concrete spatter. By collecting dust from Dyne Concrete panel processing to recycle as raw material, we are further reducing concrete waste. We have also installed equipment to automatically inspect panel thickness during concrete placement, improving the precision of product thickness and thereby helping reduce raw material use.

- ESG Data Book 2025: Major energy and resource consumption
- ESG Data Book 2025: Amount of waste generated and recycling rates
- Air analysis results

1. Initiatives to reduce CO₂ emissions from production (production at factories plus shipping and transportation)

We began transitioning to LEDs for focal lighting in production processes in FY2022 and completed the full conversion in FY2024. Additionally, the electrification of all Company-owned forklifts at the Hyogo Factory was completed in FY2024. We have also been reducing CO₂ emissions by adjusting the pressure of compressors that provide power to production lines and changing the boiler control program. We are working to curb CO₂ emissions in transportation by increasing the operating rates of 25-tonne and 21-tonne trailers, thereby reducing the number of 10-tonne trucks in use.



LED focal lighting

2. Resource recycling initiatives

In addition to recycling dust collected from manufacturing and processing as a raw material in-house, we have been using new crushing equipment, installed in FY2023, to turn concrete waste generated in the factory into raw materials, increasing the internal recycling rate of concrete waste.



Crushing equipment



Before crushing



After crushing

3. Rehabilitation of ecosystem networks and contribution to society

We clean up the area surrounding the factory every month. In addition, we participate in cleaning up the Tojo area of Kato City to beautify the neighborhood. In local social contribution activities, we participate in food and blood donation drives sponsored by the Kato City Social Welfare Council. We also hold a charity drive for Children's Day and take part in campaigns to support the recovery of disaster-affected areas. In addition, employees volunteered by participating in the Lao Picture Book Project by pasting Lao translations into Japanese picture books, creating and donating Lao versions of The Gigantic Turnip and The Mitten.



Making Lao picture books



Factory Site Report

West Japan Product Center, Yamaguchi Factory



The Yamaguchi Factory manufactures steel frame members and panel components and processes lumber. We have been implementing innovative measures to save energy, such as using IoT technology to control compressor operations and improve efficiency since FY2019. Specifically, a remote control system developed in-house predicts compressed air usage based on the operational status of manufacturing processes to provide an optimized energy supply by controlling electric valves and multiple compressors. Other energy-saving measures include replacing existing equipment with high-efficiency models, improving productivity and efforts to use energy efficiently.

We have internally developed and launched a smart manufacturing system using IoT, big data, and AI for the line that manufactures beams for the Flexible B System, Sekisui House's construction method for 3- and 4-story steel-frame housing. In this system, AI trained on automatically collected past manufacturing data (big data) makes judgments based on manufacturing conditions. Using this technology, we have automated adjustments to production volumes and employee allocation, which previously relied on the expertise of managers. As a result, AI-powered improvements to efficiency in manufacturing line operations and power-saving operations have increased material yield, reduced working hours, and cut electricity use.

- ESG Data Book 2025: Major energy and resource consumption
- ESG Data Book 2025: Amount of waste generated and recycling rates
- Air analysis results

1. Initiatives to reduce CO₂ emissions from production

(production at factories plus shipping and transportation)

To use energy more efficiently, we are replacing equipment with high-efficiency models and working to improve productivity on an ongoing basis. In FY2022, we replaced the chiller used to cool electrodeposition coating materials for iron components with a model that can both cool and warm. This has enabled efficient temperature control of these materials, cutting CO₂ emissions by 12 tonnes annually. In addition, we are transitioning to LED ceiling lamps.

We also replaced office air conditioners and the cafeteria noodle cooker, improved the power control of factory night-lights, and implemented the intermittent operation of conveyors, fans, and pumps, as we continue to implement these and other energy-saving initiatives.

2. Resource recycling initiatives

We are working to reduce paint, wood, and steel raw material loss as we promote waste reduction programs. On the beam processing line for SHAWOOD wooden-frame housing, we have reduced waste by optimizing product combinations according to the length of the raw materials. We are also optimizing the amount of activated charcoal used to treat factory effluent to reduce the volume of sludge disposed of as waste. In FY2020, we introduced drying equipment that uses sawdust generated onsite as fuel to reduce the moisture content of sludge as part of our efforts to reduce both waste and CO₂ emissions.



The new chiller

3. Rehabilitation of ecosystem networks and contribution to society

Since FY2022, we have continued contributing to ecosystem preservation through a variety of activities in cooperation with the NPO Yacho Yamaguchi, which manages the Kirarahama Nature Observation Park (located in Yamaguchi City), where we took part in tree planting, volunteered to implement controlled burns of park reed grass, and helped jointly maintain a scenic road. Since FY2021, we have been providing food products to Food Bank Yamaguchi, a nonprofit organization that works to reduce food waste. We also registered as a food loss reduction partner with the Yamaguchi Prefecture Food Loss Promotion Council and will continue to collect and donate food from employees' households that would otherwise have been thrown out.



Scenic road maintenance



Planting trees in Kirarahama Nature Observation Park

S Initiatives for Social Improvement

Initiatives

In our efforts to achieve social improvement, we are implementing key measures from two perspectives: enhancing human capital value and improving social value.

Enhancing Human Capital Value

Enhancing human capital value is a key driver of growth for the Sekisui House Group. We believe that fostering a happy and supportive workplace, which serves as the professional “home” of our employees, and ensuring individual well-being will contribute to creating new value for our customers and society. We defined enhancing human capital value as “Employee Autonomy x Alignment of Efforts.” Accordingly, we have designated it as a key theme in the Sixth Mid-Term Management Plan. To achieve this, we focus on the four themes: supporting self-directed career development, promoting diversity and inclusion (D&I), promoting diverse workstyles, and building a foundation for well-being. We are engaging in such strategic efforts as reforming systems and building a positive corporate culture.

Fostering a shared understanding of the Sekisui House Group’s vision, strategies, and overall direction among all employees is also essential. We train leaders who will promote and implement our Corporate Philosophy and strategies as we recruit and optimally allocate employees in line with these strategies (alignment of efforts).

Improving Social Value

Our “Kids First” initiative offers children opportunities to create happiness and reiterates our commitment to supporting their safe and healthy growth.

We are advancing regional revitalization by respecting the human rights of all stakeholders affected by our business, including those in our supply chain; engaging in urban development that respects local culture and customs; and rediscovering regional charm to invigorate local economies and create jobs. This approach allows us to promote the development of society as a whole (regional revitalization business) through co-creation with local communities.

Mid-Term Management Plan				
Enhancing our corporate value by enhancing human capital and improving social value				
Enhancing human capital value	Enhancing employee autonomy × alignment of efforts	Improving social value	Solving social issues through business and other corporate activities	
Enhancing human capital value → P47 Employee autonomy × Alignment of efforts			Improving social value → P67 Kids First <ul style="list-style-type: none"> Supporting the emotional and sensory development of children Providing children with opportunities to learn about housing Continuing the Children's Fund as part of the Sekisui House Matching Program → P68 Regional revitalization business <ul style="list-style-type: none"> Training and recruiting homebuilding craftsmen Promoting the Trip Base <i>Michi-no-Eki</i> Stations Project Proposing effective utilization of public real estate (PRE) → P74 	
Supporting self-directed career development <ul style="list-style-type: none"> Self-directed career development education Career development support system Sekisui House Innovation & Performance (SHIP) Awards → P48 	Promoting diverse workstyles <ul style="list-style-type: none"> Offering a variety of workstyle programs Expanding systems for fair evaluations Creating a workplace culture that ensures psychological safety → P58 	<ul style="list-style-type: none"> Training leaders who will promote and implement our Corporate Philosophy and strategies 	Respect for human rights <ul style="list-style-type: none"> Promoting human rights due diligence for suppliers Promoting human rights due diligence in terms of global hiring → P71 “Green First”¹ <ul style="list-style-type: none"> Amplifying ethically conscious lifestyles through the promotion of ZEH Securing public support for the <i>Gohon no Ki</i> Project Creating, managing, and circulating high-quality housing stock Continuing the Environmental Fund as part of the Sekisui House Matching Program → P4 	
Promoting D&I <ul style="list-style-type: none"> Promoting women's advancement Promoting the participation of international employees Promoting the participation of people with disabilities Promoting employee understanding of the LGBTQ+ community → P51 	Building a foundation for well-being <ul style="list-style-type: none"> Assisting the pursuit of family happiness (encouraging male employees to take childcare leave, nursing care leave, etc.) Supporting health improvement efforts Continuing the Well-Being Survey → P61 			

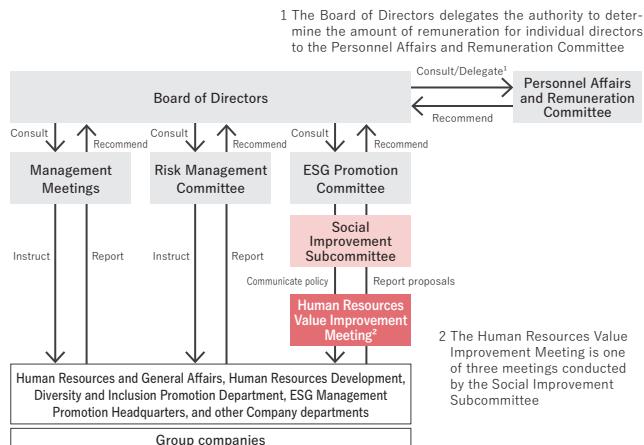
S Enhancing Human Capital Value

Governance

Important matters related to human capital and its enhancement are discussed by the Personnel Affairs and Remuneration Committee, ESG Promotion Committee, or Risk Management Committee, all of which serve as advisory bodies to the Board of Directors. The outcomes of these discussions are reported at Management Meetings or Board of Directors meetings, where Company-wide measures are implemented and managed. The ESG Promotion Committee includes two external members with specialized expertise who actively participate in discussions, exchanging opinions and formulating initiatives and policies to effectively address social issues.

Structure for enhancing human capital value

Relevant departments, including the Human Resources and General Affairs Department, the Human Resources Development Department, and the Diversity and Inclusion Promotion Department, are responsible for formulating strategies, implementing initiatives, and managing progress. In the



"Human Resources Value Improvement Meeting," a subcommittee under the Social Improvement Subcommittee, we discuss cross-departmental measures, individual cases, and analyze risks and opportunities related to human capital, along with considering appropriate response measures. The Social Improvement Subcommittee, composed of representatives from these relevant departments, engages in further discussions based on these deliberations to enhance collaboration across departments.

Strategy

Basic Approach

To foster employee autonomy, it is essential that each individual takes initiative, utilizes the Group's resources, and continuously focuses on their career development. To promote self-directed career development that considers life beyond work, we are focused on building systems and environments that support sustainable growth for both employees and the Company. We also promote inclusive workplaces where everyone—regardless of age, gender, nationality, or disability—can work in their own way and fully realize their potential. Additionally, we are actively introducing and operating highly flexible work systems that accommodate diverse workstyles.

To ensure the sustainable growth of the Sekisui House Group, it is essential to secure and retain outstanding talent—both in Japan and overseas—capable of developing its existing businesses and taking on challenges in new businesses. We identify the human resources required to execute our business strategies through workforce planning, systematically develop high-integrity leaders, and strive to secure and optimally allocate personnel necessary for our business strategies.

Our Group's Human Rights Policy and Corporate Ethics Guidelines clearly prohibit any form of unreasonable discrimination in the hiring and treatment of employees based on birth, nationality, race, ethnicity, beliefs, religion, gender, sexual orientation, gender identity, age, disabilities, preference, educational background, family, and others. These guidelines also ensure a fair recruitment process that respects fundamental human rights and evaluates candidates based on their aptitude, skills, and motivation.

Fundamental policy for human resource development

To achieve the Sekisui House Group's Global Vision of "Making Home the Happiest Place in the World," we promote human resource development under the policy of "maximizing the value of human capital and driving business growth through diversity and inclusion of knowledge and experience."

Policy for developing working environments

Based on the mindset that it is essential to make our Company—our employees' "home"—the happiest place in the world, we aim to create an environment where everyone finds meaning and fulfillment in their work. We are developing our working environment to support key initiatives such as supporting self-directed career development, promoting D&I and diverse workstyles, and building a foundation for well-being.

Risk Management

The relevant departments analyze risks and opportunities related to human capital and consider appropriate countermeasures. These are then discussed within the Social Improvement Subcommittee to foster cross-department cooperation. The significant risks and opportunities identified through this process are reviewed by the ESG Promotion Committee, an advisory body to the Board of Directors, and are subsequently reported to the Board, contributing to the formulation of mid- to long-term strategic plans. In addition, each Group company monitors its own risk map. Risks and opportunities such as those related to securing human resources are also reported to the Risk Management Committee, and examined and managed within the Group-wide risk management framework.

Metrics and Targets

We have set KPIs in the Sixth Mid-Term Management Plan and disclose details of these initiatives as well as the status of their progress.

→ P96 Metrics and Targets for Material Issues
↗ Value Report 2025 P62 Indicators and Progress

Enhancing Human Capital Value

S

Supporting Self-Directed Career Development

Basic Approach

Enhancing human capital value is the driving force behind the growth of the Sekisui House Group. To maximize human capital value, we believe it essential to encourage employees to act autonomously, based on their own values and beliefs, while aligning with the Company's direction. Accordingly, we are working to develop and implement systems and programs that support individual employees in self-directed career development, as well as creating an environment conducive to growth. Since 2003, we have continuously implemented our Self-Directed Career Development Course. This dedicated training program is designed to encourage employees to reflect on their personal careers and actively engage in ongoing career development.

Self-Directed Career Development Education

Self-Directed Career Development Course

Since 2003, we have been implementing Self-Directed Career Development Courses, regularly updating them to reflect changes in business and societal trends. In 2022, we updated our Self-Directed Career Development Course, previously offered in the seventh year of employment. This change was made to cultivate flexible career awareness that considers societal and environmental changes with a more future-oriented, strategic mindset. In 2023, the course content was enhanced to enable participants to develop career strategies suited for role changes and expansions in the later stages of their professional journey. In addition, to effectively connect experiences from one's early career days to real growth, we have established the Self-Directed Career Development Course I for new employees, and the Self-Directed Career Development Course II for second-year employees. A total of 21,110 employees have attended these training courses as of January 31, 2025.

In FY2024, the average training time per employee, including Self-Directed Career Development Courses, was eight hours. Each training session is conducted with a clearly defined purpose, and post-training surveys are used to assess program quality and participant comprehension. Based on this feedback, we continuously improve the content, materials, and instructors by incorporating external expertise.

 ESG Data Book 2025:

Cumulative number of participants in self-directed career development-related training
Investment in human resource development, Average training hours per employee

Support for employees' autonomous career development

Following each phase of the Self-Directed Career Development Course, we offer multifaceted support to help employees take charge of their careers and engage enthusiastically in their personal development.

My Career Sheet

In 2024, we introduced My Career Sheet as an important tool to further improve employee autonomy in career development and enhance human capital value. The sheet shows an employee's experience and skills, connecting them to their self-driven learning and growth. Proactively emphasizing these experiences and skills in career interviews will, we expect, lead employees to take on new challenges and be presented with new opportunities.

Career development leave

As a part of our support for autonomous career development, employees who seek to study at educational institutions recognized under the School Education Act in Japan or at approved institutions overseas, and who meet a set of standardized criteria, may take a leave of absence. The leave period range from three months to one year for domestic institutions, and up to two years at overseas institutions.

Advanced learning support program

This program offers advanced learning opportunities to employees currently involved in management who are candidates for senior management or are expected to significantly contribute to future business performance through research or leadership in specific fields. It supports the acquisition of MBA or Master of Technology (MOT) degrees through designated schools that can be attended while continuing to work. In FY2023, there were 11 employees who utilized this program in its inaugural year, with 13 more doing so in 2024.

Online education platforms

In 2024, we launched a pilot version of an online learning platform to support employees in autonomously developing general-purpose skills. Future developments will be determined based on employee feedback and usage trends.

Enhancing Career Development Support Programs

Effective workplace training programs

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

Sales representatives

In the three-year training program for detached home sales, employees develop a customer-first mindset and acquire a broad range of specialized knowledge and skills for housing sales. Since the program's launch in FY2018, a total of 2,212 employees have completed the program.

Designers

Newly hired designers spend their first two years in the entry-level program to acquire the necessary specialized knowledge. As of FY2024, a total of 1,318 employees have completed the training. From the third to fifth year, they participate in an intermediate program that provides structured training to deepen their expertise in their respective roles. Subsequently, employees are able to select and participate in training tailored to their expertise and acquire in-house certifications such as Chief Architect.

Construction technicians affiliated with partner building constructors

We provide structured training programs to help construction technicians—including those employed by partner building constructors—acquire the specialized knowledge and skills required onsite. After opening the Educational Training Center and Training Schools in 1982, we now hold training at three locations across Japan. Over the past 10 years, a total of 785 trainees have completed the program (with 153 participants in FY2024). Trainees continue to improve their skills and techniques even after completing training school by participating in training programs at education and training centers according to their work experience and skill level.

Supporting Self-Directed Career Development

In-house certification programs

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

In-house certifications¹

Design: Chief Architect

Certified individuals: 308 Certification period: 2 years

We grant this role and qualification to outstanding designers who support the creation of quality homes.

Design: Renovation Chief Architect

Certified individuals: 15 Certification period: 2 years

We grant this role and qualification to employees who demonstrate advanced skills and deep expertise in the field of renovation at Sekisui House Remodeling, Ltd.

Design: Platinum Specialist

Certified individuals: 47 Certification period: 3 years

We grant this role and qualification to employees who have an excellent track record and possess the advanced expertise and skills required for our platinum properties (housing for the elderly, welfare buildings for children, people with disabilities and others, medical facilities, etc.).

Structural planning: Structural Planning Specialist

Certified individuals: 191 Certification period: 3 years

We grant this role and qualification to designers who play a leading role in structural planning at offices.

Onsite supervision: Chief Constructor

Certified individuals: 126 Certification period: 2 years

We grant this role and qualification to particularly excellent onsite supervisors who contribute to enhancing our brand strength and productivity.

After-sales service: Customer Support Meister

Certified individuals: 36 Certification period: 1 year

We grant this role and qualification to employees who excel in customer support and possess a high level of skill and abundant knowledge.

1 For Sekisui House (non-consolidated) as of the end of FY2024 with the exception of Renovation Chief Architects

Qualification grant

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

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

KPI	Boundary	Unit	2024		
			Results	Targets	Results
Cumulative number of employees who have acquired major qualifications ² required for specific duties	Non-consolidated	Persons	23,608	24,566	24,600
					25,068

2 Major qualifications:

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

Career Challenge Program

Based on job type, job content, and expected future duties, our employees are categorized into four groups: Sales Engineering job group (main career track), Production Skills job group, General Clerical/Regional Employees

job group (includes employees working in specified areas), and Skill-Based job group. Our personnel systems are operated according to the characteristics of each job group in terms of training and basic compensation.

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

Since 2023, the number of applicants has increased, supported by measures to strengthen development plans within each department, as well as a growing awareness of self-directed career development among individual employees and their job group peers. There were 88 applicants in FY2024, of whom 72 successfully changed their job group to advance their careers. Since the program began in FY2006, 400 people have changed their job group.

Number of Applicants and Actual Converts under the Career Challenge Program (FY)

	Boundary	Unit	2022	2023	2024
Number of applicants	Group (Japan) ³	Persons	32	98	88
Number of job group converts		Persons	30	90	72

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

Career coordination for internal mobility

We have set up a tool to allow direct communication of career transfer-related requests to our Personnel Department. This tool enables our employees to individually fill out information on whether they would like to transfer, their desired transfer location, their desired transfer period, their reason for transfer, and the experience and skills they will bring to the new location. Introduced in FY2023, the Career Coordination System supports employees seeking transfers beyond their current department by facilitating communication between the Personnel Department and various headquarters and departments, and matching qualified candidates with suitable transfer opportunities.

Supporting Self-Directed Career Development

Promoting the Sekisui House Innovation & Performance (SHIP) Awards

SHIP combines the former Innovation Competition held to commemorate Sekisui House's 60th anniversary with awards we have held in the past, such as those for technical development and business achievements. This awards program began in FY2021 with the goal of fostering autonomous employee and organizations that create continuous innovation through active communication and idea-sharing among employees. SHIP has two different categories: the innovation category and the performance category. The program received 1,948 entries in FY2024, its fourth year of operation.



Innovation Category		Performance Category		
Novel ideas related to new businesses and technologies, in-house programs, ESG, etc.		Initiatives such as business transformation and new product development that have contributed to enhancing corporate value		
Number of SHIP Idea Entries				
	Boundary	Unit	2022	2023
Innovation category	Group (Japan)	Cases	937	988
Performance category			559	725
				660

Social contribution ideas (Sekisui House Matching Program)

In FY2023, the third iteration of the Sekisui House Innovation & Performance Awards (SHIP), introduced a new initiative to gather ideas for social contribution from a wide array of sources. Selected ideas are developed into projects collaboration with nonprofit organizations and subsidized through

the Sekisui House Matching Program, a corporate program to match employee donations. This initiative received 319 submissions in FY2024.

 Value Report 2025 P56 Sekisui House Matching Program
→ P70 Sekisui House Matching Program

Supporting idea creation with SHIP Academy

We have been holding the online discussion seminar SHIP Academy since September 2023 to foster innovation and communication. The entry-level program covers methods of proposing ideas, and the intermediate-level program teaches ways to develop ideas. Participants present ideas prepared in advance in groups of three and provide feedback to each other.

SKIdea, an app to post ideas

In 2020, we developed the in-house app "SKIdea" (Sekisui House Group Knowledge & Idea). It not only allows users to view and post ideas and initiatives but also includes features that enable employees to join teams for ideas they resonate with, as well as leave comments and messages of support.

Idea selection and final judging: 6-month selection period

Entries are evaluated by a panel of more than 80 executives and managers from across the Group over a period of six months. The 10 entries from the innovation category and 10 from the performance category that passed the second round of judging proceeded to the final judging session. This final judging session and awards ceremony, spanning more than eight hours, is livestreamed for Group offices and employees worldwide.

Support for realizing ideas and horizontal deployment of initiatives

The project from the innovation category receiving the Grand Prize will be expanded into new businesses and systems. For the second-place winner, top management supports the project for a period of one year,

assessing its business potential and systemization. In the performance category, we collaborate with relevant parties to promote horizontal deployment of all entries.

Implementation of Winning Ideas from the Innovation Category

Second annual SHIP in FY2022 – Grand prize winner

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

Implementation: For two consecutive years, 2023 and 2024, we have held the Sekisui House Carpentry Competition WAZA, to determine the best carpenters in the Sekisui House Association in Japan.

Third annual SHIP in FY2023 – Second prize winner

Idea: To support diverse workstyles and values, a reemployment program for former employees was proposed that makes it easier for former employees to return, helping the Company secure valuable talent who can make an immediate impact.

Implementation: In December 2024, we introduced the "Welcome Home Program." By eliminating such previous requirements as age at the time of registration, years of service, and registration period, the system significantly expanded eligibility to include individuals who voluntarily resigned, including those who left for other job opportunities.



Enhancing Human Capital Value Promoting D&I

Basic Approach

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

The Group considers D&I to be the practice of embracing diversity and inclusion. This practice brings together diverse viewpoints and ideas, generating new concepts and approaches that lead to value creation.

Creating an inclusive environment that respects individual identities enables our employees to work with peace of mind, leading to increased engagement and performance. Therefore, we promote the creation of workplaces where individual employees with different attributes, backgrounds, experiences, and abilities can bring out their diverse strengths in psychologically safe workplaces alongside initiatives that are advancing with various focuses such as hiring and human resource development, improving workplace environments, and fostering workplace culture.

 ESG Data Book 2025: Promoting D&I

Our Commitment to Human Resource Sustainability

The Group strives to be an organization with happy employees who work enthusiastically to achieve goals. In order to realize this, Sekisui House announced its Commitment to Human Resource Sustainability in March 2006. We are working to promote diversity through three main pillars: promoting the advancement of women, empowering diverse talent, and promoting diverse workstyles. These efforts aim to maximize the performance of our diverse workforce and support the sustainable growth of the organization.

 Our Commitment to Human Resource Sustainability (Japanese only)

Structure for Promoting D&I

Since 2005, each successive top executive has made personal commitments to promote D&I, accelerating the Group-wide adoption of these concepts. The Diversity Development Team was established in 2006, reorganized as the Diversity Promotion Office in 2014, and then as the Diversity and Inclusion Promotion Department in 2018. Its purpose is to develop Group-wide strategies and policies while managing KPI progress.

In June 2020, we established the Social Improvement Subcommittee as part of the ESG Promotion Committee, an advisory body to the Board of Directors. This subcommittee conducts regular discussions on strategies and policies related to diversity and inclusion.

Evolving Sekisui House's diversity and inclusion (D&I)

Under "Love of Humanity," the fundamental philosophy underpinning our Corporate Philosophy, the Group has been striving to realize a society where all people enjoy lasting happiness. We believe that empowering diverse talent and creating an environment in which all employees can thrive will contribute to sustainable corporate growth and the sustainability of society. Accordingly, we have designated D&I as one of our material issues and have been advancing related efforts since 2022. Under the Sixth Mid-Term Management Plan launched in FY2023, we are advancing Diversity, Equity & Inclusion (DE&I) with a particular focus on promoting women's advancement, the participation of international employees and people with disabilities, as well as employee understanding of the LGBTQ+ community. We have been working to create a workplace where everyone can realize their full potential as well as to raise awareness across the organization of the importance of equity.

Through this process, we examined diverse discussions on the concept of equity both in Japan and overseas, and determined that the appropriate approach is to embody the principles of equity within the framework of Diversity & Inclusion (D&I) in a way that is in alignment with our vision for DE&I. Based on the different national interpretations of "equity," we have revised our terminology to better convey the actual nature of our initiatives and ensure they are accurately understood.

Equity at our Company does not involve preferential treatment for specific groups; it means fostering an environment in which every employee can access equal opportunities and maximize their inherent capabilities. For example, in promoting women's advancement, we have fostered an environment in which self-directed individuals can thrive regardless of gender through leadership development and support for flexible workstyles. In promoting the employment of persons with disabilities and employee understanding of the LGBTQ+ community, we are also working to create environments that accommodate individual characteristics and needs. In this way, we have placed importance on ensuring that individual abilities and efforts are properly evaluated and that equitable opportunities are provided through growth opportunities, supportive environments, and mindset transformation. Accordingly, since FY2023, we have been advancing the following initiatives to promote internal awareness and understanding of equity.

- Mindset transformation through internal training and dialogue: We conduct training on unconscious bias and the concept of equity, and promote employee understanding through dialogue.
- Equal access to growth opportunities: In promoting women's advancement, we do not set aside special promotion quotas; instead, we enhance development opportunities and skill-building support for appointment to managerial positions. We have also expanded language training and leadership development programs to promote the participation of global talent.
- Equitable choices through supportive environments: To support the balance between child rearing or nursing care and work, we have expanded systems that enable flexible workstyles. In addition, we are enhancing workplace accessibility and promoting reasonable accommodations to promote the employment of persons with disabilities.

We will continue and further strengthen these initiatives within the D&I framework. Standardizing the expression as D&I is a choice made to clearly define our Group's D&I practices. Going forward, we are committed to accelerating the creation of an environment where diverse talent can thrive with equal opportunities and mutual respect, aiming to increase sustainable corporate value by achieving the happiness of employees, customers, and society.

Promoting D&I

Metrics

Employee Overview

Metrics		Boundary	Unit	2022	2023	2024	(FY)
Number of employees	Male	Non-consolidated	Persons	11,315	11,573	11,758	
	Female			3,617	3,754	3,906	
	Male	Group (Japan) ¹	Persons	18,810	18,921	19,624	
	Female			7,054	7,299	7,960	
Number of employees by age group	Under 30	Group (Japan) ¹	Persons	4,976 (19.2%)	5,251 (20.0%)	5,587 (20.3%)	
	30-50			13,347 (51.6%)	13,132 (50.1%)	13,666 (49.5%)	
	51 and above			7,541 (29.2%)	7,837 (29.9%)	8,331 (30.2%)	
	Male	Group (Japan) ¹	Years	18.4	18.6	18.2	
Average years of service	Female			11.7	12.0	12.0	
Average age	Male	Group (Japan) ¹	Age	44.4	44.3	44.2	
	Female			38.2	38.4	38.7	
Employee turnover rate		Group (Japan) ²	%	4.1	4.3	4.4	
	Female employees			31.6	28.7	26.9	
Voluntary turnover rate of employees				4.0	3.9	4.1	
	Female employees			31.5	27.4	26.2	
Percentage of contract employees				5.7	6.4	6.7	
Percentage of temporary employees				2.8	2.6	4.0	
Percentage of total non-regular employees				8.6	9.0	10.7	
Average monthly work hours per person				170.73	169.58	170.17	
Average monthly overtime work hours per person		Group (Japan) ³	Hours	21.7	21.1	21.1	
Annual paid leave take-up rate and number of days taken	%			73.1	80.3	79.9	
Average annual salary	Days			13.1	15.8	15.7	

1 For FY2022–FY2023, Sekisui House and major domestic Group companies; for FY2024, Sekisui House and domestic consolidated subsidiaries.

2 For FY2022–FY2023, Sekisui House and major domestic Group companies (excluding Konoike Construction); for FY2024, Sekisui House and domestic consolidated subsidiaries.

3 Sekisui House, Sekisui House Real Estate Group, Sekisui House Remodeling, Ltd.

4 For FY2022, Sekisui House and major domestic Group companies (excluding Konoike Construction); for FY2023, Sekisui House and major domestic Group companies; for FY2024, Sekisui House and domestic consolidated subsidiaries.

5 Sekisui House and major domestic Group companies (excluding Konoike Construction)

6 For FY2022, Sekisui House and major domestic Group companies (excluding Konoike Construction); Sekisui House and major domestic Group companies

7 For FY2022–FY2023, Sekisui House (non-consolidated); for FY2024, Sekisui House and major domestic Group companies (excluding Konoike Construction)

Promoting D&I

Promoting D&I

KPI	Boundary	Unit	2022	2023	2024	2025
			Results	Results	Targets	Results
Number of female Directors of the Board	Non-consolidated	Persons	3	3	3 or more	3
Number of female managers	Group (Japan) ⁴		302(4.60%)	342(4.34%)	350	415(5.01%)
Percentage of full-time female employees	Group (Japan) ⁵		28.9	29.4	29.5	29.8
Percentage of female new graduates hired	Group (Japan) ⁶		44.6	38.3	40	35.9
Take-up rate for eligible male employee childcare leave	Company standards ⁸		100	100	100	100
	MHLW standards ⁹		114	114	—	111

8 Pertains to male employees who have taken leave granted under the Sekisui House program (childcare leave of at least 31 days before the child's third birthday)

9 Total number of male employees beginning childcare leave in the previous business year divided by the total number of male employees whose spouses had a new child in the previous business year

Metrics	Boundary	Unit	2022	2023	2004	(FY)
Number of female Directors of the Board/ Total number	Group (Japan) ¹	Persons	4/110 Of which, 3/5 are external	4/77 Of which, 3/5 are external	3/92 Of which, 3/5 are external	
	Non-consolidated		3/10 Of which, 3/5 are external	3/10 Of which, 3/5 are external	3/10 Of which, 3/5 are external	
Number of female Audit and Supervisory Board members/ Total number	Group (Japan) ¹		1/13 Of which, 0/3 are external	1/7 Of which, 0/3 are external	1/9 Of which, 0/3 are external	
	Non-consolidated		1/5 Of which, 0/3 are external	1/5 Of which, 0/3 are external	1/5, Of which, 0/3 are external	
Number of female executive officers/ Total number	Group (Japan) ¹		2/72	1/60	1/57	
	Non-consolidated		2/23	1/28	1/32	
Number of female general managers	Group (Japan) ¹		7	20	26	
	Sales position	Group (Japan) ¹	114	105	114	
Number of female managers by job type	Technical positions		88	102	128	
	Administrative positions		99	115	147	
Percentage of female managers by job rank	Senior Manager Level	Group (Japan) ⁴	1.01	1.38	1.79	
	Section Manager Level		5.61	5.15	6.07	
Percentage of new female managers			6.33	8.00	10.5	
Percentage of females in non-managerial positions	Group (Japan) ¹		36.9	37.8	39.1	
Returning rate from childcare leave	Male	Group (Japan) ¹	100	100	100	
	Female		95.8	95.6	95.1	
Retention rate per year after returning from childcare leave	Male		98.7	97.0	97.2	
	Female		97.6	96.0	96.2	
Number of employees who have taken childcare leave	Male	Group (Japan) ⁴	517	592	609	
	Female		313	288	305	

Promoting D&I

Promoting Women's Advancement

Action plan for promoting active participation by women

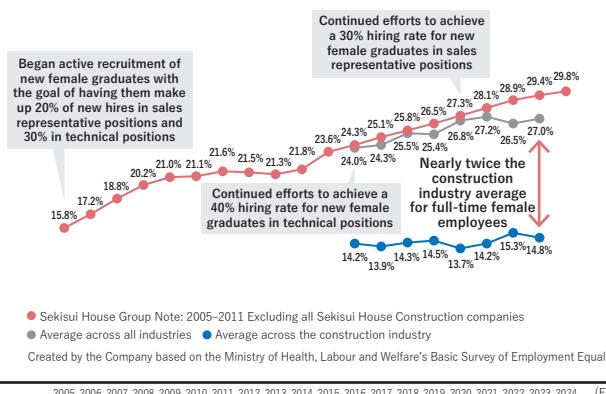
In February 2021, we set new targets for Sekisui House's action plan for promoting active participation by women based on the Act on Promotion of Women's Participation and Advancement in the Workplace. We set two major targets of "310 or more female managers¹" and "100%² take-up rate for eligible male employee childcare leave" (both by March 31, 2026 on a Group basis), and will continue making efforts to achieve these targets. In addition, we established a new "Promoting women's advancement indicator" in February 2025, as one of the ESG indicators used in office commendations,³ furthering our initiatives to promote the advancement of women.

¹ There were 415 female employees in managerial positions in FY2024 with the goal of maintaining 380 or more in FY2025.

² 100% means that all eligible employees with a child or children under the age of three (the limit under the Company's rules and regulations) take at least one month of childcare leave.

³ The evaluation comprises five indicators: "operating profit," "customer perspective and work accuracy," "land acquisition and sales," "productivity relative to expenses," and "ESG management." The "ESG management" indicator assesses whether the Company's business activities are in line with its ambition to become a leading company in ESG management.

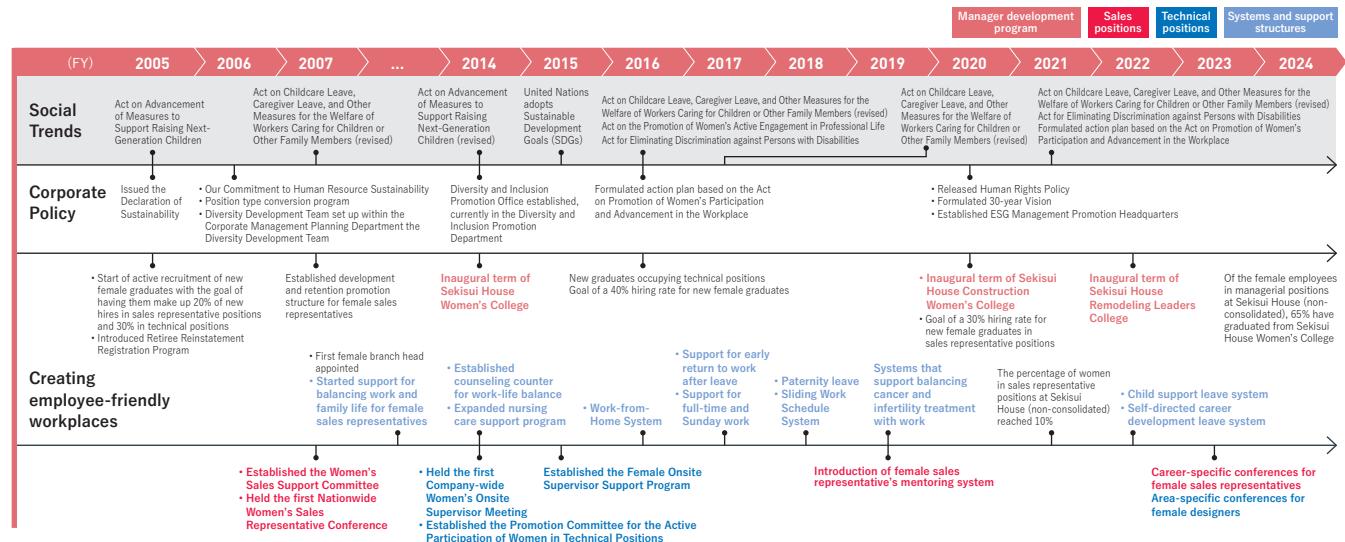
Percentage of the Group's Full-time Female Employees



The advancement of women as an important management strategy

Since diverse values and perspectives are needed when building houses, the Group believes that the advancement of women in all spheres of its business activities is crucial. Thus, the Group is focusing on women's advancement as an important management strategy. To begin with, the percentage of female employees in the construction industry is low compared to other industries. Some reasons for this include male-dominated leadership, heavy workloads, lack of career advancement opportunities, and the working environment in general. The Group works seriously to solve these issues and, since 2005, has made efforts to actively recruit more women, provide suitable environments and career advancement and retention support specific to different job types (sales representatives, technical personnel, etc.), and focused on development and retention, as well as training and appointment of female candidates to managerial positions. Through these efforts, we are fostering a more inclusive workplace and cultivating a corporate culture that allows women at all stages in their lives to actively participate. By the end of FY2024, the percentage of female employees was 29.8%, nearly twice that of the average in the construction industry, which stands at 14.8%.

Progress in Promoting the Participation of Women



Promoting D&I

Actively hiring women

Since 2005, the Group has worked to actively recruit female sales representatives. The Group strives to eliminate any prejudice or bias in the hiring process and makes decisions based on individual ability and potential. We also actively implement career seminars and similar events that disseminate information to middle, high school, and college students that will inspire them to pursue a career in the construction industry.

In 2020, we set the goal of having female employees make up 30% of all sales representatives and 40% of all those in technical positions for Sekisui House (non-consolidated). For all new graduates hired in FY2024, women made up 28.6% and 42.5% of all hires for sales representative positions and technical positions, respectively. In addition, Group companies are also actively recruiting women, aiming for a 40% female hiring rate among new graduates from FY2023 to FY2025. In 2024, the percentage of women hired by major domestic Group companies (including the Company) declined to 35.9%; though this number rises to 36.2% when including all domestic consolidated subsidiaries, as shown in the adjacent table. This is largely due to the expansion of hiring for the male-dominated position of housing technician, or “crafter,” at Sekisui House Construction—a Group company that accounts for 16% of new graduate hires. We will continue to steadily recruit women under appropriate targets, while continuously reviewing retention and development progress across each Group company and business segment.

We also actively work to hire women for mid-career positions and support them in creating career paths and developing leadership skills. Through this, we promote gender diversity as well as diversity among employees in decision-making roles. Women made up 25.6% (174 employees) of all mid-career hires in FY2024.

Recruitment Status (FY)

		Boundary	Unit	2022	2023	2024
Percentage of female new graduate hires	Sales representatives	Non-consolidated	%	31.6	27.7	28.6
	Technical positions			41.7	38.4	42.5
Number of new graduates hired	Male	Group (Japan) ¹	Persons	434	565	625
	Female		Persons	350	351	355
	Female percentage		%	44.6	38.3	36.2
Number of mid-career hires	Male	Group (Japan) ¹	Persons	417	473	505
	Female		Persons	186	198	174
	Female percentage		%	30.8	29.5	25.6

¹ For FY2022, Sekisui House and major domestic group companies (excluding Konoike Construction); for FY2023, Sekisui House and major domestic group companies; for FY2024, Sekisui House and domestic consolidated subsidiaries

Retention and development of female sales representatives

By the end of FY2024, there were 476 female sales representatives working for Sekisui House (non-consolidated) nationwide. Following our 2005 decision to actively recruit female sales representatives, we observed a high turnover rate among these female employees during their first three years of employment. To address this issue, in addition to on-the-job training, we introduced interviews with the Diversity and Inclusion Promotion Department for all female sales representatives during their first three years of employment. Through this, we provide personalized support tailored to each individual and work to identify problems faced by female sales representatives early and make improvements as necessary.

We have held an annual Nationwide Women's Sales Representative Conference since 2007 with the goal of retaining and developing female sales representatives by providing them the opportunity to create a network that goes beyond their workplace. At this



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



Group discussions

conference, female sales representatives from across the country gather together to receive performance awards, listen to talks by top management, watch case study presentations by top performers from each year group, network with various role models, and conduct group discussions. These activities contribute to skill enhancement, career development, and increased motivation among participants. Since FY2024, these conferences have been conducted in person at two locations—one in eastern Japan and one in western Japan—with the managers of female sales representatives' stores also participating online.

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

10 Positive Action Measures for Female Sales Representatives



Promoting D&I

Retention and development of female technicians

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

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

Since 2012, we have held the Female Designer Conference, aimed at the retention and development of female designers, and providing opportunity for these employees to come together from across Japan to discuss career development and tips related to balancing child-rearing and work. As of the end of FY2024, the percentage of women in designer positions exceeds 35%, standing at 35.4%. Among these are women holding in-house certifications, including: 30 Chief Architects, who possess advanced design

skills, four Platinum Specialists, with highly specialized design skills for elderly housing and welfare facilities, and 15 Structural Planning Specialists, with advanced skills in architectural structural design.

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

To create a comfortable environment for all those working onsite, we have developed the Orihime toilet¹ and improved temporary toilets at construction sites, thus responding to employee needs and enhancing the workplace environment. We have created new construction and maternity uniforms based on the opinions of our female employees as well as a guide on working while pregnant for expecting mothers and those rearing children. By supporting the career continuation of female employees through initiatives such as information sharing between these employees and their managers, we are working to improve retention rates. Currently, we employ 83 female onsite supervisors with the number of female onsite supervisors in their twenties reaching about 30%, as of the end of FY2024. Moreover, one woman has been appointed as a construction director, a role that supports the corresponding manager; four women have been appointed as assistant construction directors; and 11 women have been certified as Chief Constructors, an in-house certification program for onsite supervisors.

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



Women's meeting to exchange opinions regarding construction uniforms



Maternity uniform



Orihime toilet



Guide to Working during Pregnancy



2024 Company-wide Women's Onsite Supervisor Meetings

Expanding the participation of women in the Remodeling Business

Sekisui House Remodeling, Ltd., which is in charge of our proprietary remodeling solutions for homes built by the Company, actively recruits women with families and experience in child-rearing. The number of female deputy office sales leads has been increasing due to efforts made regarding career advancement support and environmental improvements aimed at developing and retaining management personnel. Sekisui House Remodeling, Ltd. has one female executive, 582 female sales representatives (57% of remodeling sales representatives), four female office sales leads, five female deputy office sales leads, and 88 female area sales leads as of January 1, 2025.

Promoting D&I

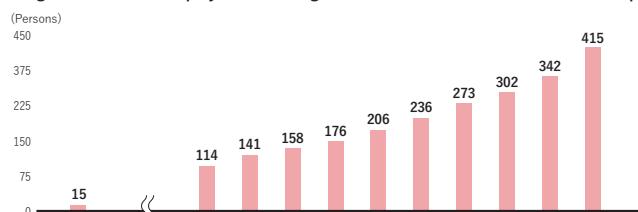
Progress of female employees in managerial positions

Female employees in managerial positions in the Sekisui House Group increased from 114 in FY2015 to 415 in FY2024. For Sekisui House (non-consolidated) the increase was from 37 in FY2015 to 191 in FY2024. To support this growth, we established the Sekisui House Women's College in 2014, which supports women in building career paths and creates an environment where they can freely exercise their leadership abilities. Of the 170 female employees who have graduated from the Sekisui House Women's College, 122 are currently working in managerial positions. We also hold an annual conference for these graduates, providing networking opportunities, reflecting on the two-year curriculum, and confirming their career visions.

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

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

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



Note: For FY2022 and before, Sekisui House and major domestic Group companies (excluding Konoike Construction); for FY2023, the figures include Konoike Construction; for FY2024, all consolidated subsidiaries are also included

Training female candidates for managerial positions through the Sekisui House Women's College

The Group's action plan, based on the 2021 Act on Promotion of Women's Participation and Advancement in the Workplace, sets the goal¹ of having at least 310 female employees in managerial positions by FY2025. The Sekisui House Women's College, serving as training for managerial candidates, was inaugurated in 2014 as a pipeline for the appropriate promotion of women to such roles. The program, which lasts approximately two years, selects 20 employees each year based on self-endorsements and recommendations from their managers. The first year focuses on learning the essence of management through developing skills from a management perspective. In the second year, employees strengthen their problem-solving abilities through experiential learning to address workplace challenges. They also work to develop the proper management perspective and ability through on-the-job training and practical experience. At the end of the program, they present the outcomes of their projects regarding organizational challenges to management. This strengthens innovation organization-wide through a diversity of perspectives and approaches and also allows us to provide suitable training and promotions that match the individual goals of our employees.

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

1 There were 415 female employees in managerial positions in FY2024 with the goal of maintaining 380 or more in FY2025.



Sekisui House Women's College 11th class

Initiatives to promote women's advancement

Top management commits personally to actively promote the participation of women and regular discussions are held by the Board of Directors and at Management Meetings. Since committing to actively hire women in sales representative roles in 2005, the number of women in these roles has increased from 127 to 476 by the end of FY2024, and the number of women with experience as branch heads and sales managers has also increased.

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

We promote female leaders based on fair evaluations that consider the employee's individual goals, abilities, and performance. Thus, we support the career advancement of women and actively work to promote leadership development. Moreover, we strive for transparency in the promotion and advancement of our female leaders, with the goal of providing equal access to opportunities for all employees. The number of women in managerial positions in the Group was 415 as of the end of FY2024, already surpassing our goal for FY2025 of 310. That being said, we are still aware of challenges regarding diversifying our leadership at the organizational level. Increasing the number of women responsible for organization-wide decision making will enable the Group to leverage a more diverse range of perspectives, experiences, and values, leading to increased corporate value. Therefore, we will actively implement initiatives that maximize the abilities of diverse personnel, strengthen our competitive advantage, and continue promoting the participation of women throughout the Company.

Initiatives related to promoting women's advancement contribute to addressing the disparity in salaries between men and women. For detailed values, please refer to page 15 of the Securities Report.

Promoting D&I

Promoting the Advancement of International Employees

We are focusing on recruiting talent without regard to nationality, actively promoting staff based on ability and suitability. Furthermore, we are advancing the hiring of local talent to important positions in our overseas assignments.

At our major overseas subsidiaries,¹ there are a total of 256 local hires in managerial positions.² This number represents 85.6% (as of January 31, 2024) of all employees at the managerial level or above, including those seconded from the Company.

1 U.S.: SEKISUI HOUSE US HOLDINGS, NORTH AMERICA SEKISUI HOUSE, SH RESIDENTIAL HOLDINGS, WOODSIDE HOMES COMPANY, HOLT GROUP HOLDINGS, CHESMAR HOLDINGS
Australia: SEKISUI HOUSE AUSTRALIA HOLDINGS; China: Sekisui House (China) Co., Ltd., Sekisui House (Shenyang) Co., Ltd., UK: SEKISUI HOUSE UK.

2 Managerial positions: Only managers who manage subordinates

Strengthening the system for onboarding technical trainees

In onboarding technical trainees from Vietnam, we work with local organizations through supervising associations to provide a Japanese language learning program of over six months prior to their arrival in Japan. In addition, we provide specialized training on the use of full-body harnesses for fall prevention and test runs on using and replacing free-hand grinding wheels for those in charge of operating them, as well as safety training for handling equipment such as circular saws. Through these training programs, we aim to prepare trainees for the construction work they will handle after arriving in Japan. Technical trainees undergo additional training at domestic training facilities upon their arrival, and we provide thorough support to ensure they can work in a safe and secure environment.

Note: FY2024 results: 28 new arrivals

Participation and Employment of People with Disabilities

The Company employs people with disabilities at business offices nationwide. As of January 31, 2025, the employment rate of people with disabilities at Sekisui House, Ltd. was 3.08% on a non-consolidated basis, and the rate at the 27 domestic Group companies legally mandated to hire people with disabilities (including the Company) was 3.07%, exceeding the legally mandated 2.5%. We will continue to actively promote the employment of people with disabilities, aiming to achieve the legally mandated employment rate at each headquarters of Sekisui House, Ltd. (non-consolidated) and the legally mandated hiring figures for each Group company.

Since 2015, we have held annual diversity meet-and-greet events for employees with disabilities and their supervisors to establish a network that transcends departmental boundaries, build relationships that facilitate mutual communication and consultation, and improve our work environments. In 2024, 265 participants took part in dialogue-based workshops and group discussions. According to the post-event survey, 191 of the 193 responses (99%) rated the event as "good" or "somewhat good," reflecting strong participant satisfaction.

Employment Rate of persons with Disabilities (FY)

	Unit	2022	2023	2024
Non-consolidated		2.97	3.00	3.08
The domestic consolidated companies subject to statutory requirements to hire persons with disabilities (including the Company) ³	%	2.86	2.97	3.07

3 33 companies in FY2022; 28 companies in FY2023; and 27 companies in FY2024

We have participated in the Accessibility Consortium of Enterprises (ACE) since its establishment in 2013. ACE was established to create an employment model for individuals with disabilities that contributes to corporate growth and provides society with the human resources needed by companies. As of March 2025, a total of 38 major companies have joined ACE. We are developing a variety of activities, including awards for exemplary activities, inter-company collaboration activities, internships, and career seminars for school officials and students with disabilities. In December 2024, the Company received the 2024 ACE Award in the "Environment Creation Category" in recognition of our initiatives in universal design and compliance with the Act for Eliminating Discrimination against Persons with Disabilities (Revised), as well as efforts to expand job roles and employment for persons with disabilities and enhance website accessibility.

In October 2020, we became a member of The Valuable 500,⁴ an international initiative promoting the participation of people with disabilities, and established three commitments.

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



Sekisui House Group's Valuable 500 Commitment

Promoting Employee Understanding of the LGBTQ+ Community

The Sekisui House Group strives to create a corporate culture that encourages all employees, with their diverse characteristics, to accept one another regardless of differences, thereby allowing everyone to reach their full potential. This initiative paves the way for building a society where all individuals can feel secure and free to work in their own manner.

Since 2014, we have incorporated LGBTQ+-related themes into our annual Human Relations Training, continuing our education and discussions of the topic. In November 2019, a new system was established for registering opposite-sex common law marriages and same-sex partnerships, making these relationships eligible for benefits and protection under internal rules, equivalent to spouses in opposite-sex marriages. We additionally established a consultation desk exclusively for matters related to LGBTQ+. Furthermore, we hold regular seminars and events, and the number of allies who understand and support this community is increasing year by year. Our initiatives aimed at customers and suppliers include updating gender and spouse entry columns on forms as well as conducting training for rental brokerage sales and affiliated distributors.

In recognition of these efforts, we were certified as Silver in 2016 and 2017 by the PRIDE Index,⁵ and have maintained our Gold certification for seven consecutive years since 2018. Furthermore, for the last three consecutive years, we have also received the Rainbow Certification,⁶ which was added to the existing PRIDE Index in 2021.

5 Japan's first index for evaluating corporate efforts concerning the LGBTQ+ community. Formulated in 2016 by a private organization, work with Pride, the objective of the PRIDE Index is to create a workplace where sexual minorities, such as LGBTQ+ individuals, can work with pride.

6 This certification encourages companies to make medium- to long-term commitments to build communities and workplaces where LGBTQ+ individuals can work openly.

Encouraging the Employment of Older Personnel and Promoting Their Advancement

Sekisui House previously had a mandatory retirement age set at 60 years old and a program for re-employing retired workers up to the age of 65. In April 2015, the retirement age was raised to 65 to enable employees across the Group to continue contributing with enthusiasm, energy, and expertise for a longer period. Additionally, in April 2020 we introduced a post-retirement re-employment program for employees aged 65 to 70 to support their active participation.

Enhancing Human Capital Value

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Promoting Diverse Workstyles

Basic Approach

The Sekisui House Group aims to revitalize communication by reforming its work environment, upgrading the ICT infrastructure, and optimizing systems and rules. We believe it critical to promote diverse working styles that allow for flexibility and autonomy while working free from constraints of time and place to ensure that each person can work to their fullest potential. Therefore, we are working to advance a workplace culture that ensures psychological safety by creating systems that foster diverse workstyles as well as expanding systems for fair evaluations.

Appropriate management of working hours and promotion of paid leave utilization

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

We have set targets for annual leave usage rate and days used of 70% and 14 days, respectively, and encourage planned leave-taking. Additionally, we are promoting autonomous workstyles through the introduction of various systems that alleviate restrictions on where and when employees work. Particularly for those employees facing time restrictions due to child-rearing and nursing care, it is essential to have systems that enable them to work with peace of mind while balancing work and life without compromising their careers. Furthermore, starting from March 2023, regardless of continuous years of employment, all employees are immediately granted 20 annual days of paid time off. (Employees previously acquired additional paid leave with each year of tenure until reaching a maximum of 20 days under the conventional paid leave system in Japan.) This initiative is part of our support for employees to realize healthy and autonomous workstyles while finding balance between their professional and personal lives. The annual paid leave usage rate for the Group¹ in FY2024 was 79.9%.

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

Offering a Variety of Workstyle Programs

Expanding support systems for transferred employees or those working away from home

In April 2023, we enhanced support for transferred employees and their families to ease financial and emotional stress as well as to support an environment where employees can fully dedicate themselves to their work.

Working hour arrangements: sliding work schedule

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

Remote work system (Work from home)

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

Changing designated days off system (Your holiday system)

In October 2024, we introduced a system at offices—where the designated days off are Tuesday and Wednesday—that allows employees to shift one of their designated days off each month to a Saturday or Sunday. This initiative aims to foster a workplace where all employees can work autonomously and grow continuously, while better accommodating their personal and family needs, such as spending time with family and friends or engaging with the local community.

Expanding support systems for our employees' work-life balance

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

Shortening or changing working hours for childcare needs

Employees who care for children up to the third grade of elementary school can apply for a reduction in their standard working hours. This can be set for each day of the week, up to two hours per day, in 15-minute increments. Additionally, until their children enter sixth grade, these employees are permitted to adjust their start and end times within the range of 7:00 a.m. to 8:00 p.m., allowing them to either start earlier or finish later, provided they work the standard number of hours.

Support for nursery school hunting

For employees who plan to return to work within one year after childbirth and need support in finding a childcare facility, we provide individual support from pregnancy to the decision on a childcare facility by providing information on activities, expertise, and childcare-related topics according to the individual's circumstances, such as the child's birthday and their place of residence.

Nursing care support

Employees providing nursing care for family members in need of care are eligible for support programs such as shortened standard working hours (up to 3 hours per day), reduced working days (one fewer day per week), or adjustments to their working hours. They can also take paid leave of five days per year (10 days if there are two or more care recipients) on an hourly basis. From 2024, we began implementation of a Group-wide nursing care survey—to be conducted every November—to consider supportive measures for employees. In addition, employees can also receive individualized consultations through in-house or external support desks upon request.

Childcare support leave

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

Promoting Diverse Workstyles

HR programs and processes

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

Implementing multiple career tracks for managers

We have established two types of career tracks for managers: direct managerial positions and specialist positions that contribute to the organization through high-level expertise. We implement HR systems that empower employees to choose and realize their own career paths.

Managerial appointment system

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

Outline of New HR Programs and Processes

Key points of personnel system reform

Self-directed career development

- Career path selection • Early creation of management opportunities
- Fair and transparent evaluation • Career interviews with supervisors

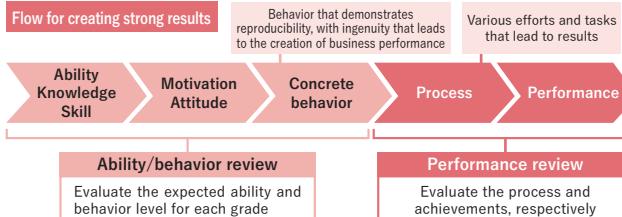


Expanding Systems for Fair Evaluations

The Group emphasizes fair and transparent employee evaluations. Accordingly, since FY2010, we have been sharing evaluation results with employees and conducting interviews to discuss individual strengths and areas for improvement. Additionally, in FY2021, we revised our evaluation system in alignment with the introduction of our new personnel system. To appropriately assess each employee's abilities and achievements in a way that creates environments that help them maintain their motivation to continue working, evaluations are conducted from two perspectives: an ability/behavior review and a performance review. In the ability/behavior review, we evaluate the employees' abilities, knowledge, and skills; motivation and attitudes; and the resulting concrete behaviors. In the performance review, we assess the process used to achieve final results using management by objectives (MBO), as well as the resulting performance. The outcomes of this review are reflected in performance bonuses, while the ability/behavior review informs promotions, salary increases, and retirement benefits. Additionally, the sales divisions are provided with monthly performance allowances based on individual performance.

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

Grading System Overview



Risk management in engagement

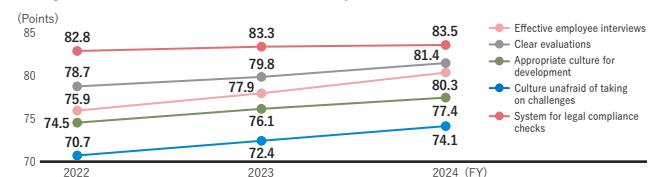
We conduct an annual Governance Awareness Survey for all domestic Group employees to monitor current conditions within the Group regarding our corporate philosophy, code of conduct, vision and strategy, employee autonomy, workplace culture, and compliance. Based on the survey results, we encourage department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

- (1) We established certification criteria and competency standards for specialists (SP positions) who contribute to the Company through their high degree of expertise and clarified our ideals and expected roles for such positions. We are also exploring ways to make specialist positions more appealing.
- (2) We conducted MBO e-learning for evaluators and participants being evaluated. Participants learned how to set goals to achieve growth through their work, handle evaluation results, and use those results in the future. Sharing growth challenges through mutual communication will lead to more understandable and transparent grading, resulting in higher motivation, personal growth, and organizational success.

Results of the Governance Awareness Survey

In the developing human resources section of the Governance Awareness Survey, we evaluate items related to interviews, evaluations, and the organizational culture of development. Scores have consistently improved across all indicators over the years since 2022, reflecting the steady effectiveness of our fair evaluation system. However, building a culture where employees are unafraid to take on challenges remains an area for improvement across the board, highlighting the need to foster this mindset while maintaining strong governance and legal compliance.

Changes in the Governance Awareness Survey's Score at Sekisui House Branch Stores



Promoting Diverse Workstyles

Creating a Workplace Culture that Ensures Psychological Safety

Career interviews

Establishing a workplace culture that provides peace of mind and safety based on a relationship of trust is crucial in promoting diverse workstyles and building strong relationships between supervisors and team members. This commitment is evident in the Sekisui House Group's personnel measures, which include holding career interviews five times per year. The Group's career interviews are characterized by listening carefully to the opinions of our employees. During these interviews, employees openly discuss the challenges they face, their strengths, accomplishments, and goals, with supervisors listening and responding thoughtfully. This practice extends beyond a top-down work progress check; it is an opportunity for employees to clarify their personal goals and articulate their career plans. Supervisors take the opinions and wishes of employees seriously, and after thoroughly understanding each individual's situation, they provide appropriate advice and pose relevant questions, thereby encouraging behavioral change and growth. These career interviews facilitate open dialogue between supervisors and employees, contributing to the creation of a psychologically safe workplace through trust and effective communication. Furthermore, they enable employees to collaborate in identifying solutions to problems, thereby enhancing employee engagement and overall organizational performance.

The Group conducts an awareness survey biannually for supervisors and team members who participate in these career interviews. The analyzed survey results are shared with employees, along with best practices and techniques for optimizing the career interviews. Survey results for the second half of FY2024 indicate a career interview satisfaction rate of 7.2 out of 10. Additionally, 95%¹ of employees felt that their supervisor listened attentively to their concerns and 93%¹ felt that their supervisors appropriately acknowledged their strengths. We also provide opportunities for supervisors to enhance their coaching and listening skills. Through these

interview skill-related improvements, we strive to foster thorough communication and relationships of trust between supervisors and team members.

¹ Percentage of those who responded with "strongly agree" or "agree" on a four-point scale consisting of "strongly agree," "agree," "slightly disagree" and "disagree."

Enhancing career interviews through the career coach certification program

To further enhance the quality of career interviews, we established a new in-house certification for "career coaching" in August 2024, targeting general managers. This certification is granted to participants who complete the designated four-day training program and pass both written and practical examinations. By 2024, approximately 260 individuals have participated in the program. In addition, career interview satisfaction scores of interviewees have improved compared with scores before the managers participated in the program. In 2025, we plan to expand the program to include all general managers and to conduct ongoing monitoring.

ESG dialogue for equal communication

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

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

Furthermore, with the goal of having each employee take independent and proactive actions based on insights gained during these dialogues, employees are encouraged to propose and lead dialogues on themes that

interest them. Through these initiatives, we are creating a workplace culture that ensures psychological safety by fostering an environment where employees can freely express themselves.

Promoting diversity management initiatives

We believe that leaders play a crucial role in creating workplace environments where diverse workstyles are possible. Thus, we held forums on balancing work and child-rearing for relevant employees and their supervisors from 2015 to 2021. This forum was transformed into the Diversity Management Forum in 2022, and is now offered to all leaders (primary evaluators²). Through this change, it has become a training program for developing leaders who promote the participation, work-life balance, and flexible workstyles of employees. This forum supports these leaders by presenting a diversity of challenges not only related to child-rearing but also nursing care and medical treatment. The creation of a psychologically safe workplace is linked to the development of leaders who can leverage the talents of our diverse employees.

² Supervisors whose priority is providing consultations on flexible workstyles for achieving a work-life balance

Utilizing the Well-Being Survey to measure effectiveness

The annual Well-Being Survey for all employees includes a section on workplace happiness covering the "willingness to recommend current workplace," "atmosphere of workplace trust," "culture of safety and peace of mind," and "atmosphere that encourages challenges." We verify the progress and outcomes of promoting diverse workstyles through these indicators. In FY2024, the score was 67.44 points, an increase of 0.85 points compared to the previous year.

	Workplace Happiness (Well-Being Survey) (FY)				
	Boundary	Unit	2022	2023	2024
Workplace happiness	Group (Japan) ³	Points	66.37	66.59	67.44

³ Sekisui House and domestic consolidated subsidiaries, excluding Konoike Construction

Enhancing Human Capital Value

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Building a Foundation for Well-being

Basic Approach

To realize our Global Vision, “Make Home the Happiest Place in the World,” it is essential to make our Company the happiest place for our employees to work. Thus, we want all employees to find happiness. Based on this mindset, in addition to supporting family happiness and promoting health, we conduct the Well-Being Survey to visualize happiness, enabling each employee to pursue it on their own.

Assisting the Pursuit of Family Happiness

Paternity leave program

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

Since February 2019, when full-scale operation was implemented, all of Sekisui House's 3,187 male employees, whose children reached their third birthday (the deadline for taking childcare leave) by January 2025, have taken at least one month of paternity leave, maintaining a 100% take-up rate. We have also maintained this rate of 100% across all Group companies since April 2021. Additionally, the rate of spousal satisfaction with male employees who took childcare leave has grown to 99.9%,² proving that this program contributes to the happiness of families.

¹ In the childcare leave system in Japan, in principle, employees may take leave for one year until their child turns one year old, during which time childcare leave benefits are paid. In addition, we allow employees to take childcare leave until their children turn three years old, with the first month being paid.

² From the answers of partners on our post-childcare leave survey

Paternity Leave Usage Rate and Average Days Taken (FY)

	Boundary	Units	2022	2023	2024
Take-up rate for eligible male employee childcare leave (Company standards)	Group (Japan) ³	%	100	100	100
Average days of leave taken	Non-consolidated	Days	31.18	32.32	33.21

3 Sekisui House and major domestic Group companies (excluding Konoike Construction)

Expansion of the paternity leave program

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

Ongoing awareness initiatives

To encourage the taking of paternity leave, we post examples from employees, their families, and supervisors on the intranet. We also publish the Paternity Leave Guidebook, which consolidates information related to paternity leave. Since 2015, we have held annual forums on balancing work and child-rearing, initially catering to female employees raising children and their supervisors. In 2018, we expanded participation in these forums to include male employees raising children.

In 2022, we revised the forum into the Diversity Management Forum, attended by all leaders (primary evaluators⁴), to address not only child-rearing but also nursing care and medical treatment, as we strive to create work environments inclusive of all circumstances.

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



Family Meeting Sheet

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

Paternity Leave Planner

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

Initiatives with society

In 2019, we designated September 19 as Childcare Leave Awareness Day. Since then, we have been hosting the annual Paternity Leave Forum⁵ on that date to promote awareness of paternity leave in business, government, and education. We have also been issuing the White Paper on Paternity Leave to help make paternity leave the norm in society.



Starting in 2022, we began implementation of IKUKYU.PJT, with the aim of normalizing paternity leave. In 2024, 154 companies and organizations supported us, and we produced videos and shared information about paternity leave. We believe that encouraging paternity leave will help address social issues such as promoting women's participation and tackling declining birth rates.

⁵ White Paper Presentation in 2024

Promoting Paternity Leave/Childcare Leave (IKUKYU.PJT) (Japanese only)

Building a Foundation for Well-being

Supporting Health Improvement Efforts

Structure for Promoting Employee Health

We believe that the source of employee happiness lies in the health of both employees themselves and their families, and have positioned activities aimed at maintaining and enhancing health as a key management issue. We have named this strategic initiative "Happiness Health Management," and are working to promote it. Based on fiscal year targets and plans approved by the ESG Promotion Committee under the Board of Directors, cross-departmental working groups cooperate with health insurance unions, industrial physicians, and others to identify issues, formulate Company-wide policies, and establish measures. Ultimately, this works to strengthen cooperation among all business offices and promote employee awareness.

Through efforts such as AI-driven health checkup result services and seminars tailored to resolving the issues of employees under our "Happiness Health Management" initiative, we have been certified as a Health and Productivity Management Outstanding Organization (White 500) for five consecutive years (2020-2024).



Key initiatives of Happiness Health Management

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

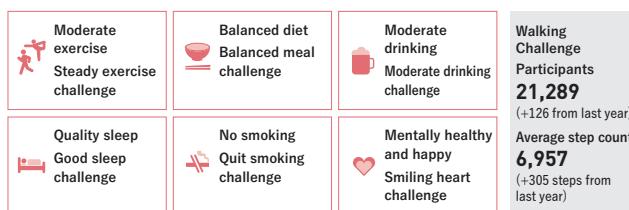
ESG Data Book 2025: Building a Foundation for Well-being
 Happiness Health Management (Japanese only)

Walking Challenge

Since February 2019, we have been holding walking events, with the goal of promoting health and wellness through the everyday act of walking. In FY2024, 21,289 people participated, with an average daily step count of 6,957. As an initiative meant to foster healthy competition between business offices, it not only builds health consciousness of individual employees, but also strengthens interactions and teamwork.

Happiness health: Challenge 6 initiative

This initiative was started to support employee happiness and health promotion. Through six designated areas, we regularly organize seminars and events with the goal of enhancing awareness of and motivation to improve happiness and health.



Women's health

We recognize that health issues unique to women can significantly impact their life stages, including their careers. As the advancement of women in the workplace, including the promotion of female employees to managerial positions, continues to grow within the Group, we believe that addressing health issues unique to women is a priority. In September 2024, we conducted a survey of all female employees to better understand their health concerns. We have also established a support system that makes it easy to seek advice, including access to online consultation services.

We also offer an e-learning course on "Women's Health Care Management." This course is available to all employees, regardless of gender, and aims to deepen understanding of women's health. The participation rate so far is 80.9% (23,382 employees).

Support programs for balancing cancer and infertility treatment with work

We support employees undergoing cancer or infertility treatment in balancing such treatment with work by enabling the use of programs to shorten standard working hours and/or days, change working hours, and make other similar arrangements. Furthermore, we are always open to consulting with employees regarding working arrangements for those suffering from not only cancer but other medical conditions such as artificial dialysis or designated intractable diseases.

Measures to promote quitting smoking

For employees wishing to quit smoking, we have partnered with health insurance unions to implement an online smoking cessation clinic, which is staffed by doctors and public health nurses. We provide this service at no personal cost to employees who successfully quit smoking. In addition, to create opportunities for employees to quit smoking, we publish employees' personal stories related to quitting on the intranet to further support these efforts.

Building a Foundation for Well-being

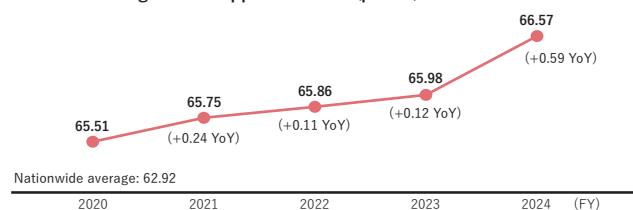
Continuing the Well-Being Survey

Since November 2020, the Group has conducted the Well-Being Survey for all domestic group employees in pursuit of their individual happiness. Under the supervision of Professor Takashi Maeno, dean and professor at the Department of Well-Being at Musashino University, special guest professor at Keio University and a leading expert in business administration focused on employee well-being, we became the first company in Japan to undertake and analyze the multifaceted measurement of employee and workplace well-being. The Well-Being Survey consists of 72 questions related to an individual's happiness, known as the "Well-Being Circle," and 42 questions related to workplace happiness, known as the "Worker's Happiness and Unhappiness Diagnosis." The results of the Well-Being Circle are quantitatively measured across 34 items in 11 categories, and in the Worker's Happiness and Unhappiness Diagnosis across 14 items in 2 categories. By using this method to visualize well-being, we can connect the survey's results to concrete plans for pursuing happiness for individual employees.

Results of the FY2024 Well-Being Survey

The total value of the Group's employees' Well-Being Circle was higher than the nationwide average each year for all five of our survey results since FY2020, trending upward for five consecutive years. The total value for FY2024 of 66.57 was the highest it's ever been.

Total Well-Being Circle Happiness Score (points)



Key insights from the FY2024 survey results

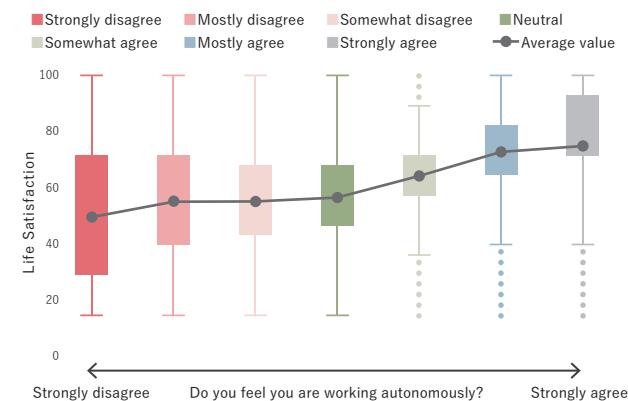
We were rated much higher than the nationwide average in the categories of Well-Being and Gratitude according to the FY2024 survey. Our high Gratitude score indicates that our fundamental Corporate Philosophy of "Love of Humanity" is well integrated within the Company. We were also notably higher than the nationwide average for the willingness of employees to recommend their workplaces to others, showing the faith our employees have in their workplaces as well as in our products and services.

Since FY2023, we have also been examining how "employee autonomy," one aspect of the Group's human capital value, relates to the survey results.

The results revealed a correlation between responses to the question "Do you feel you are working autonomously?" and every item in the Well-Being Survey, indicating that those who perceive themselves as working autonomously tend to report higher levels of happiness.

Going forward, we will integrate our Group's initiatives into the Well-Being Survey to verify their effectiveness and pursue improvements.

Life Satisfaction Scale×Autonomy



Initiatives utilizing the results of the Well-Being Survey

Visualizing the Well-Being Survey

An individual's results on the Well-Being Survey are shared only with the individual, whereas Group-wide results and those of affiliated offices are shared with employees via the intranet. We are connecting the results of the Well-Being Survey, along with comparisons to previous years, to discussions toward helping each employee with individual and workplace well-being.

Discussions on well-being

In FY2024, employees reflected on their own happiness through interactions with AI, and then discussed strengths and potential improvement actions in small groups of four to five people, using their individual organization's Well-Being Survey results as a foundation.

Branch activities

Guided by the strong aspirations of branch heads, our branches have implemented training and workshops since November 2020 and continue to publish a Company bulletin to vitalize intra-branch communication. Focusing on Thank You! (connection and gratitude), one of the four factors of happiness, employees utilize a platform where they can exchange praise for one another, improving the well-being of individuals and branches.

Enhancing Human Capital Value

S Alignment of Efforts

Basic Approach

The Sekisui House Group believes human capital value is maximized when autonomous employees are aligned with the direction the Company is pursuing. To enhance human capital value, we aim for an alignment of efforts, where Sekisui House's vision and strategies are fully understood and embraced by employees. Accordingly, we train leaders capable of properly promoting and implementing our Corporate Philosophy and strategies as we focus on recruiting and optimally allocating employees in line with these strategies.

Training Leaders Who Will Promote and Implement Our Corporate Philosophy and Strategies

Building our leadership pipeline

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

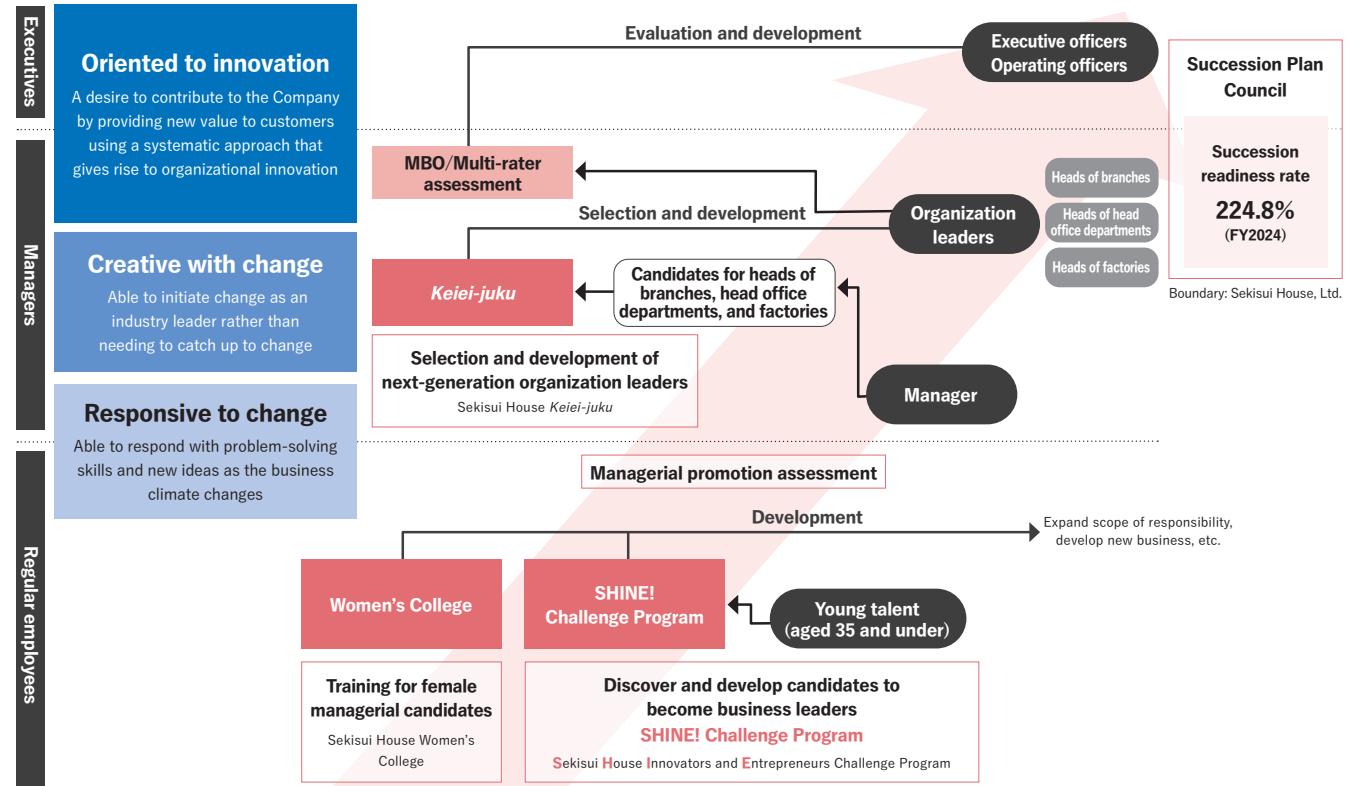
Keiei-juku management training program

We have held the *Keiei-juku* management training program since 2018 to develop future candidates for important positions and roles. We identify potential top management candidates and provide opportunities for them to advance their skills and experience by nurturing insight, character, management skills, and leadership. As of the sixth term in FY2024, a total of 297 participants have completed the program.

SHINE! Challenge Program

Since October 2019, the SHINE! Challenge Program (Sekisui House Innovators and Entrepreneurs Challenge Program) has trained future business leader candidates under the age of 35. The approximately nine-month specialized program aims to train participants in leadership skills and abilities, as well as issue identification and project design skills. As of FY2024, 99 participants have completed the course, with an additional 20 new participants selected for the program's sixth term in FY2024.

Leadership Pipeline for Cultivating the Next Generation of Business Leaders



Alignment of Efforts

Leadership development and management training

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

Succession planning

Since 2021, we have held the Succession Plan Council to identify candidates for executive officers, operating officers, and others in key positions. The council aims to deliberate the nomination of these candidates in a highly transparent manner from a diverse, Company-wide perspective. Specifically, the council prepares individual training plans for all candidates, conducts periodic progress checks to further enhance our leadership pipeline, and monitors the succession readiness rate.¹ In FY2024, the succession readiness rate was 224.8% (of which, 189.9% was within three years and 50.9% within one year). We expanded this plan to several companies in 2023.

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

Enhancing the Leadership Pipeline through the Succession Plan Council (FY)

	Boundary	Unit	2023	2024
Succession readiness rate for key positions	Non-consolidated	%	219.9	224.8

Multi-rater assessment

We conduct multi-rater assessments for management-level employees to help them gain insights by reflecting on their own management practices and to drive behavioral transformations. Feedback is provided to these employees based on responses from supervisors, colleagues, and team members to 42 questions regarding leadership expectations. Moreover, when giving feedback, we offer opportunities for individual coaching and follow-up discussions to encourage self-reflection and behavioral change, assisting participants in assessing whether their intended actions have led to improvements in their management.

English learning program

With the further acceleration of our overseas business, it is an urgent priority to develop leaders at overseas business sites who can perform at a level equal to or exceeding that in Japan, including technical personnel for the transfer of Sekisui House technologies and corporate department personnel responsible for promoting governance networks. To this end, starting in 2024, we have been providing year-long practical language and cross-cultural understanding training programs, primarily for candidates for overseas assignments and corporate department personnel. Approximately 50 participants have attended these programs thus far.

Recruiting and Optimally Allocating Employees in Line with Strategies

Based on the personnel needs of each business unit's strategy, we are actively working to recruit and develop the talent required for sustainable growth, while ensuring the appropriate allocation of personnel who can both deepen existing businesses and take on new ventures.

In particular, amid the significant changes brought by the expansion of our overseas business, we are strengthening mid-career recruitment—especially in corporate departments—to enhance both diversity and expertise. We are also focusing on developing talent from domestic business divisions, and in 2025, we plan to dispatch a total of 20 onsite supervisors and designers, aiming to strengthen systems for expanding our business through the aspects of both recruitment and development.

Recruiting personnel based on business strategies

Recruitment of new graduates

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

Recruiting talented individuals with specialized skills for immediate assets

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

→ P54 Recruitment Status

Alignment of Efforts

Welcome Home Program (Alumni program)

To create new opportunities for former employees (alumni) to return and thrive at our Company, we introduced the Welcome Home Program starting from December 2024. The program was developed by revising the previous Retiree Reinstatement Registration Program based on the ideas of an employee who participated in the Sekisui House Innovation & Performance (SHIP) Awards. We have also launched a dedicated website to maintain connections with former employees, providing registrants with Company news, job information, interviews with returnee employees, and opportunities for interaction through alumni events.

 News release: Launch of the "Welcome Home Program" to Stay Connected with Former Colleagues (Japanese only)

Introducing a talent management system

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

In addition to performance evaluations, career ambitions, multi-rater assessments, and the results of external assessments, we store information such as records on career interviews and skills. This data is used in succession planning and human capital management meetings for appointing directors and officers. Consequently, we have improved conditions, enabling upper and middle management to make data-based decisions.

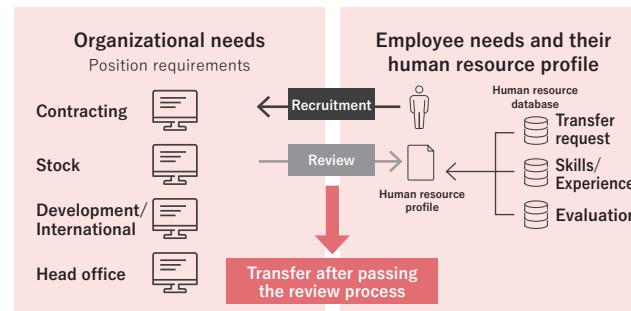
When recruiting new graduates, we analyze and extract the requirements for outstanding employees and, after careful deliberation, hire those who meet these requirements. This approach helps us acquire talents with great potential. In selective training after employees join the Company, we use various types of human capital data, including aptitude tests, to select employees.

Internal job posting program

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

We clearly state the personnel sought and required skills on the Company intranet when internally recruiting. Additionally, we ensure all employees are aware of available positions through emails from our secretariat. We have also made it possible for employees to view the business activities of each Group company as well as departments in the head office through each department's homepage on the Company intranet. In FY2024, 218 employees applied for 58 positions, resulting in 60 internal transfers.

Utilizing Human Resource Data in Personnel Recruitment



Green First Training program

Our Green First eco-friendly homes are the foundation of our efforts to combat global warming and are at the core of our product strategy. Therefore, it is essential to have a deep understanding of the societal background and national policies, as well as technical elements, system content, and aspects that must be explained to customers, including the economic benefits and details of public subsidy programs. For this reason, we have been conducting a group training program called the Green First Training. In FY2024, 48 courses were held, with more than 2,200 employees participating, partly due to making videos of the courses available online for repeated viewing. Since launching in 2009, we have held training courses a total of 755 times, and more than 44,000 employees have taken these courses.

→ P.5 Contributing to a Decarbonized Society

S Improving Social Value

Governance

Policies and initiatives related to the improvement of social value are discussed by the ESG Promotion Committee, an advisory body to the Board of Directors. Depending on the content, outcomes of these discussions are presented at Management Meetings or Board of Directors meetings, where Company-wide measures are implemented and managed. The ESG Promotion Committee includes two external members with specialized expertise who actively participate in discussions. Through these active discussion and exchanges of opinions, they establish initiatives and policies that contribute to solving social issues.

Structure for improving social value

Relevant departments are responsible for formulating strategies, implementing policies, and managing the progress of each measure. The Social Improvement Subcommittee, operating under the ESG Promotion Committee, discusses and manages the progress of initiatives aimed at enhancing human capital value and improving social value, with the goal of responding flexibly and effectively to the needs of and issues faced by various stakeholders, including employees and their families, customers, the supply chain, and regional communities.



¹ Discussions are held across three departments on policies and measures regarding employee autonomy and alignment of efforts as well as metrics for tracking the progress on such initiatives.
² Discussions are held and progress is shared across six departments to promote initiatives for children through both business and other corporate activities, with a focus on emotional and sensory development.
³ Discussions are held across nine departments to identify important human rights issues and promote human rights due diligence.

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

Strategy

Basic Approach

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

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

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

Fundamental policy for improving social value

The Group's strategy to improve social value is aimed at contributing to a sustainable society and creating social value. The four pillars at the heart of this strategy are: "Kids First," "Green First,"⁴ respect for human rights, and regional revitalization businesses. Through these pillars, we aim to address social issues and have a positive effect on local communities, the environment, and people's lives, thereby increasing societal happiness. Moreover, implementing each strategy involves cooperation with relevant parties, effective resource allocation, and the evaluation of sustainable outcomes.

⁴ Please refer to P.4 of the Environment Section for initiatives related to "Green First."

Risk Management

The relevant departments analyze risks and opportunities related to human rights and regional communities and consider appropriate countermeasures. These are then discussed within the Social Improvement Subcommittee to foster cross-departmental cooperation. Significant risks and opportunities are reviewed by the ESG Promotion Committee, an advisory body to the Board of Directors, and subsequently reported to the Board of Directors, contributing to the formulation of medium- to long-term strategies. In particular, with respect to human rights, we identify and manage human rights risks related to our Group's operations through human rights due diligence.

Furthermore, important risks identified by relevant departments are reported to the Risk Management Committee and subsequently reviewed and managed within the Group's overall risk management system.

Metrics and Targets

We have set key performance indicators (KPIs) in the Sixth Mid-Term Management Plan and disclose details of these initiatives as well as the status of their progress.

→ P.94–96 Metrics and Targets for Material Issues

Improving Social Value

“Kids First”

Basic Approach

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

Meanwhile, there are reports indicating that the mental well-being of Japanese children ranks notably low among developed countries. Recognizing the profound impact of these social issues on children, we have embraced the “Kids First: Nurturing Sensitivity” approach, focusing on the emotional and sensory development of children.

We believe that children who grow up with rich sensitivity and happiness will become creative and imaginative adults, driving innovation in future Japanese society. With this vision and as a way to contribute to the happiness of children, we are focusing our efforts on three key initiatives: supporting the emotional and sensory development of children through our business activities, providing children with opportunities to learn about housing through our outreach activities, and contributing to society by offering the Sekisui House Matching Program (a corporate program to match employee donations).

Supporting the Emotional and Sensory Development of Children

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

There are four key aspects of child rearing: emotional and sensory development, physical, intellectual, and social. It is during childhood that these abilities see the most remarkable development, as children acquire essential life skills they can use throughout their lives. Several theories in

developmental psychology suggest that contemporary children in Japan undergo six developmental stages.

Each developmental stage highlights the importance of the four abilities. Our concept for Kids Design, a house that nurtures a child’s vitality, is based on this child-rearing perspective. Through this, we seek to foster the four abilities at developmentally appropriate times.

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

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

Kids Design Awards

As part of our efforts to evaluate and communicate support for children’s emotional and sensory development, we submit entries to the Kids Design Awards. The Kids Design Award is an awards program administered by the NPO Kids Design Association aimed at recognizing all products, services, spaces, activities, and research that support children and child-rearing.

The Company has participated in this awards program for 18 consecutive years, winning a total of 121 awards since the first edition. This makes us the company with the highest number of such awards in the housing and construction industry.

At the 18th Kids Design Awards in 2024, a total of five entries received Kids Design Awards.

 News release: Five Entries Recognized at the 18th Kids Design Awards (Japanese only)

 Sekisui House’s Kids Design Award History (Japanese only)

University initiatives for business development

We are also collaborating with universities to support the emotional and sensory development of children. Research on children’s online learning at home, which began in 2021 and continued for approximately two years, was a joint research project conducted with Professor Naho Sugita from Osaka City University’s Graduate School of Economics. Key points were extracted for proposing online learning spaces for children, such as audio and the level of supervision between children taking part in online learning and their families. We planned an online learning space for children based on this research, the results of which were verified through experimentation, and then incorporated into lifestyle proposals made by Sekisui House noie.

Starting in 2024, we began a comprehensive collaboration with Kyoto University to expand and create knowledge on housing designs that effectively nurture children’s emotional and sensory development. This comprehensive collaboration will span three years. In the first year, we held discussions with researchers across a range of fields, including educational psychology, sociology, information science, and cognitive science. Centering on “connections with others”—a topic that aims to nurture children’s life skills and promote their happiness—we established research themes and plans. Based on the outcomes of this first year, the focus of the joint research in the second and third years will shift to “family bonding,” a theme regarding the “family,” where connections are deep, and closely related to both daily life and housing within the broader context of “connections with others.” These initiatives will help further strengthen academic evidence and improve our proposal capabilities regarding supporting children’s emotional and sensory development.

 News release : Sekisui House Begins Comprehensive Collaboration with Kyoto University to Create Housing Designs that Foster Children’s Emotional and Sensory Development(Japanese only)



Comprehensive collaboration with Kyoto University: discussions with researchers across a range of fields
Note: Collaboration with Kyoto University Original Co., Ltd.

“Kids First”

Providing Children with Opportunities to Learn About Housing

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

From FY2008 to FY2024, approximately 27 thousand children have participated in our employee-run classes and approximately 56 thousand children have participated in hands-on programs and facility tours held at our plants, display homes, and Resource Recycling Centers. In addition, we offer environmental education programs on the themes of global warming prevention and ecosystem conservation, which we advocate as an “Eco-First Company,” as well as environmental education programs utilizing our biodiversity garden, Shin Satoyama, which is adjacent to our head office building, and the Sekisui House Eco-First Park on the grounds of our Kanto Factory. We also offer classes planned in collaboration with school teachers and vocational lectures to provide children with opportunities to think about the joys and roles of work.

In August 2025, we will open JUNOPARK, a large-scale housing edutainment (education + entertainment) facility in Kizugawa City, Kyoto Prefecture, designed to nurture children's emotional and sensory development. This facility offers children opportunities to nurture their emotional and sensory development through a variety of content based on the six forms of "personal happiness" the Company has identified through its ongoing research on housing, providing playful, hands-on learning experiences.

 Sekisui House's educational support activities (Japanese only)

 News Release: Opening of JUNOPARK (Japanese only)

 Value Report 2025 P55 Kids First

Number of children participating in housing education (FY)

	2008～2024
Employee participation in field trips (total)	27,860
Participation in our facility tours and experience programs (total)	56,174

Learning programs for children through housing

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

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

As part of our new initiative, in March 2025, we partnered with RePlayce Inc., supported by our corporate venture capital fund, the Sekisui House Investment Limited Liability Partnership, to implement a housing education program aimed at fostering emotional and sensory growth called “What If I Built a House? My House Championship” for eight elementary and junior high school students. We will continue to develop housing education programs that emphasize nurturing the happiness as well as emotional and sensory development of children who will shape the future.



What If I Built a House? My House Championship

Hands-on classes: “A Letter From Dr. Forest”

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

Field trip: Captain Earth “Ie-cology” Seminar

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

Special sponsor: The 6th Minecraft Cup

As a Gold Partner, we have been supporting the Minecraft Cup National Competition since FY2021 to encourage children's digital craftsmanship. The Minecraft Cup is a contest that utilizes Minecraft Education (an educational version of Minecraft), which is used in teaching settings around the world to foster a programming-oriented mindset in children. The theme of the 6th edition of the national competition in 2024 was “Well-being Design: Let's Think About What We Can Do Now to Enjoy the Future.” A total of 774 entries were submitted across two categories: “Community Development” and “Building Design.” In the “Community Development” category, 28 finalists were selected from 14 blocks across Japan and internationally to advance to the final round of judging.

 Minecraft Cup National Competition (Japanese only)

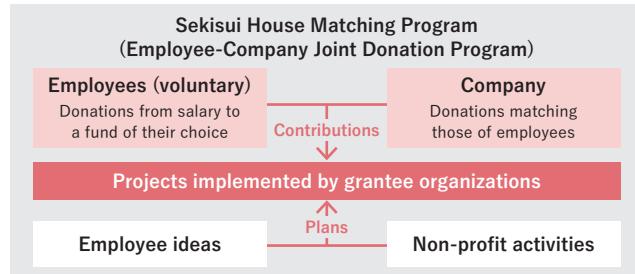
“Kids First”

Sekisui House Matching Program

Since 2006, we have been engaging in the Sekisui House Matching Program, a joint donation program between employees and the Company. We established the “Children’s Fund” and “Environmental Fund” in a matching gift format, where the company contributes an amount equal to the employee’s donation. These funds are aimed at creating a society and environment where children can continue to live happily, providing grants to non-profit organizations.

Beyond short-term support, we are committed to helping organizations strengthen their foundations over the medium- to long-term. Since the program’s launch in FY2006 through FY2024, we have granted approximately ¥490 million to a total of 645 non-profit organizations. Moreover, as of the end of FY2024, 7,628 Group employees have enrolled in the program.

 Sekisui House Matching Program (Japanese only)



Sekisui House Matching Program subsidies (FY)					
	Boundary	Unit	2022	2023	2024
Joint employee and Company donations	Group (Japan) ¹	Millions of yen	45.80	50.00	53.02 ²
Employees enrolled in the employee-company joint donation program	Group (Japan) ¹	Persons	8,103	7,944	7,628
Integrated employee-initiated ideas		Ideas	—	—	117
Funded projects		Projects	—	94	56

¹ Up to FY2023, Sekisui House and major domestic Group companies (excluding Konoike Construction, Sekisui House Financial Services Co., Ltd., and Sekisui House Asset Management, Ltd.; for FY2024, includes Sekisui House Innovation and Communication, Ltd.)

² Total amount of donations, reflecting adjustments such as refunds, was ¥51.76 million.

Starting in FY2023, we launched a new program to provide grants for projects—conceived by employees and submitted to Sekisui House Innovation & Performance (SHIP) Awards—that combine ideas for social contribution and social innovation with the activities of non-profit organizations.

From October 2023 to the end of January 2024, we planned projects with non-profit organizations, and after a two-month internal review process, we awarded ¥53.02 million in grants to 56 projects (FY2024 grants). Through co-creation with local communities, we will achieve further solutions to social issues. Of the projects eligible for grants are 117 employee-proposed ideas, including the effective use of vacant houses and scrap wood, creating spaces for children to stay and have experiences, and environmental conservation initiatives.

We consider the organizations supported through the Sekisui House Matching Program to be our co-creation partners. The launch of project initiatives that combine employee ideas with the activities of nonprofit organizations has not only led to increased employee participation in volunteer activities, but has fostered collaboration in business activities, such as renovating buildings for the grantee organizations and partnering on new initiatives.

 Value Report 2025 P56 Sekisui House Matching Program

Examples of funded projects in FY2024

An idea submitted by an employee through SHIP aimed at nurturing children’s emotional and sensory development and helping them create a happy future, was brought to life in collaboration with the certified NPO Chance For All’s “Asobi Daigaku” initiative. Together, we launched “Traveling Asobi Daigaku,” a project where vehicles carrying toys and materials visit different areas. In FY2024, we conducted seven activities, with a total of 451 children participating. This “Asobi Daigaku” initiative provides a space for children to play autonomously and freely, fostering their innate potential for growth, and has received the Grand Prize at the Kids Design Awards.

The project “Sekisui House Forest Creation,” born from an employee idea to cherish and nurture local forests and realized through collaboration with the certified NPO Tokinosu Forest Club, held 12 activities in total, with a total of 318 children and adults participating. The creation of wooden playground equipment designed by the children themselves gave them a sense of accomplishment and served as a stepping stone toward confronting future social issues.

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

Sekisui House operates the Koji Kinutani Tenku Art Museum to promote culture and the arts in society. The museum is located in the Umeda Sky Building, home to our head office. The museum is dedicated to the works of renowned fresco painter and Order of Culture recipient Koji Kinutani. On display are many of Kinutani’s colorful, energetic frescos, along with sculptures and interactive content, such as the world’s first 3D visual system that allows viewers to seemingly enter the world of the painting, and a virtual reality presentation in which the artist himself introduces the museum and his atelier. Since its opening in December 2016, the museum has welcomed a total of over 450,000 visitors and is used as a venue for extracurricular classes at local schools.

The Fresco-painting workshop³ for parents and children is held monthly, and the Art and Friends³ interactive learning program for elementary and junior high school students is held in spring and autumn. We also collaborate with local municipalities such as Osaka Prefecture and Osaka City to provide experiential programs for children. Since 2021, we have held the Kids’ Drawing Contest annually for elementary and junior high school students to experience the joy and excitement of creativity. In its fourth year in 2025, the contest received 2,071 entries from not only Japan but internationally as well. This one-of-a-kind, cutting-edge museum will continue to foster culture and art.



The 4th Kids’ Drawing Contest Award Ceremony

³ The fresco-painting workshop and “Art and Friends” won the “Kids Design Award” sponsored by the Kids Design Association.

Improving Social Value

S Respect for Human Rights

Basic Approach

The Sekisui House Group respects the human rights of all stakeholders who may be affected by its business activities, including employees and suppliers.

The Group published the Sekisui House Group Human Rights Policy (hereafter referred to as the "Human Rights Policy") in April 2020. This policy clearly states our commitment to prohibiting all forms of discrimination and harassment, as well as forced labor and child labor.

Strict compliance with the Human Rights Policy is mandatory for all Executive Officers and employees of the Sekisui House Group, and we promote understanding and awareness of the policy through training and other initiatives.

 [Sekisui House Human Rights Report 2024 P5–6, Details on the Human Rights Policy](#)

Map of Human Rights Risks Related to Group Businesses



Note: For details regarding human rights-related initiatives, please see the [Sekisui House Human Rights Report](#)

Identifying and Responding to Important Human Rights Issues in Our Business

At the Human Rights Due Diligence Meeting, we identify and regularly review important human rights issues during the annual process of creating a Human Rights Risk Map (bottom left diagram).

The four important human rights issues identified in FY2024 are: 1. Workplace harassment, 2. Construction site health and safety, 3. Labor issues in the supply chain, and 4. Employment of foreign workers at construction sites.

 [Sekisui House Human Rights Report 2024 P8, Established plans for important human rights issues](#)

Important issue 1: Workplace harassment

With approximately 30,000 employees, ensuring a psychologically safe and well-structured work environment is a key priority for our Group.

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

 [Sekisui House Human Rights Report 2024 P9](#)

Important issue 2: Construction site health and safety

Construction site work environments are hazardous, and missteps can readily lead to life-threatening accidents. Accordingly, occupational health and safety is an issue of the highest priority for the Group. We have various measures in place to ensure that construction workers can work in a safe environment.

 [Sekisui House Human Rights Report 2024 P10–12 → P81–85, Occupational Health and Safety](#)

Important issue 3: Labor issues in the supply chain

The Company has established the CSR Procurement Guidelines, which encompass respect for human and labor rights, and has communicated these guidelines to its main suppliers. Suppliers are required to submit a signed agreement annually, and new suppliers must also provide one when starting transactions with us.

We conduct yearly CSR evaluations for suppliers based on the Global Compact Network Japan (GCNJ)'s self-assessment questionnaire. Based on the results, we monitor suppliers identified as requiring attention through onsite interviews to verify their actual situation. We have been working to promote understanding and awareness of our Human Rights Policy through annual activity policy briefing sessions attended by about 150 of our main suppliers. By expanding these initiatives from our suppliers to their suppliers, we advance respect for human rights across the supply chain.

 [Sekisui House Human Rights Report 2024 P13 → P86 Supply Chain Management](#)

Important Issue 4: Employment of foreign workers at construction sites

Construction sites employ construction technicians of all nationalities and genders, but we place particular emphasis on improving the work environment for foreign workers (including technical trainees) with different backgrounds in terms of culture and language. To support these workers, we assign mentors—such as trainers, instructors, and lifestyle coaches—at every worksite of Sekisui House Construction, as well as at its partner companies and primary work constructors. These mentors provide support in both education and livelihood. Our support systems enhance our ability to communicate directly with foreign workers through periodic face-to-face interviews and surveys available in Vietnamese and Japanese regarding daily life and work. By leveraging these support systems, we aim to prevent issues in the workplace and daily life before they occur and continuously improve the working environment.

 [Sekisui House Human Rights Report 2024 P14](#)

Respect for Human Rights

The Company has established the Human Rights Policy, with the Board of Directors overseeing compliance and initiatives related to the policy. The Management Meetings, ESG Promotion Committee, and Risk Management Committee operate under the Board of Directors, working together to create a Group-wide structure for promoting respect for human rights. Additionally, we have established the Human Rights and Compliance Promotion Office¹ within the Sekisui House Legal Department as a dedicated department for overseeing human rights.

Guided by the ESG Promotion Committee, the Social Improvement Subcommittee determines key issues and policies related to human rights. This Subcommittee also holds the Human Rights Due Diligence Meeting (secretariat: Human Rights and Compliance Promotion Office, Legal Department), which includes multiple related divisions, taking charge of the Group's approach to various human rights issues and sharing information collaboratively to ensure the promotion of human rights.

The Risk Management Committee receives regular reports regarding measures promoting human rights. Risk Management Committee members debate and strategize around themes related to human rights. These primarily relate to Group employee labor and health, harassment and occupational accidents from the point of view of risk management.

¹ As of February 1, 2025, the Human Rights and Compliance Promotion Office was restructured into Sekisui House's Corporate Administration Headquarters as the Human Rights and Compliance Promotion Department.

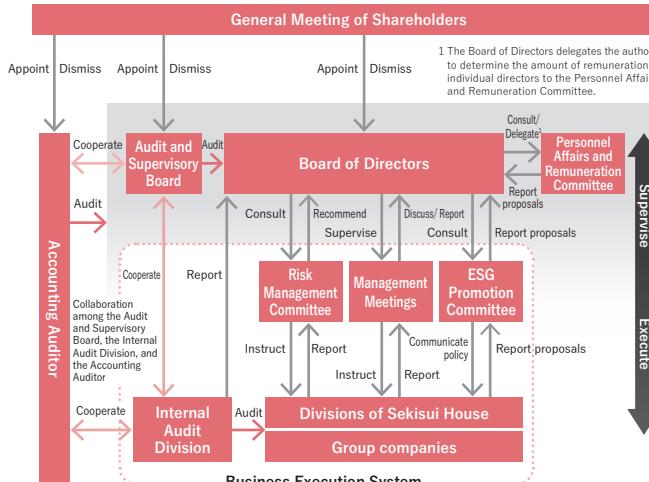
 Sekisui House Human Rights Report 2024 P.18-19 for more details

Note: For details regarding human rights-related initiatives, please see the [Sekisui House Human Rights Report](#)

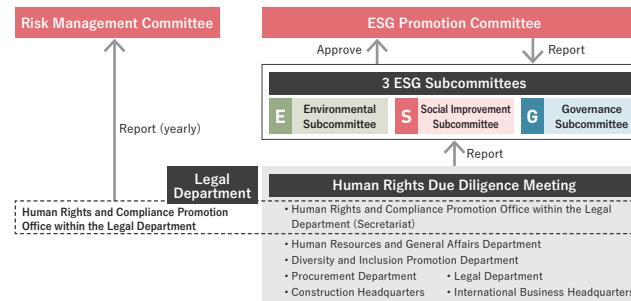
Structure for Promoting Respect for Human Rights

Human Rights Due Diligence System within the Group Governance Structure (As of February 2025)

Corporate Governance Structure



Human Rights Due Diligence System



Consultation System for Human Rights-Related Concerns

The Group has established multiple reporting systems, including the Sekisui House Group Compliance Support System, the Sexual and Power Harassment Hotline, and the Sekisui House Global Helpline, all managed by the Human Rights and Compliance Promotion Office. We aim to enhance our consultation desk network through the effective operation of these systems.

Additionally, we promptly address consultations and reports, conducting investigations and taking corrective and remedial measures as necessary. We strictly protect confidentiality, ensuring that users of these services will not suffer any disadvantage as a result of making a consultation or report.

Consultation personnel for sexual and power harassment at business sites

We have assigned one male and one female employee each to serve as consultation personnel at all our business sites in Japan, including at Group companies. As of February 2025, there are 757 consultation personnel in total. The Human Rights and Compliance Promotion Office conducts annual training sessions for these consultation personnel to enhance their skills in handling inquiries and strengthen cooperation.

Respect for Human Rights

Sexual and Power Harassment Hotline

The Sexual and Power Harassment Hotline receives a wide range of consultations covering all human rights-related issues, not limited to harassment. Every case received is addressed. In addition to corrective actions, advice and support are offered to the consulted depending on the nature of the consultation. Most of the non-harassment consultations are related to management and human relationships in the workplace.

	Boundary	Unit	2022	2023	2024
Total number of consultations received	Group (Japan)	Cases	213	253	258
Of which, cases regarding harassment complaints			125	131	150
Of which, cases involving corrective action			66	76	83

As the data shows, the number of consultations received by the Sexual and Power Harassment Hotline is increasing yearly. The Group believes that early consultation is crucial for preventing and mitigating harassment. Additionally, we recognize the importance of providing a secure and confidential environment where individuals can speak up outside of the formal reporting line, ensuring that no one is left to struggle alone. Through consultation services and awareness-raising efforts, we have worked to create an environment where employees feel comfortable seeking advice. We view the increase in consultations as a positive indicator of the trust we've established. We believe that the number of consultations will continue to increase as we proceed with these efforts. We will use the content and trends of these consultations, as well as changes over time, to implement new measures, including employee training.

Note: For details regarding human rights-related initiatives, please see the [Sekisui House Human Rights Report](#)

Human rights inquiries on our public website

Since the establishment of the Human Rights Policy in April 2020, we have accepted both internal and external inquiries related to human rights via our public website. In FY2024, we looked into and responded as needed to all 10 inquiries received, and we did not identify any serious human rights violations inflicted by the Group's business.

□ESG Data Book 2025: Human rights inquiries on public website

Continuous Human Rights Training for Employees

To raise awareness of human rights issues and foster a comfortable work environment, we conduct annual human rights and compliance training for all Group employees¹. This training aims to improve employees' awareness of human rights and provides them the opportunity to consider human rights as a personal issue in their daily work. The training style emphasizes dialogue among employees, with the head of each organization acting as facilitator. In addition to the human rights and compliance training, we annually promote awareness among all employees of our human rights consultation services by displaying the human rights slogan on the Company intranet and posters at business sites.

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

□ESG Data Book 2025: Status of implementation for FY2024

Collaboration with Stakeholders

Ensuring respect for human rights in international business activities

In October 2022, we conducted self-assessment questionnaires for eight overseas Group companies and four overseas offices. This was to address previously insufficient understanding of existing conditions and to accommodate the Group's expansion through mergers and acquisitions. We used this opportunity to initiate discussions on ensuring respect for human rights within the Group and to understand and analyze the potential negative effects on stakeholders. We have begun addressing issues that require improvement, prioritizing those that are both highly necessary and feasible.

Customer initiatives

The Group believes that continued dialogue with customers contributes to the provision of high-quality housing and is an important corporate responsibility. Even after housing is provided, we collect customer feedback through regular inspections and questionnaires, utilizing this information to improve the quality of our services. Sekisui House Real Estate Group promotes LGBTQ+ friendly practices when finding tenants for rental housing properties, aiming to provide living environments that respect diverse values. By addressing the diverse needs of our customers, our Group is helping to build a society in which all people can receive services fairly.

Cooperation with human rights groups and external stakeholders

In 2018, the Company signed and endorsed the Ten Principles in the four fields of human rights, labor, environment, and anti-corruption stated in the United Nations Global Compact. Following this, we joined the sub-committees (Human Rights Due Diligence, and human rights education) of the Global Compact Network Japan, a local network based in Japan, to promote corporate respect for human rights. We also collaborate with organizations addressing various human rights issues—including the *Buraku* (marginalized communities) issue—to collect the latest information for in-house education and training, aiming to raise employee awareness of human rights.

Compliance with and response to labor standards

The Company considers compliance with labor standards an important responsibility. We respond to all claims related to labor standards by conducting appropriate investigations and providing necessary guidance. In particular, when a claim is made regarding working hours, we review the operational status of the relevant business site and provide appropriate guidance, including measures aimed at improving operational efficiency. In FY2023, we received one recommendation for corrective action, which was promptly addressed and resolved. This initiative is part of our internal compliance management and contributes to maintaining a workplace where employees feel safe and secure by continuously improving the working environment.

Improving Social Value

S

Regional Revitalization Businesses

Basic Approach

The aging of society and the outflow of people to large metropolitan areas have led to depopulation, posing a significant challenge for regional municipalities. One way to address these social issues is by creating attractive employment opportunities in these areas, thereby increasing the number of people working in these regions and prompting a sort of U-turn that brings jobs back to rural areas from cities. Based on this mindset, the Sekisui House Group, which develops businesses across Japan, is creating higher wages and appealing work in local areas by strengthening the recruitment of housing technicians (crafters).

The charm of rural areas remains abundant—whether it be the rich natural environments, friendly communities, leisurely pace, or farm-fresh food—offering experiences only available through direct visits. Promoting tourism that highlights these charms can revitalize regional economies, an effort we contribute to by working together with Marriott International in encouraging the exploration of lesser-known destinations through a system of roadside rest stations known as *Michi-no-Eki*. These efforts are part of a regional revitalization project known as the Trip Base *Michi-no-Eki* Stations Project.

In recent years, regional issues have become more complex, with simultaneous needs to promote an influx of younger people while increasing the number of maternity hospitals. The Group works to understand local issues, maintain relationships of trust with business owners, and ensure compatibility with property operators while it advances business that contributes to coexistence with local communities. The Group utilizes the strength of its nationwide business presence to leverage relationships with property owners as well as experts, specialized departments, and networks from various fields to build structures that support these goals. It also builds organizational structures to collaborate with external specialists to create various solutions and proposals geared toward solving regional and social issues.

Training and Recruiting Homebuilding Craftsmen

Strengthening recruitment of crafters

Housing technicians, or “crafters,” are one of the job types involved in building houses for the Group’s Sekisui House Construction. These staff take on the important role of constructing buildings for customers by utilizing various skills and techniques. In recent years, the construction industry as a whole in Japan has been facing the serious issue of labor shortages. To solve this issue, the Sekisui House Construction Group is making efforts to strengthen the hiring and training of these crafters, with a focus on prospective high school graduates. We are conducting human resource development to strengthen our construction capabilities, with the goal of becoming the number one construction company in Japan.

The Sekisui House Construction Group welcomed 134 new employees in April 2025, the same amount as the previous fiscal year. We plan to continue at this level and have 136 new employees join us in FY2026. Crafter development takes place at three “training schools” over a period of six months after hiring. At these Company-run training facilities, crafters learn to facilitate interactions as professionals and gain systematic knowledge and skills related to construction. On-the-job-training taking place at worksites is handled by highly experienced chief crafters in an apprentice-style system where two new hires are trained by a single chief crafter, creating an environment where precise guidance can be given.

We also conduct training and other activities related to educational guidance methods for these chief crafters to improve their educational abilities. This educational system, where chief crafters pass on their experience and knowledge to the next generation, ensures the continued transmission of skills.

Through continued hiring and development, we strengthen our construction capabilities, further establishing our position in the industry. In our efforts to strengthen these capabilities and develop human resources, we are establishing a work environment that ensures greater work ease and satisfaction for crafters, enhances the attractiveness of home-building artisans, and contributes to the creation of high-quality housing stock as part of our goal to become the number one construction company in Japan.

Skeleton and infill (SI) business: A joint construction business with partner companies

In 2023, we initiated the industry's first joint construction business (SI Business) to enhance the seismic resistance of wooden-frame housing by broadly disseminating our seismic resistance technologies.

In our SI Business, Sekisui House designs the “skeleton,” or structural framework, which is the most important part in regard to the earthquake resistance of wooden-frame housing, while Sekisui House Construction handles the foundation, framing, and joint connections. Partner companies complete the “infill” work, which includes interior and exterior finishes. We leverage our strong regional land procurement and sales capabilities to propose plans tailored to the unique characteristics of each area, ensuring customer relations that are closely connected to the community.

Through these initiatives, we are expanding our offering of wooden-framed housing with high seismic resistance across Japan, thus creating high-quality housing stock. We collaborate with partner companies rooted in local communities to promote coexistence and co-prosperity, contributing to the creation of employment in these regions. As of January 31, 2025, this business has eight partner companies and operates businesses from the Tohoku region to Kyushu.

Second Sekisui House Carpentry Competition, WAZA 2024

To express our sense of gratitude to our carpenters, who lead Japan in the level of their technique, Sekisui House held the Sekisui House Carpentry Competition WAZA in 2023 to thank them for their unwavering dedication to our endeavor of building attractive homes and to further enhance their motivation while promoting carpentry as an attractive dream career to those outside the Group. In this event's second year in 2024, we introduced the new Under-35 Division to support the enthusiasm and activity of our younger carpenters, boost their motivation and help pass on technical capabilities. A total of 26 skilled carpenters, 13 from the Under-35 Division and 13 from the Master Division, were selected through regional recommendations. These contestants competed for the championship by showcasing their skills in home interior construction.

Regional Revitalization Businesses

Trip Base *Michi-no-Eki* Stations Project

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

This project operates Fairfield by Marriott roadside hotels that specialize in overnight stays. With the aim of promoting the use of local stores and other facilities, the project is deepening collaborations with local communities and alliance partners.

We cooperate with the KURADASHI Challenge, which is a social contribution-style internship where students interested in food loss issues and regional revitalization participate. We worked together with these students to create a regional revitalization proposal around the harvest of Kyotanba chestnuts in Kyotanba Town, Kyoto Prefecture. Additionally, we collaborated with local fisherman in Susami Town, Wakayama Prefecture, to devise methods for utilizing unused fish with the participating students. In Mino City, Gifu Prefecture, we are also collaborating on a study-away-from-home program that connects local communities with families raising children in nursery schools. In Yabu City, Hyogo Prefecture, we held a financial and economic educational event focused on local resources, where children learned about agriculture and finance. By deepening understanding and affection for local industries and encouraging continued engagement from those who become fans of the region, we are steadily working on regional revitalization by solving local issues. We will continue to contribute to regional revitalization by promoting tourism, with the aim of expanding the number of rooms to roughly 3,000 nationwide.

Development Business

Basic policy of the Urban Redevelopment Business

Leveraging our decades of expertise in housing construction, Sekisui House is implementing urban redevelopment that goes beyond mere scrap-and-build. Through the urban redevelopment of rental and for-sale condominiums, offices, hotels, commercial facilities, and mix-use complexes, we aim to create inclusive environments that are suitable for everyone and will be passed on to future generations, thereby creating value for society as a whole with a focus on people, communities, and the future. When planning urban redevelopment projects, we consider the impact on the environment and community while adhering to relevant laws, regulations, and internal rules.

Grande Maison Josui Garden City (Fukuoka City)

This was a city-building project carried out over approximately 10 years on a roughly three-hectare site located in one of Fukuoka City's most prestigious residential areas. We envisioned the entire district as an urban forest and developed a residential complex comprising five residential buildings (a total of 615 units) and a shared facilities building. The aim was to create a luxurious living environment that feels like a private estate, with the hope that it becomes a regional landmark for living with greenery. This project has received several awards, including the Good Design Award.



Akasaka Green Cross (Minato City)

This high-grade next-generation building was completed in May 2024 as a joint venture with Nippon Life Insurance Company. This building blends into the lush natural environment of the surrounding area and contributes to the well-being of its users as a place that fosters creativity in new businesses while building connections between people through its inspiring presence.

Initiatives for tenants and local communities

Sekisui House is engaged in business centered on the residential domain that goes beyond just housing. Protecting the lives and assets of residents and tenant employees from increasingly severe natural disasters is a significant social issue and part of Sekisui House's mission. With this mindset, we develop and manage our offices, hotels, rental condominiums, and other

properties with consideration for not only the environment and local communities, but also for the comfort of residents, users, and tenant employees.

Miramachi, a large-scale development complex

Created on a 27-hectare redevelopment project on a former factory site in Toyohashi City, Aichi Prefecture, *Miramachi* was developed with the aim of solving local issues and realizing a compact city.

The complex focuses on three future values based on the concept of creating a town connected to the future. These three values are: child-friendliness, disaster resilience, and enjoying life. The first value of child-friendliness is a town-wide endeavor focusing on supporting the future of children through child support centers, parks where families can make lasting memories, and the installation of crime-prevention cameras. The second value of disaster resilience prevents flooding from worsening typhoons and heavy rains by elevating the entire town and setting up parks that also serve as reservoirs. The last value of enjoying life leverages the Company's expertise to create a community using both advanced technologies and lifestyle design. We believe that fostering a community is essential for creating a pleasant living environment, we have established a management association aimed at resident-led town management. Through these efforts, we are creating a place where both residents of the town and visitors can interact more deeply.

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



Facilities and security that support and watch over the future of children throughout the entire community.

Development of towns at a 22-meter elevation to ensure peace of mind and reduce disaster impact in case of emergency.

Creating vibrant communities where smiles abound and life remains lively.

Regional Revitalization Businesses

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

Japan actively promotes PPP and PFI initiatives to achieve efficient, effective and high-quality public services by utilizing private funding and creative ingenuity in the maintenance and management of public facilities and similar establishments. PPP is a general term for public-private partnership initiatives, while PFI is a representative method under PPP that utilizes private sector funding and expertise for public facility maintenance and management.

Through active participation in PPP and PFI initiatives, the Sekisui House Group aims to resolve social and regional issues. Specifically, the Sekisui House Group leverages its unique knowledge and expertise to propose various solutions primarily in the areas of public facilities, public rental housing, town development, medical care, nursing care, childcare, and parks. We have also been designated as a PPP Agreement partner by the Ministry of Land, Infrastructure, Transport and Tourism and contribute to the promotion and awareness of PPP and PFI.

Platinum Business

The Platinum Business is an initiative undertaken by the Sekisui House Group. This construction business includes service-equipped housing for senior citizens, group homes, medical facilities such as clinics, facilities for persons with disabilities, and childcare facilities.

We are responding to the desire to "live here forever" by creating spaces that cater to the diverse life stages of everyone—from children to adults, the elderly, and persons with disabilities—as well as addressing the needs of the local community.

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

Cumulative Buildings Constructed in our Platinum Business (FY)

	Boundary	Unit	2022	2023	2024
Elderly and nursing care facilities	Non-consolidated	Buildings	1,511	1,556	1,599
Medical facilities			3,775	3,865	3,951
Facilities for people with disabilities			561	623	662
Childcare facilities			424	441	445

Famile Maternity Clinic Arida, a PPP project

Famile Maternity Clinic Arida opened in April 2024, with the aim of being a childbirth facility rooted in the community, allowing mothers to give birth and raise children worry-free in their own town. Alongside a rapidly declining population, the collapse of regional healthcare due to insufficient medical services and physicians is a social problem shared across Japan. This project was made possible precisely because it was a PPP initiative, utilizing public and private cooperation. Famile Maternity Clinic Arida was constructed by converting a former nursery school owned by Arida City in Wakayama Prefecture into an outpatient clinic, while reducing the floor area and renovating the structure. A new in-patient delivery clinic was also built on the adjacent site. (One hundred babies have been born at the clinic as of January 2025.)

This project was submitted and subsequently selected as a private proposal, utilizing the private proposal system of Arida City, by a consortium consisting of three companies: Sekisui House, Ltd., Medical Corporation Mother Key, and Konoike Building Technology Co., Ltd. The quality of dialogue between Arida City and members of this consortium was enhanced through logical proposals based on data analysis. This project simultaneously realizes both public-private collaboration and broader regional cooperation through collaboration between the Arida regional healthcare municipalities. In order to continue to offer seamless child birthing services in the Arida healthcare region, we held a community support exchange event in September 2024. With university



Famile Maternity Clinic Arida

students and professionals engaged in regional healthcare, nursing care and welfare, this event also welcomed guests from the advanced childcare program "Asobi Daigaku" (which received the Grand Prize: Prime Minister's Award at the 18th Kids Design Award) run by the non-profit organization Chance For All as well as from Seki Design Lab, allowing for the introduction of activities and exchanges of opinions.

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

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

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

The warehouse gallery (constructed by Mitsu Woodworking Studio), and the interiors of the café, restaurant and other spaces were built using leftover *itakura*, storehouses made from thick wooden planks. Business operators, their families, local volunteers and children all came together and experienced lending a hand in the construction process. The project's development process received high evaluations as a potential model for children's participation in community development and was awarded the Kids Design Association President's Award in FY2021. In FY2024, the project was selected as a leading model by the Ministry of Land, Infrastructure, Transport and Tourism for businesses creating living environment models, and it continues to grow daily as a sustainable hub for the community.



Dai-no-mori Project

Improving Social Value

S Customer Initiatives

Basic Approach

The Sekisui House Group aims to deliver “the best quality and technology,” as stipulated in the Corporate Philosophy. For the Group, the “best quality” means earning the trust and satisfaction of our customers at every stage, including research and product development, sales, design, production, construction, and after-sales services. To achieve this, our employees continuously refine their skills to support this goal and actively pursue challenges in product development and proposals from the customer’s perspective. Since housing is an essential form of social capital, we are committed to our mission of providing customers with safe, secure, healthy, and comfortable housing. Accordingly, we strive for continuous improvement in quality management for products and services, as well as in after-sales services. Through these efforts, we aim to create high-quality housing stock for the future.

Structure for Responsible Quality Management of Products and Service

The Sekisui House Group is committed to ensuring the quality of its products and services to provide customers with safety, peace of mind, health, and comfortable living environments throughout their lives. In the event of serious quality issues due to unexpected human errors or other factors during our long support period, we have established a Quality Management Committee under the Risk Management Committee, which serves as an advisory body to the Board of Directors. This committee deliberates on risk identification and response measures from a specialized perspective. Under the Quality Management Committee, we have also formed quality review meetings focusing on five areas: products, design, production, construction, and customer satisfaction. Representatives from each Group company meet every two months to effectively manage quality-related risks and to implement preventive measures when necessary.

Product Safety and Quality Management Initiative

Quality management of products designed, developed, and produced by the Company is a crucial initiative that ensures the safety of the products we offer to our customers. Thus, we have established specific quality

standards for the products we develop. Through the accumulated knowledge gained from our corporate activities and research, we design products based on a wide range of quality standards. After thorough verification, we develop products and components that are safe, high-efficiency, and high-quality. At our domestic and overseas manufacturing facilities, we operate under a quality management system compliant with ISO 9001, adhering to our unique standards. To continuously improve and maintain construction quality, our site supervisors work together with construction managers and crafters from all Sekisui House Construction companies and partner building constructors during the construction phase. They establish an inspection framework based on their respective responsibilities to maintain and enhance construction quality.

Product safety risk assessment in the design and development phase

We have established design reviews where relevant departments discuss design details at each stage of the process—from planning and concept to basic design—using a special format to ensure there are no oversights in verification items. Specifically regarding safety, we thoroughly validate the designs, including prototypes, to confirm their validity. Additionally, we manage improvement requests related to product specifications and past issue information through a dedicated database, which is utilized in creating new designs and improving existing ones.

Quality Management Certification

In 1998, our entire Production & Procurement Division, including all domestic consolidated Group factories,¹ was the first in the industry to acquire certification under the ISO 9001 international quality management system standard. Since then, we have consistently maintained and updated this certification through regular audits.

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

Product quality management initiatives in the production and manufacturing phase

To ensure design quality at our production factories, we manage the four M's related to production—man, machine, method, and material—while

producing and manufacturing our products. We continuously observe manufacturing conditions with monitoring devices. Inspectors from the Manufacturing Division conduct daily checks and quality inspections. We periodically confirm the performance of key structural elements such as welding, adhesion, and paint coating through the Quality Control Division. The progress and results of these activities are shared across all factories. We are promoting automation and digital transformation (DX) technologies in inspections, ensuring the management of inspectors' qualifications, automating pass/fail determinations, preventing omissions, and utilizing inspection records. Furthermore, we conduct periodic mutual audits between factories to eliminate discrepancies and maintain high-quality standards.

Quality maintenance and improvement initiatives in the construction phase

To achieve customer satisfaction, we are committed to maintaining and improving construction quality through collaboration among all Company business sites, Group companies involved in construction (Sekisui House Construction companies), and partner building constructors.

Sekisui House Chief Technician Certification

The Sekisui House Chief Technician Certification evaluates the skills of construction technicians fairly and accurately. Established in 1983 as a voluntary certification system by the Sekisui House Cooperation Association, it became the first certification in the construction and housing industry to receive ministerial authorization in April 1985, aligning it with national standards. Sekisui House supports the administration of this certification examination.

The examination, held annually, covers three areas: foundation work, framing/exterior work, and interior finishing. In FY2024, 146 individuals passed the certification. To date, over 16,400 technicians have been certified, significantly contributing to the maintenance and improvement of construction quality as onsite work leaders.



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

Customer Initiatives

Compensation system for construction technicians

Established in FY2024, the Technician and Team Compensation System rewards interior carpenters, foundation technicians, and framing/exterior technicians based on fair evaluations of their production and skills according to their technician level ratings (from Level 1 to Level 4). This system aims to increase the production and skill level of technicians, improve construction quality, promote safety management, and enhance customer service.

Eligible individuals are construction technicians engaged in foundation, framing/exterior, and interior carpentry work for our new construction projects, and they must be registered in our construction workers database.

Evaluations consider construction capabilities at the start of the fiscal year, attendance records, and other information from the construction workers database. Level 4 determinations are made by confirming onsite working attitude and construction quality. Monetary rewards are subsequently distributed to eligible individuals or teams.

Sekisui House Remodeling Meister System

This Sekisui House Remodeling Meister System, established in 2008 by Sekisui House Remodeling, certifies and registers outstanding technicians working for partner building constructors involved in remodeling projects. This certification evaluates the volume of work, technical skills, homeowner satisfaction, site manners and consideration, safety awareness, management capabilities, and the ability to mentor and develop young technicians.

Regular training in product safety and quality management

Training in the design phase

Based on the experiences of our designers nationwide and customer satisfaction surveys, we conduct Planning Standard System (PSS) training, aimed at further improving housing-related design standards. Additionally, we provide practical structural design training tailored to years of experience and skill levels. We also regularly hold training sessions for all technical employees to increase awareness of laws and regulations and deepen understanding of compliance with certification and accreditation systems. The completion rate for this training was 100% in FY2024.

Training in the production and manufacturing phase

Employees within our Production & Procurement Division (Head Office Production & Procurement Division, five factories across Japan) participate in annual training on quality management based on the Quality Policy. This training helps improve their knowledge and skills, and in FY2024 the completion rate was 100%.

Training in the construction phase

Sekisui House onsite supervisors and construction managers of Sekisui House Construction companies undergo inspector certification training to learn inspection skills used in quality control tasks. We implement periodic renewal tests to maintain these skills. Additionally, Sekisui House Construction companies regularly hold training sessions for construction managers to enhance their inspection skills. Chief inspectors monitor construction quality, management systems, and inspection capabilities while providing support and training to onsite supervisors and construction managers. This ensures we consistently deliver high-quality buildings to customers nationwide. In FY2024, a total of 2,689 participants attended training sessions related to maintaining and improving construction quality.

 ESG Data Book 2025: Program for maintaining and improving quality

Structure for Promoting Customer Service

Even after handing over a house to a customer, Sekisui House remains committed to enhancing customer satisfaction. Guided by our philosophy of "always being there for our customers and watching over homes for a lifetime," we have established the Customer Service (CS) Promoting Department. This dedicated department serves as the primary contact point for customer inquiries and complaints, while also monitoring and supporting customer service activities within our Group companies.

On February 1, 2025, we established Sekisui House Support Plus, Ltd. as a separate entity responsible for after-sales services, including regular inspections and maintenance. This move underscores our commitment to valuing our customer base, one of the Group's core competencies, and reinforces our role as a partner in our customers' daily lives.

Centralization of customer inquiries through the Owner Desk for customer service

To ensure that quality housing can continue to be used over the longer term, we focus on building relationships with new customers after a change in occupants, thereby protecting the value of buildings. We established the Sekisui House Support Plus Customer Service Center Owner Desk,¹ a system that accepts customer inquiries 24 hours a day, 365 days a year. This initiative centralizes customer inquiries, converts response details into data, and creates a Company-wide management system. Additionally, to enhance our responsiveness, we have implemented an inquiry system that utilizes chatbots and other automated communication tools.

¹ Renamed as of February 1, 2025.

Customer Initiatives

Initiatives Aimed at Product Quality Improvement Based on Customer Feedback

To provide customers with homes where they can live safely with peace of mind, health, and comfort throughout their lives, Sekisui House is dedicated to improving quality. We have established a system to prevent defects and ensure they do not recur. Central to this initiative is the feedback received from customers through our Customer Service Centers and consultation desks. We value this feedback and use it to investigate and analyze our services and products, sharing the results with relevant departments. Additionally, we verify whether improvements are being made based on feedback on defects and other sources, continually striving to enhance customer satisfaction.

Customer satisfaction surveys

Sekisui House conducts customer satisfaction surveys to evaluate the housing products and services we provide. For customers of detached houses, we conduct surveys that align with the homebuilding process. The "Move-in Survey" assesses satisfaction with each phase of the process, from preliminary discussions to the handover, as well as regarding the employees in charge of each step. The "One-Year Post-Move-in Survey" evaluates satisfaction with the living experience, usability, and after-sales service. For owners of rental housing, we conduct a "Two-Years Post-Handover Survey" to gauge overall satisfaction, workmanship, likelihood to recommend Sekisui House, satisfaction with various parts of the building, and satisfaction with the power generation system. These survey results are regularly aggregated and analyzed, and feedback is provided to relevant departments. This process aids in daily operational improvements, enhances service structures, and contributes to the development of new components and products, ultimately improving safety and comfort of our customers.

Respondents who Answered Customer Satisfaction Surveys with "Satisfied" (FY)

		Boundary	Unit	2022	2023	2024
Built-to-order business	Custom detached houses	Non-consolidated	%	96.3	96.0	95.9
	Rental housing			94.3	95.4	93.0
Development business	Condominiums for sale			89.9	91.5	93.8
	Ready-built detached houses			98.9	95.1	100.0

Survey overview:

Survey period:

One year after moving into custom detached houses, ready-built detached houses, and condominiums for sale; two years after closing on rental housing implementation method:

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

Evaluation Scale:

Seven rating levels from "very satisfied" to "very dissatisfied"

Target items:

Responses with a general satisfaction ratio of "very satisfied," "satisfied," and "fairly satisfied"

Addressing Product Quality Issues

Management responsibility: safety of products offered

If defects are identified in our products after delivery, we use our Customer Service Centers as points of contact and collaborate across the Group to implement preventive measures to stop recurrence. Furthermore, the head office discusses preventive measures, properties involved, implementation periods, and other related topics with relevant departments, and manages the progress of these measures.

Accident investigation and preventive measures for products offered

In the event of a fire or similar accident affecting a Company-provided building, reports from Customer Service Centers nationwide are sent to the head office and related departments. For fire incidents, we confirm whether the cause is related to our products or construction, and promptly report to the Quality Management Committee under the Risk Management

Committee, if it is. The final determination of the cause is based on the fire department's verification. We also investigate whether accidents resulting in personal injury are related to our products or construction. In all cases, we implement preventive measures to stop recurrence. If the Quality Management Committee deems the incident to be at a crisis level, it is immediately reported to the Risk Management Committee.

Emergency response procedures to ensure product safety

When a product-related crisis (cases that may impact the Company on a wide scale) occurs, we respond appropriately according to our Crisis Response Manual, which serves as a guideline. We aim to minimize damage to the Company's social credibility and trust, as well as limit losses to corporate management and business operations. For major crises, a crisis countermeasures headquarters is established to collect information, determine appropriate responses, decide on public announcements, and promptly initiate first response.

Initiatives Aimed at Prolonging Home Longevity

Certified as long-life quality housing

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

Under the Act for the Promotion of Long-Life Quality Housing, which went into effect in June 2009, the Japanese government established the Long-Life Quality Housing Certification Program, which aims to build up a stock of high-quality, long-lasting housing. Houses that meet certain standards for structure and facilities are certified as "Long-Life Quality Housing" and are eligible for various tax benefits. To achieve our goal of creating high-quality housing stock, the Company actively works to acquire "Long-Life Quality Housing" certifications. Since the start of the program, our certification rate for detached houses has remained high, comprising 91.7% in FY2024.

Customer Initiatives

As a specific initiative regarding our detached houses, we operate i-eLog, a regularly updated database of historical data about each residence. This database includes basic building information, homeowner information, design plans, inspection results, and repair records. Sekisui House also offers an initial 30-year warranty program (for contracts signed on or after April 1, 2018) that covers the structural framing and any parts used to prevent rainwater leakage. This program provides 20 years of warranty on top of the 10-year defect liability period required under the Housing Quality Assurance Act. Additionally, all other parts are under warranty for varying periods. Even after the initial warranty period expires, homeowners can use the unique Company-managed U-trus System to extend warranties in 10-year intervals by paying for inspections or repairs not covered by active warranties.

(FY)

	Boundary	Unit	2022	2023	2024
Percentage of detached houses certified as Long-Life Quality Housing	Non-consolidated	%	92.1	92.3	91.7

Promotion of SumStock quality housing stock

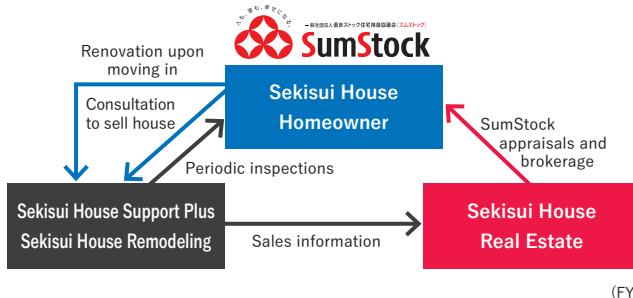
Ensuring that high-quality housing is passed on to the next generation as a social asset is a crucial initiative contributing to the formation of a sustainable society that effectively utilizes supplied housing. Sekisui House's Customer Service Centers (Sekisui House Support Plus as of February 1, 2025), along with Sekisui House Remodeling, Sekisui House Real Estate companies, and other Group companies, are collectively promoting SumStock.

SumStock is a circulation system for high-quality existing housing stock, managed by the Provision of Quality Housing Stock Association, a general incorporated association founded in 2008 by 10 major housing manufacturers, including Sekisui House. This integrated circulation system for existing homes involves all steps from value appraisal and certification to resale. Specifically, the basic structure ("skeleton") and interior furnishings and fixtures ("infill") of a house are appraised separately by years of depreciation, and the value of the building and the land are indicated separately in this proprietary circulation system. Each house supplied by member companies must fulfill three requirements to qualify: has a database of residential data; has seismic resistance that exceeds recent standards; and has been on a 50-year-plus maintenance program.

We are working to firmly establish the SumStock brand as a circulation system for high-quality existing housing, promote the spread of such

housing, and create a society rich in housing stock. Thus, through SumStock, the industry is working to increase quality housing stock and invigorate the resale market. In FY2024, we reached 739 contracts for SumStock housing.

SumStock Promotion through Collaboration within the Group



	Boundary	2022	2023	2024
Number of SumStock housing in the Group's existing home transactions	Sekisui House Real Estate Group	63%	718	739

Note: This figure was a ratio of contracts until FY2022

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

Since the 1980s, we have consistently pursued safety and accessibility in housing design based on the lifelong housing concept. This approach takes into account the evolving physical characteristics of people over time, ensuring that our homes are convenient and usable for everyone, including the elderly and individuals with disabilities.

In 2002, we swiftly established the proprietary Sekisui House Universal Design (SH-UD) standard, based on the concepts of safety, peace of mind, and ease of use. Building on this foundation, we introduced Smart Universal Design in 2010, which extends our focus to include comfort. Our internal guidelines are applied in the planning and design of all buildings, including outdoor landscaping.

Furthermore, we have developed specific guidelines for ensuring accessibility to essential facilities, such as train stations, bus stops, public amenities, and commercial establishments. These guidelines are integrated

into the design and development of all real estate projects, including residential lots for sale and condominiums with a strong emphasis on barrier-free and other such considerations.

Our commitment to Smart Universal Design has been recognized by the public, earning us Good Design Awards and numerous Kids Design Awards. Particularly in terms of safety, we apply internal regulations aimed at enhancing safety from the research and development stages of housing components. This rigorous process has obtained the Child Safety through Design (CSD) Certification from the NPO Kids Design Association.

Initiatives for the Revised Act for Eliminating Discrimination Against Persons with Disabilities (Effective from April 2024)

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

Starting in August of the same year, we intensified efforts to raise awareness among all Group employees. To foster an inclusive mindset, we made the main theme of our annual Human Relations Training "A Society Where People with and without Disabilities Can Live Together." A total of 13,582 employees participated in our e-learning course for customer service personnel, with 3,627 of them participating voluntarily. Post-training survey results indicated a high level of interest among employees. In addition to training for senior management and similar programs, the detached houses business department conducted practical customer service training at all facilities, including display homes. The status of each facility's universal design responses is published on our website. These training programs will continue for technical staff hired as new graduates, as well as sales personnel in detached housing business departments after 2024. To improve the accessibility of our website, we have established the Web Accessibility Policy and incorporated subtitles (closed captioning) in our TV commercials.

Improving Social Value

S

Occupational Health and Safety

Basic Approach

Sekisui House prioritizes the health and safety of employees, including those of partner building constructors and construction workers, as we believe it is paramount to our daily operations. The Sekisui House Corporate Ethics Guidelines and the Health and Safety Management Regulations have been established to ensure workplace health and safety, create comfortable working environments, and maintain and improve support for employee health. We request all officers to respect and uphold these standards. Additionally, the Sekisui House Association,¹ comprising Group companies involved in construction and partner building constructors, collaborates with suppliers to strive for zero occupational accidents. Our goal is to create healthy workplaces where everyone can work with safety, peace of mind, and comfort.

1 As of February 1, 2025, the association includes eight Sekisui House Construction companies under Sekisui House Construction Holdings, Ltd. (an intermediate holding company for the Sekisui House Construction Group) and around 7,000 partner building constructors (including the partner building contractors of Sekisui House Construction companies, which are members of the Sekiwa Association).

Sekisui House Group Corporate Ethics Guidelines

5–7 Workplace Safety and Health

Secure safety and health at the workplace, and strive to establish and maintain a comfortable workplace environment. Furthermore, understand and comply with laws and regulations related to safety and health in operations. If by chance a disaster occurs during work operations, minimize the damage from the event and properly enact procedures for immediate reporting in order to prevent a recurrence.

5–8 Maintenance and Improvement of Employee Health

Support each employee to ensure they can live a full life in both good physical and mental health.

Occupational Health and Safety Management Structure

Sekisui House has established the Health and Safety Management Regulations, which lay out a health and safety management structure headed by the President (Yoshihiro Nakai, Representative Director of the Board, CEO, President, Executive Officer). For employees, the Director of the Board responsible for the Division of Administration and Human Resources (Satoshi Tanaka, Representative Director of the Board, Executive Vice President and Executive Officer) oversees the system, with the Human Resources and General Affairs Department administering its operations. A health and safety committee meets monthly at each workplace to enhance occupational health and safety awareness and improve related initiatives. The committee members are diverse in terms of grade, qualifications, age, and gender. Committee discussions are communicated to employees via email and notices. Furthermore, each division and worksite annually selects a non-managerial employee as a worker representative to engage in dialogue with management.

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

Occupational Health and Management System Certification

One of our international subsidiaries, Sekisui House Australia, has obtained certification under ISO 45001, the international standard for occupational health and safety management, for its offices and factory (the Ingleburn Manufacturing and Quality Control Centre). The company undergoes annual external audits to ensure the maintenance of this certification. This is our sole ISO 45001 certified production facility among five domestic factories and one overseas, resulting in a certification rate of 16.7%.

Employee Occupational Health and Safety Initiatives

We provide health and safety education for employees as a measure to prevent occupational accidents. In the event that such an accident involving an employee occurs, the workplace where it took place promptly contacts the Human Resources and General Affairs Department, and the information is shared Company-wide through the Health and Safety Committee or other means. The Health and Safety Committee, which is mandated by the Industrial Safety and Health Act and other laws, conducts a thorough analysis of occupational and commuting accidents and shares its findings. This process raises awareness of health and safety, helps prevent unsafe behavior, and discourages long working hours that can lead to accidents and illnesses.

Since we extensively use Company vehicles for work-related activities, the risk of traffic accidents is significant, making safe driving management and education essential. The Company has established Safe Operation of Work Vehicle Management Standards, appointing a vehicle management supervisor at each workplace and a manager at the head office responsible for comprehensive supervision. Through this structure, we are implementing thorough vehicle operation management, as well as safe driving instruction and education at each workplace. Additionally, we conduct annual traffic safety training for all employees.

Promoting traffic safety

In concert with the National Traffic Safety Campaign held in spring and fall and organized by the Cabinet Office, we implement annual traffic safety promotion activities for all employees. At worksites, employees watch videos of actual traffic accidents that have occurred at Company locations, as well as safe driving instructional videos. This is complemented by group discussions that encourage employees to learn about diverse hazard prediction approaches and techniques. These activities provide an opportunity for employees to think about actions individuals can take to promote safety. Additionally, to prevent drunk driving, we rigorously enforce initiatives that require employees to conduct sobriety checks before and after operating a vehicle and to sign pledges. Through these initiatives, we promote adherence to traffic rules and encourage safe driving practices among all employees, ultimately aiming to reduce the number of accidents in which they are involved.

Occupational Health and Safety

Occupational Health and Safety Initiatives in Construction Departments

Occupational health and safety management system for construction departments

In Sekisui House's construction departments, we have integrated the Sekisui House Zero Hazard System, which incorporates the Occupational Health and Safety Management System recommended by the Ministry of Health, Labour and Welfare while taking into account the unique characteristics of construction sites. Through this integration, we implement comprehensive health and safety management activities.

To reduce occupational accidents, it is essential not only to address compliance with legal requirements and prevent the recurrence of past accidents, but also to identify and assess risk sources through risk assessments. We formulate and execute annual plans for implementing necessary measures. By respecting and passing on knowledge over the years, we aim to enhance our management tools and raise overall standards, maximizing the effectiveness of our efforts to ensure health and safety at construction sites.

To improve the efficiency of analyzing trends in accidents and incidents throughout the Company, we are systematizing our safety management processes. We have digitized accident reporting to enable prompt communication, information sharing, and more efficient information management. This digitization allows for more accurate and thorough analysis of accident trends.

Furthermore, to enhance the efficiency and reliability of our safety management system, we have developed and implemented a Safety Promotion App that operates on smart devices. This app facilitates quick confirmation and reporting on findings and issues corrective actions requests to partner building constructors and construction workers, while also maintaining records of observations made during safety patrols of construction sites. Through these initiatives, we are dedicated to reducing occupational accidents at construction sites. In the event of an occupational injury or accident, the affected construction site promptly informs the Construction Strategy Department, which ensures that information is shared across the entire Company.

Announcing occupational health and safety policies

To enhance the health and safety standards at construction sites within the Sekisui House Group, we have announced the following health and safety policies:

1. All individuals associated with the Company will respect health and safety-related laws and regulations, and will follow internal standards.
2. All individuals associated with the Company will take personal responsibility for ensuring safety in construction activities.
3. We develop construction plans that prioritize the prevention of accidents affecting the public and ensure thorough implementation and management.

Outline of Sekisui House Zero Hazard System

Zero Hazard System core (foundation)

Basic cycle

- 1. Identify source of risk, specify implementation items
- ↓
2. Formulate annual health and safety plan
- ↓
3. Announce health and safety policies
- ↓
4. Implement and operate annual health and safety plan

Review annual plan in preparation for formulation of next year's plan



11. Evaluate system

Steps for effectively implementing basic cycle (left)

5. Daily inspections and improvements
6. Incorporate worker feedback
7. Health and safety management structure
8. Evaluate partner building constructor health and safety activities
9. Document in writing and keep records



10. Response in the event of an emergency or accident



12. Revise system

Construction site priority accident prevention themes and plan outline in FY2024

After reflecting on occupational accidents that occurred at construction sites in the previous fiscal year, we set the following priority themes for FY2024: the elimination of falling accidents, the elimination of tripping and stumbling accidents, the elimination of laceration and puncture accidents, and the prevention of accidents that affect the public. Based on these themes, we have developed a Company-wide annual plan. To ensure safe and secure construction sites, we will continue to thoroughly implement fundamental safety activities and establish effective measures.

Outline of annual health and safety plan for construction sites in FY2024

- Thoroughly enforce adherence to countermeasures against serious accidents (accidents that could potentially be fatal), such as falls.
- Work to eliminate tripping and stumbling accidents by ensuring safe walkways and adequate lighting, while promoting activities around the 3 S activities (Sort, Set in order, and Shine).
- Promote the use of cut-resistant gloves among all construction workers to eliminate laceration and puncture accidents caused by tools and materials.
- Thoroughly implement safe construction standards to prevent incidents that could lead to injuries, such as falling objects and tipping heavy machinery.



Poster of slogan for FY2024

Reflecting on specific initiatives regarding key themes

Elimination of falling accidents

- Strengthening onsite training and instruction: Recognizing that falling accidents can lead to serious injury or death, we enhanced our onsite training and instruction programs.
- Implementation of temporary flooring: To eliminate falling accidents stemming from openings on roofs, we established a system to distribute temporary flooring to cover these openings across all construction sites, leading to a reduction in accidents.
- Proper use of stepladders: We strove to adhere to thorough instructions regarding the proper use of stepladders as a preventive measure against falls.

Occupational Health and Safety

Elimination of tripping and stumbling accidents

- We thoroughly enforced proper countermeasures, while also ensuring worksite tidiness by checking items during onsite patrols that advance and secure safe walkways.

Laceration and puncture accidents

- Results of an analysis on the causes of laceration accidents confirmed the efficacy of cut-resistant gloves, and we created environments where construction sites could be properly equipped with and utilize such gloves.

Prevention of accidents that affect the public

- We designated the following as priority themes: the elimination of third-party personal injury, elimination of self-inflicted accidents, prevention of objects falling, prevention of hanging loads falling, and prevention of contact with or severance of overhead wires. We committed to implementing thorough measures to prevent recurrences of past accidents.
- Although the overall number of accidents decreased, we have not yet achieved zero incidents, making this an ongoing challenge for FY2025.

Initiatives to share general information on accidents

- We digitized the KY (Kiken Yochi)¹ process and enabled mutual verification between managers and construction workers via smart devices to prevent it from becoming a mere formality.
- We incorporated safety video viewing into the digitized KY system, enhancing our accident prevention efforts by requiring employees to watch these videos before beginning work.
- We promoted the spread of safety education activities which focus on interactive dialogue through remote safety meetings that utilize smart devices.

1 A shortened version of “kiken yochi,” a Japanese expression meaning “danger prediction.” This involves the prediction and estimation of potential causes of danger during work operations.

Occupational health and safety training at construction sites

To strengthen the Company-wide safety management system, we conducted safety training for chief inspectors at locations nationwide. The training

consisted of two components: classroom lectures and practical skill/on-the-job training. This approach allows us to verify the level of safety management conducted by domestic inspectors and work together to unify management systems across Japan. We expect that the chief inspectors who underwent this training will improve safety management at all our domestic locations. A total of 60 staff members participated in this training in FY2024.

Assessing safety risks related to construction sites

Sekisui House's business operations involve the use of heavy machinery and work performed in heights, which increase the potential for fatal accidents. Therefore, we conduct thorough site inspections at each business location for all new projects for which we receive orders. In addition to planning construction in accordance with manuals and assessing risks related to the safety of construction workers, we also evaluate the impact on local residents in compliance with Japanese laws from the planning stage.

Occupational Health and Safety Management Initiatives

As a part of internal audits related to occupational health and safety, the Company conducts special safety audits at individual worksites. These audits are performed when deemed necessary by the head of the Construction Strategy Department, specifically at sites where the number of accidents has reached a concerning level or where significant accidents or infractions, as defined by the Company, have occurred.

In FY2024, while no significant accidents occurred at worksites, we conducted special safety audits at nine branch locations in light of the occurrence of work-related injuries and deviations from the annual plan.

Occupational health and safety initiatives at Konoike Construction

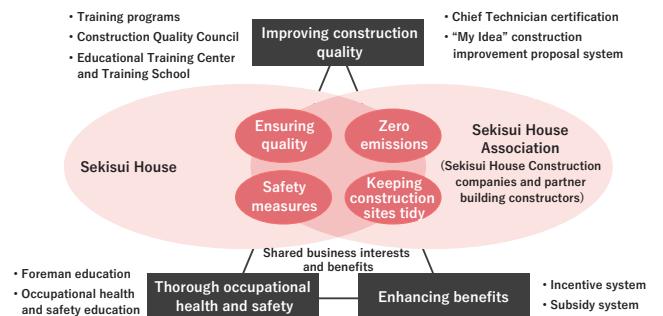
As part of its commitment to occupational health and safety, Konoike Construction, a Group company, has maintained certification under the Construction Occupational Health and Safety Management System

(COHSM) at all its offices since 2014. Striving to eliminate accidents, Konoike Construction conducts regular internal audits of construction sites, safety patrols, and provides health and safety education for its employees as well as the management and workers of partner companies.

Collaboration with Sekisui House Association

The greatest strength of the Group is the Sekisui House Association, which consists of Group companies involved in construction and partner building constructors. Since its founding, Sekisui House has practiced a responsible construction system. Our partner building constructors are invaluable assets, and we hold them in high regard, nurturing long-term relationships based on trust and mutual interest in the spirit of a “community with a common destiny.” To achieve customer satisfaction, the Sekisui House Association cooperates with each Sekisui House office to implement various initiatives. These initiatives focus on safety measures, improving construction quality, providing solutions for customers and neighbors, achieving zero emissions, keeping construction sites tidy, developing human resources, and improving working conditions.

Achieving Customer Satisfaction with the “Community with a Common Destiny” Mindset



Occupational Health and Safety

Moreover, the association serves as a platform for information exchange, allowing individual construction sites and partner building contractors to share issues they face and collaboratively explore potential solutions. The association also provides training and educational opportunities aimed at improving work processes and construction quality.

In times of natural disaster, such as when an earthquake or flood strikes, the Sekisui House Association plays a crucial role in facilitating action, from initial response to restoration and reconstruction efforts. We are committed to continuing our collaboration with the association to enhance customer satisfaction and elevate the value of the Sekisui House brand, striving for coexistence and co-prosperity as "a community with a common destiny."

→ P.48 Construction Technicians

→ P.77 Quality maintenance and improvement initiatives in the construction phase

Onsite safety patrols (including contractor sites)

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

Occurrences of Occupational Accidents

The number of fatalities among Sekisui House employees over the past three years was zero. For contractor in Sekisui House construction departments, there was one fatality due to occupational accidents in FY2022 (due to heat stroke), one in FY2023, and zero in FY2024. The lost time injury frequency rate for the Group¹ was 0.15 in FY2024, an improvement over the previous year. In contrast, the lost time injury frequency rate for contractors of the Sekisui House Group² construction departments was 2.49, which represents a slight increase from the previous

year. This increase was due to the impact of record high temperatures, which we believe caused an increase in occupational accidents due to human error and other factors. We will continue to develop annual plans and strengthen our initiatives to achieve zero occupational accidents.

¹ Sekisui House, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Sekisui House noie

² Sekisui House, Sekisui House noie, Konoike Construction

Frequency Rates of Leave-Related Accidents and Occupational Illnesses (FY)

Targets	Boundary	Lost time injury frequency rate (resulting in one or more days of lost worktime)			Frequency rate of occupational illness (resulting in one or more days of lost worktime)		
		2022	2023	2024	2022	2023	2024
Employees							
Administration	Group (Japan)	0.16	0.21	0.16	0.03	0.11	0.02
Production	Non-consolidated	0.44	0.00	0.00	0.00	0.00	0.00
Total for employees (Administration)	Group (Japan)	0.18	0.20	0.15	0.03	0.10	0.02
Contractors							
Production	Non-consolidated	0.31	1.63	0.96	0.00	0.00	0.00
Construction	Non-consolidated	2.82	2.87	2.95	0.48	0.53	0.62
	Group (Japan)	2.57	2.37	2.49	0.35	0.42	0.53

Calculation standards:

Lost time injury frequency rate:

Number of fatalities and injuries per million working hours due to lost work-time injuries

Frequency rate of occupational illness:

Number of occupational illnesses per million working hours

Targets:

Employees, excludes part-time workers.

Construction department contractors, includes sole proprietors and employers.

Boundary:

Group employees (Japan): Up to FY2023, employees of Sekisui House and Sekisui House Real Estate Group; for FY2024, employees of Sekisui House and major domestic Group companies (excluding Konoike Construction) Contractors in Group construction departments (domestic): Sekisui House, Sekisui House noie, Konoike Construction

Total working hours:

- Employees and contractors (production department): Calculated based on actual working hours.
- Contractors (construction department) for Sekisui House, Ltd. and Sekisui House noie Limited: Calculated as eight hours per person per day. Additionally, for contractors (construction department) involved in the TOKKEN Building Business³ of Sekisui House, Ltd., calculation were based on actual working hours starting from FY2024.
- Contractors (construction department) for Konoike Construction Co., Ltd.: Calculated as nine hours per person per day.

³ Construction business involving conventional building methods, including reinforced concrete structures

Industry Average Rates of Occupational Accidents (FY)

Occupational accident rate	2021	2022	2023 ⁴
General contractors	1.39	1.47	1.69
Contracted amount of business	¥1 billion or more	1.42	1.22
	¥500 million to less than ¥1 billion	1.59	2.49
	Less than ¥500 million	1.12	1.89
			1.88

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

⁴ Data is presented up to FY2023, as figures for FY2024 have not yet been released as of the publication of this report.

Number of Deaths (FY)

Targets	Boundary	2022	2023	2024
Employees	Group (Japan) ⁵	0	0	0
Construction department contractors ⁵	Non-consolidated	1	1	0

⁴ For FY2022, Sekisui House and major domestic Group companies; for FY2023-2024, Sekisui House and domestic consolidated subsidiaries

⁵ Includes sole proprietors and employers

Occupational Health and Safety

Occupational accidents at construction sites and responses

- In FY2024, the number of occupational accidents at construction sites that resulted in at least one day of lost worktime was 100, representing 103% of the previous fiscal year.
- The number of falling accidents (including those not resulting in lost worktime), which can lead to serious injury and were a priority theme for FY2024, decreased to 80% of that in the previous fiscal year.
- Falling accidents, tripping and stumbling accidents, and accidents involving lacerations or punctures accounted for 60% of all accidents. The first two categories typically result in prolonged time off from work. Therefore, we have implemented measures focusing on the key themes of proper use of stepladders, where occurrences of falls are high, and ensuring safe pathways to prevent tripping and stumbling.
- For the issues of falling accidents and accidents involving lacerations or punctures, we are spreading awareness and establishing measures, and have announced a campaign around “falls” and “lacerations and punctures” to ensure the proper use of stepladders and cut-resistant gloves.
- Although the number of incidents of heat stroke (including those not resulting in lost worktime) rose to 147% of that in the previous fiscal year, 98% of these incidents resulted in three days or less of lost worktime (the remaining 2% was one case that resulted in 4 days of leave).
- To strengthen health and safety management at various worksites, we conducted special safety audits at nine branches in FY2024.

Looking ahead to 2025, we will promote the priority themes of “eliminating falls,” “eliminating construction machinery/crane-related accidents,” and “making steady progress on priority measures.”

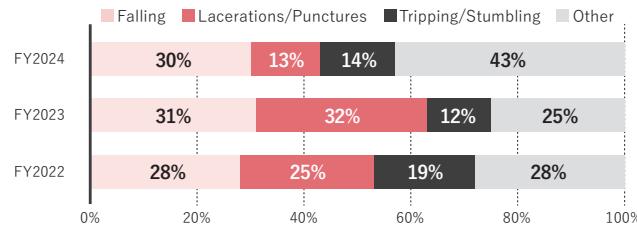
Occupational Accidents at Construction Sites¹ (FY)

Number of Cases	Targets	Boundary	Unit	2022	2023	2024
Construction site accidents (excluding heat stroke)	Construction department contractors ²	Non-consolidated	Cases	101	97	100
Heat stroke				17	18	21

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

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

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



Improving Social Value

S Supply Chain Management

Basic Approach

Sekisui House is committed to socially and environmentally responsible CSR procurement with the aim of contributing to a sustainable society, including the entire supply chain. Our purchasing policy combines the provision of the best quality, robust delivery, and reasonable prices while incorporating ESG considerations.

To effectively promote CSR procurement initiatives, including human rights, labor practices, and decarbonization within the supply chain, it is essential to expand our engagement efforts from our suppliers to their suppliers and beyond. To achieve this, we not only monitor our suppliers but also focus on creating engagement activities that foster collaboration and drive these initiatives forward.

QDC plus ESG

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

Structure for promoting the supply chain

The ESG Promotion Committee has designated social and environmental issues in the supply chain as priority areas. Human rights, labor, and other related issues are discussed at the Human Rights Due Diligence Meeting under the Social Improvement Subcommittee, while issues such as decarbonization and wood procurement are addressed by the Environmental Subcommittee.

Supply chain management is conducted through mutual cooperation among all related departments under the supervision of the officer in charge of the Division of Technology and Production. The procurement department works to enhance suppliers' understanding and awareness of key ESG issues and business continuity planning (BCP), including quality and supply, by holding annual activity policy briefing sessions and various study sessions.

Moreover, procurement staff can refer to guidelines and other regulations at any time. Additionally, related departments use seminars and working groups to ensure efforts are aligned with the latest laws and social issues.

PDCA Practice for CSR Procurement

Upon signing the United Nations Global Compact in 2018, Sekisui House joined the supply chain subcommittee of the Global Compact Network Japan (GCNJ). We established the CSR Procurement Guidelines for our suppliers, which are compliant with the GCNJ's self-assessment questionnaire (SAQ). Since then, we have asked suppliers to submit a signed agreement to confirm their understanding and compliance with the purpose and content of the guidelines, as well as cooperation with periodic

checks or audits regarding their efforts. We explain the significance and importance of CSR procurement to our suppliers at our annual activity policy briefing sessions held each February.

In addition, at the end of each year, we conduct a CSR evaluation using a self-assessment check sheet based on the GCNJ's SAQ, in order to confirm compliance with the guidelines. By implementing the PDCA cycle for CSR procurement with these initiatives, we are raising awareness of social responsibility among our suppliers and deepening CSR procurement. Even when commissioning new suppliers, we perform evaluations based on internal regulations to confirm the company's suitability in terms of ESG and other factors. We also require new suppliers to sign an agreement confirming their understanding of the purpose and content of the CSR Procurement Guidelines before any transactions are conducted.

 [CSR Procurement Guidelines](#)

CSR Procurement Flow

CSR Procurement Guidelines *Conforms to GCNJ version of SAQ

- ① Corporate Governance, ② Human Rights, ③ Labor, ④ Environment, ⑤ Fairness, ⑥ Quality and Safety, ⑦ Information Security, ⑧ Supply Chain, ⑨ Coexisting with Local Communities



Feedback and Upward Spiral



Agreement Confirmation Form



CSR Evaluation

Suppliers self-evaluate their own initiatives in accordance with the nine items of the GCNJ version of the SAQ.

Supply Chain Management

Conducting annual activity policy briefings for suppliers

We hold an annual activity policy briefing for our suppliers to promote CSR procurement. The purpose of the briefing is to deepen the understanding of suppliers regarding our procurement activities, and approximately 150 major suppliers participate. In addition to requesting that suppliers understand and comply with the objectives and content of the CSR Procurement Guidelines, we explain specific procurement initiatives, share examples of improvements made by suppliers, and honor outstanding suppliers.

We also provide feedback on CSR evaluations and invite external experts to give lectures that raise awareness of ESG issues.

Activities to strengthen collaboration

We are expanding activities to strengthen our collaboration with key suppliers to promote a common understanding of priority issues, align the directions of activities, and drive major reforms and improvements. In FY2024, we carried out activities in these areas with 10 companies.

Supply chain policy on social issues

We recognize “human rights and labor” as one of the most important social issues in our supply chain. The Sekisui House Group Human Rights Policy applies to all officers and employees of the Sekisui House Group. We also expect our business partners, including partner building contractors and suppliers, to understand and support this policy. The Sekisui House Group Human Rights Policy is available on the online information-sharing platform we maintain with our suppliers, and we promote compliance with the policy. The CSR Procurement Guidelines prohibit discrimination based on nationality or race, inhumane treatment, forced or compulsory labor, and child labor. They also require appropriate management of employee health and safety. We obtain signed agreements from our suppliers indicating that they understand the purpose and content of the guidelines.

 Sekisui House Group Human Rights Policy

Initiatives respecting human rights in the supply chain

In order to promote respect for human rights in the supply chain, it is essential to expand the circle of engagement from our suppliers to their suppliers. To this end, in February 2022, we held a study session with external experts, attended by approximately 150 suppliers, aimed at raising awareness and acquiring basic knowledge. Furthermore, in September of the same year, in response to the establishment of the Guidelines on Respecting Human Rights in Responsible Supply Chains by the Japanese government, we surveyed 360 of our suppliers about their efforts to establish human rights policies, publish these, etc. Based on the survey's results, in February 2023, we held a study session with 157 suppliers and Sekisui House procurement to deepen their understanding of the Japanese government's guidelines. Additionally, in October 2023, we held a study session with external experts on practical points of the guidelines, attended by 279 suppliers and Sekisui House procurement staff, to improve their practical knowledge. In October 2024, we held another study session on measures regarding human rights in the hiring of foreign national workers, attended by 499 companies. We will continue to make efforts to respect human rights in the supply chain and hold study sessions as training opportunities concerning social issues for Sekisui House procurement staff.

Supplier Monitoring

The CSR evaluation is conducted using a self-assessment checklist based on GCNJ's version of SAQ. Suppliers are asked to self-evaluate their own initiatives in nine areas, including corporate governance, human rights, and labor, from five perspectives: ①awareness of laws, ②policies, ③systems and responsibilities, ④confirmation of results of initiatives, and ⑤corrective actions. The results are then scored and evaluated.

In the event that risks are identified in the results of the CSR evaluations of existing suppliers in areas such as the environment or human rights, we conduct monitoring to understand actual conditions by visiting

the individual suppliers in question and providing advice on the evaluation criteria and achievement levels. In this way, we practice due diligence. If a significant risk is discovered, the Company will take appropriate action in consulting with relevant departments and stipulate measures such as reduction of transactions based on the supplier evaluation score. Targets of CSR evaluations are selected in order of highest to lowest volume of transactions, covering over 95% of total procurement spending by major business partners. As of the end of 2024, we conducted CSR evaluations of 163 suppliers and determined that five suppliers should be monitored in terms of human rights, five in terms of labor, and five in terms of the supply chain (with overlap). We are monitoring each company to promote improvement.

KPI	Boundary	Unit	(FY)	
			2023	2024
			Targets	Results
CSR procurement human rights, labor, and supply chain scores	Non-consolidated	Points	88.3	85.9 89.0

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

Furthermore, when necessary, we conduct onsite inspections both domestically and internationally, including visits to logging areas at the most upstream portion of the supply chain. In FY2024, we surveyed 62 companies and conducted field checks of logging areas and wood suppliers in Indonesia.

→ P21 Wood procurement risk survey and risk assessment

Supply Chain Management

Risk assessment of social issues

Since FY2021, we have required suppliers to report violations of laws and regulations in addition to answering each question in the CSR evaluation. This approach complements the CSR evaluation results and enables us to identify high-risk suppliers who may be in violation of compliance, allowing for prompt action to be taken.

In FY2024, we received four reported cases, all of which were resolved appropriately in accordance with guidance from governmental authorities, with no compliance violations being identified. Additionally, no high-risk suppliers were determined during this assessment.

Enhancing Sustainable Procurement

Promoting business continuity planning (BCP)

We have long collaborated with our suppliers to establish an initial response communication system for natural disasters and conduct related drills. However, in recent years, previously unanticipated procurement risks have become increasingly frequent, including not only natural disasters and industrial fires, but also global semiconductor and raw material shortages, geopolitical risks, and cyberattacks.

To address a broad range of these risks, we held the Supply Chain Resilience Promotion Conference, with approximately 160 suppliers participating in September 2021 and around 260 suppliers in September 2022. Strengthening the supply chain necessitates expanding the engagement from our suppliers to include their respective suppliers as well. During the conference, we outlined our activities to strengthen BCP and shared specific examples from our suppliers to raise awareness. Furthermore, since FY2023, we have been mapping the impacts of supply risks and clearly defining targets to improve the efficacy of our activities.

In response to the recent global increase in cyberattacks, we conduct events such as information security training sessions for our suppliers.

We are committed to monitoring and addressing various procurement risks to maintain and develop a robust and resilient supply chain.

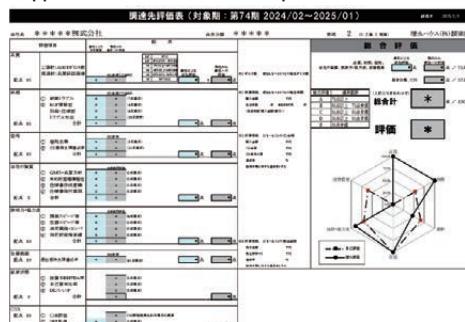
Process improvement through supplier assessments

To ensure fair and impartial transactions, we conduct supplier assessments that evaluate factors such as Quality, Delivery, and Cost (QDC), as well as technical capabilities. The CSR evaluation is included as one of the supplier assessment criteria. We disclose the assessment results to the relevant suppliers to facilitate improvements and strengthen their internal structures. In conducting these assessments, we emphasize process management to encourage reforms rather than relying solely on uniform evaluations of the results.

In FY2024, the supplier assessments covered 111 companies, representing 74.5%* of total procurement spending. Moving forward, we will continue to implement highly transparent supplier assessments and support the strengthening of suppliers' frameworks while maintaining fair and impartial transactions.

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

Supplier assessment chart (sample)



An overall rating is assigned on a scale from A to E, based on the evaluation criteria. The results are visualized using a radar chart to highlight both strengths and areas for improvement.

Declaration of Partnership Building

In November 2022, Sekisui House participated in the Declaration of Partnership Building initiative established by the Japanese Cabinet Office. This initiative involves representatives of companies that contract out work formally declaring to commit to coordinate and promote coexistence and co-prosperity with business partners and value-creating contractors within the supply chain, thereby building new partnerships. To date, nearly 63,000 companies have made declarations.

Under this declaration, each company posts the following information on a dedicated portal site.

1. Commitment to coexistence and co-prosperity throughout the supply chain, fostering new partnerships that transcend scale and business affiliations.
2. Compliance with preferred business practices between contractors and subcontractors, adhering to the "promotion standard" based on the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises.

[Declaration of Partnership Building portal site \(Japanese only\)](#)
[Full text of Sekisui House's declaration \(Japanese only\)](#)

**G**

Governance

Governance for Effective ESG Management

The Sekisui House Group positions ESG management at the core of its business strategies, aiming to contribute to a sustainable society as well as the Company's continuous growth. To enhance its effectiveness, we have established a governance structure supporting ESG management, ensuring management is transparent, fairness is maintained, and appropriate risk management is implemented.

The Sekisui House Group provides a detailed overview of its overall corporate governance in the Value Report – Our Impact (Integrated Report). This ESG Fact Book outlines our fundamental approach to ESG management, promotion structures led by the ESG Promotion Committee, risk management, material issues management, and the setting and evaluation of KPIs, thereby offering a comprehensive explanation of the governance framework that ensures effective implementation of ESG management.

Value Report 2025 P119, Corporate Governance

Basic Approach

The purpose and direction of ESG management

Rather than treating Environment (E), Social (S), and Governance (G) as separate areas of focus, the Sekisui House Group integrates them into its business itself, aiming to create ESG value. That's why we see ESG not just as a management foundation, but as a source of value—and we promote ESG management that creates a positive impact through our business activities.

In an era in which addressing climate change and social issues is directly linked to maintaining corporate competitiveness, we believe promoting ESG management that drives value creation is central to achieving business growth. Through ESG management, we aim to realize the happiness of our customers, society, and employees, while enhancing corporate value and contributing to a sustainable society.

Structure for Promoting ESG Management

To promote ESG management across the entire organization, we have established three subcommittees: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee. These subcommittees play a central role in advancing ESG initiatives by working closely with relevant departments and Group companies, both domestically and internationally. They are responsible for planning and implementing initiatives aligned with our material issues, as well as setting and monitoring relevant KPIs on an ongoing basis.

Each subcommittee is led by assigned senior leaders and regularly monitors progress on important issues to continuously improve initiatives. Progress on initiatives and identified issues are reported to the ESG Promotion Committee, which provides internal feedback and considers further improvement measures. Furthermore, to ensure that all employees understand and put ESG management into practice, the Company has established internal training programs and systems for sharing information.

ESG management execution structure

To ensure the steady progress of ESG management, the Representative Director, Vice Chairman, and Executive Officer oversees the entire Sekisui House Group's ESG activities, while the Senior Managing Executive Officer supervises our Group's ESG initiatives.¹

Moreover, the ESG Management Promotion Headquarters, established in June 2020, plans, develops, and manages the implementation of Company-wide initiatives related to our core ESG policies. They oversee these Company-wide ESG management initiatives, gather and analyze information, and communicate insights both internally and externally, taking the lead in advancing our sophisticated ESG management.

¹ The Senior Managing Executive Officer is responsible for Group-wide ESG activities as of April 1, 2025.

ESG Management Promotion Structure (As of February 1, 2025)



Governance

To enhance the effectiveness of our ESG management, the Sekisui House Group has established the ESG Promotion Committee, an advisory body to the Board of Directors. Chaired by the Representative Director, Vice Chairman and Executive Officer¹ and consisting of both internal and outside members with specialized knowledge, this committee promotes ESG from an objective and multifaceted perspective.

The ESG Promotion Committee reviews reports on environmental, social, and governance-related activities and evaluates progress on important issues, revising relevant policies as necessary through active discussion. The content of the ESG Promotion Committee's quarterly meetings is reported to the Board of Directors and shared with all employees via the Company intranet, contributing to greater awareness and understanding of ESG throughout the Company.

Composition of the ESG Promotion Committee

Chairperson:	Yosuke Horiuchi (Representative Director of the Board, Vice Chairman, Executive Officer) ¹
Outside members:	Katsuhiko Kokubu (Dean and Professor, Graduate School of Business Administration, Kobe University), Hidemi Tomita (Institute for Sustainability Management CEO)
Internal members:	Head of the ESG Management Promotion Headquarters, the respective chairpersons and vice chairpersons of the three ESG subcommittees, etc.

Note: Directors of the Board, Audit and Supervisory Board members and Executive Officers of the rank Managing Officer and above may attend as observers.



Governance

Main Agenda of the ESG Promotion Committee for FY2024

17th meeting, held in May 2024	<ul style="list-style-type: none"> ESG Management in the Sekisui House Real Estate Group Results of the second round of judging for the 3rd "SHIP" (Sekisui House Innovation & Performance Awards) and the ESG dialogue policy TNFD disclosure, results of the 4th Well-Being Survey Results of the "Sekisui House Matching Program" (a corporate program to match employee donations) 2024 grants
18th meeting, held in July 2024	<ul style="list-style-type: none"> Implementation of the Urban Biodiversity Forum Review of the 3rd "SHIP" and management policy for the 4th "SHIP" Establishment and development of "SEKISUI HOUSE-SHIP" Publication of "Value Report 2024" and "Human Rights Report" for FY2024
19th meeting, held in October 2024	<ul style="list-style-type: none"> Progress report on KPIs linked to materiality issues in the first half of the year ESG management at Konoike Construction and initiatives in suburban housing complexes Initiatives to enhance social value in the Trip Base Michi-no-Eki Stations Project Activity report of the "Sekisui House Matching Program" FY2024 grant program Follow-up and horizontal deployment progress of the 3rd "SHIP"
20th meeting, held in January 2025	<ul style="list-style-type: none"> Progress report and next term policy for the three ESG subcommittees Progress of the 4th "SHIP" Status of "SEKISUI HOUSE-SHIP" dialogue Editorial policy for "Value Report 2025"

Strategy

Guided by our Global Vision, "Make Home the Happiest Place in the World," we have positioned ESG management as the core of our business strategies, aiming to contribute to a sustainable society as well as the Company's sustainable growth. The fundamental strategy of ESG management lies in integrating the three aspects of "Environment," "Social" and "Governance" to generate a positive impact through the Company's business activities. To that end, we have aligned our long-term vision with the Mid-Term Management Plan, driving our initiatives forward.

Material issues

In 2022, to clarify the mission we should fulfill, the Group reviewed its material issues. In doing so, we identified and assessed issues that are both important to stakeholders and represent significant economic,

environmental, and social impacts; deliberated on the long-term challenges and social missions that the Sekisui House Group ought to undertake; and reflected on our historical initiatives to date. We deepened our understanding through discussions at Management Meetings and through the exchange of opinions with various stakeholders, including external experts.

In the 1960s, the Group contributed to securing housing during the period of rapid economic growth and elevating the basic performance of housing. Since then, we have been consistently pursuing "safety and peace of mind" and "comfort and environmental consideration" in housing, while working to advance technologies. Recognizing that our efforts themselves are material issues, we have identified three material issues: "Creation of High-Quality Housing Stock," "Contributing to a Sustainable Society," and "Diversity and Inclusion" in achieving happiness through housing in the era of the 100-year lifespan.

Process of Identifying Material Issues

1. Identifying and organizing key themes Reflecting on our history since our founding, we identified eight paramount and enduring themes.¹ We identified their interplay with our business activities and reassessed that our historical initiatives to date align with "Love of Humanity," the fundamental philosophy underpinning our Corporate Philosophy.

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

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

¹ These eight key themes are: seismic resistance performance; landscape and aesthetics; ecosystem preservation and biodiversity; insulation performance and CO₂ reduction; resource recycling; coexistence with local communities; health, connectedness and learning; and employment retention and human resource development.

Background for determining material issues and our mission



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

Our mission: Offer valuable homes designed to endure for generations by committing to delivering residences that blend functionality and beauty.



Background: Global environmental issues such as climate change, loss of biodiversity and resource depletion are intensifying, placing an immediate priority on transitioning to a decarbonized society. Energy conservation, CO₂ reduction and the shift towards a circular economy have also become key issues in the Japanese housing industry. The Sekisui House Group is dedicated to achieving a sustainable society in partnership with diverse stakeholders by providing environmentally friendly houses and buildings, advancing technological developments, offering high-quality services, and striving to coexist with local communities.

Our mission: Pioneer a future where people can continue to live with greater happiness by actively advancing environmental impact reduction and renewable energy utilization, and fostering cooperation with local communities.



Background: Amid labor shortages caused by a declining population, workstyles and lifestyles not bound by specific values or conventional norms are becoming more widespread. To create new value, it is important to build an organization with diverse talents and foster an inclusive corporate culture where each other's differences are respected. Guided by our vision, we strive to build workplaces focused on employee health and happiness, where all employees, who serve as source of innovation, can seize equal opportunities to thrive.

Our mission: Create work environments that honor diverse perspectives and values, where each individual can confidently engage in self-development and advancement, while harnessing their traits and skills to excel in their roles.

Governance

The Sekisui House Group analyzes the risks and opportunities associated with changes in the external environment. We consider what value we can provide to realize the happiness of our stakeholders, including customers, society, and employees. Based on our three material issues, we establish key themes. In the Sixth Mid-Term Management Plan (FY2023–FY2025), we have set specific initiatives and progress indicators for each key theme, and we continue to promote and manage progress under the ESG management promotion structure.

Risk Management

The Group has sought to analyze medium- to long-term issues that affect value creation, identify risk factors associated with changes in the external environment, and position risks as opportunities for future business development. These inputs are, in turn, utilized to formulate business strategies. The ESG Promotion Committee, an advisory body to the Board of Directors, deliberates on progress in and issues associated with ESG management initiatives before reporting to the Board of Directors. Upon receiving reports from the ESG Promotion Committee, the Board of Directors deliberates on and supervises the Group's sustainability-related responses among other relevant matters.

Furthermore, the Risk Management Committee examines and manages major risks within the Group's overall risk management framework. For details on risk management related to sustainability agendas—such as initiatives related to climate change, natural capital and biodiversity, human capital and respect for human rights—as well as business risks, please refer to the Annual Securities Report (The 74th Fiscal Year).

Annual Securities Report (The 74th Fiscal Year):

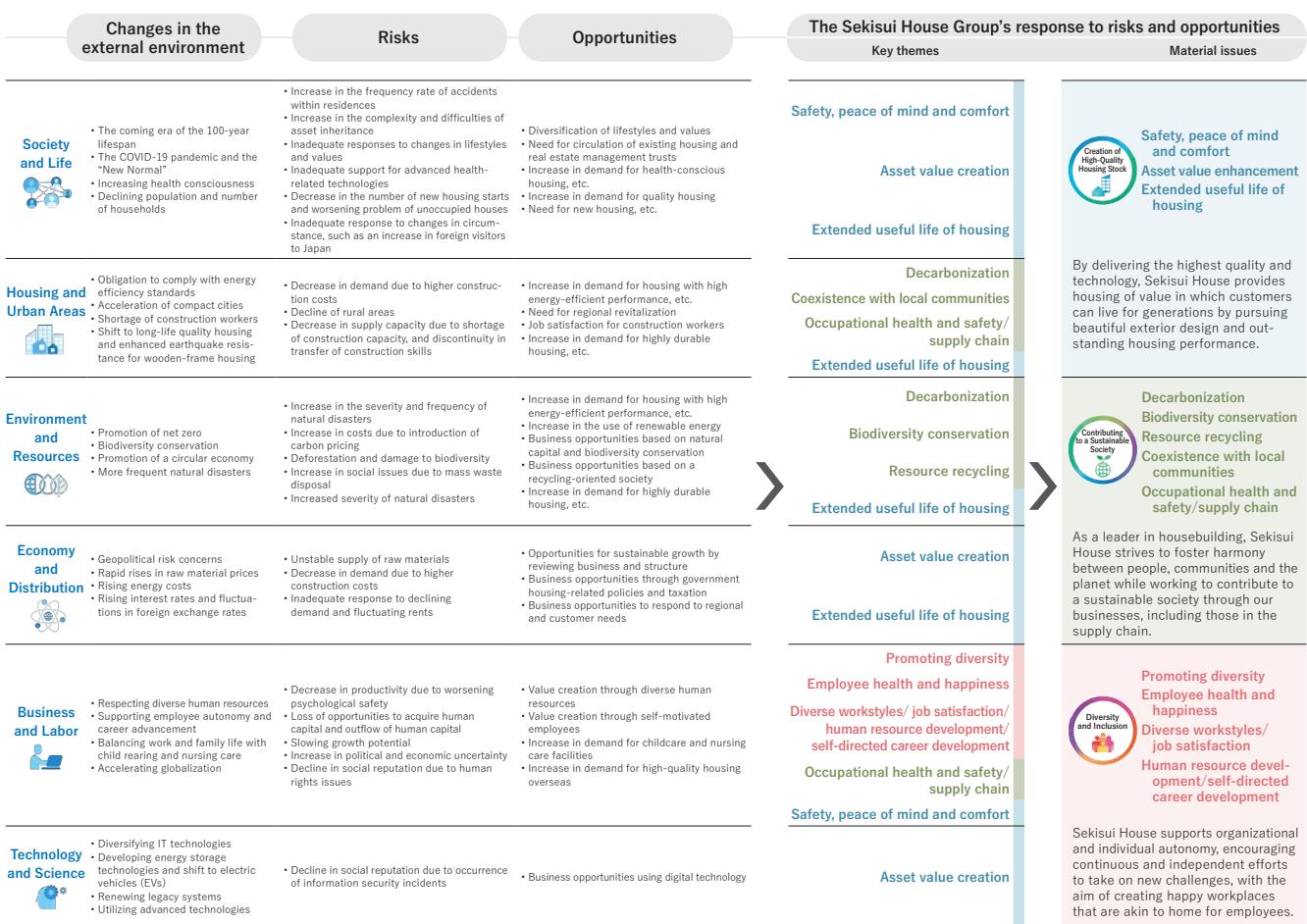
 Initiatives related to climate change P34

 Initiatives related to natural capital and biodiversity P41

 Initiatives related to human capital P49

 Initiatives related to respect for human rights P60

 Business Risks P64



Sekisui House supports organizational and individual autonomy, encouraging continuous and independent efforts to take on new challenges, with the aim of creating happy workplaces that are akin to home for employees.

Governance

Metrics and Targets

The Sekisui House Group has established quantitative non-financial indicators (KPIs) based on its material issues to achieve both social sustainability and continuous corporate growth. Progress is managed and evaluated under the ESG management promotion structure, with revisions made as necessary. In the Sixth Mid-Term Management Plan (FY2023–FY2025), 54 KPIs have been established in connection with our three material issues. These KPIs are positioned not only as tools for performance tracking but also as key indicators that guide the direction of value creation through ESG management. Accordingly, when establishing these KPIs, we utilize the following fundamental policy.

1. Incorporating a double materiality perspective

The Sekisui House Group places importance not only on its financial impact, but also on its impact on society and the environment, setting KPIs aimed at creating both economic and social value.

2. Balancing social impact and corporate growth

With a focus on value creation through ESG initiatives, we emphasize indicators designed to maximize positive impact.

3. Setting KPIs with a focus on stakeholder dialogue

We establish indicators that reflect the expectations of diverse stakeholders—such as customers, partner companies, local communities, employees, and investors—and promote highly transparent information disclosure.

4. Conducting ongoing reviews and updates

KPIs are periodically reviewed and refined in line with societal and environmental changes and developments in the business landscape, promoting the evolution of ESG management.

Materiality management

The Sekisui House Group's materiality management aims to accurately recognize changes in society and developments in the business landscape, with the goal of maximizing value creation through ESG management. Therefore, the initiatives we promote go beyond risk management. They also focus on enhancing both corporate and social value by closely linking material issues to our growth strategy.

Integrating ESG management into our business strategy

The Sekisui House Group aims to achieve sustainable growth by integrating ESG perspectives into its business strategy. To this end, we have incorporated ESG management initiatives into KPIs and introduced a system to quantitatively assess the results of ESG-related business activities. In addition, the progress and outcomes of the ESG strategy are regularly reported to the ESG Promotion Committee and the Board of Directors, and strategies are reviewed as needed.

Key steps in materiality management

1. Identifying key themes

By engaging in dialogue with stakeholders and analyzing risks and opportunities, the Sekisui House Group is exploring areas where it can continuously provide value. Furthermore, in line with the direction of ESG management, we have identified the following 11 key themes.

- Creation of High-Quality Housing Stock: Safety, peace of mind and comfort; Asset value creation; Extended useful life of housing
- Contributing to a Sustainable Society: Decarbonization; Biodiversity conservation; Resource recycling; Coexisting with local communities; Occupational health and safety/Supply chain management
- Diversity and Inclusion: Promoting diversity; Employee health and happiness; Diverse workstyles/Job satisfaction/Human resource development/Self-directed career development

2. Setting KPIs linked to material issues

To enhance the effectiveness of ESG management, KPIs are established for each material issue. In addition, the relationship between social impact and business growth is clarified to promote Company-wide understanding. The impact of business activities on stakeholders and the Sekisui House Group is also visualized, thereby continuously driving improvements toward sustainable growth. In the Sixth Mid-Term Management Plan, 54 KPIs were established.

→ P.94–97 Indicators and Progress

3. Regular monitoring and evaluating

Progress of KPIs during the three-year period of the Sixth Mid-Term Management Plan (FY2023–2025) is reported periodically to the ESG Promotion Committee. The progress of KPI achievement, results of initiatives, identified challenges, and prospective policies undergo rigorous discussions in internal meetings involving outside members with expert knowledge, alongside our Representative Director and Executive team. Informed by this feedback, we regularly improve our strategies and review our performance indicators.

4. Maintaining transparency

To ensure transparency in ESG management, we disclose our annual progress through the Value Report, ESG Fact Book, ESG Data Book, and our public website. We also continuously improve our materiality management based on dialogue with stakeholders.

By establishing this plan-do-check-act (PDCA) cycle, we continuously review our KPIs and reevaluate them as needed in response to changes in the business landscape. We also incorporate new indicators, thereby implementing ESG management that promotes sustainable growth and the creation of social value.

Governance

Incorporating KPIs linked to material issues into performance evaluation

To strengthen the effectiveness of ESG management, several KPIs that are linked to material issues are also integrated as ESG management indicators within the framework for evaluating Executive remuneration. This is an important initiative to promote sustainable growth and enhance medium- to long-term corporate value, and a system has been established in which top management takes responsibility for advancing ESG management.

Integrating ESG indicators into the remuneration system for officers

ESG management indicators associated with the remuneration system for officers are selected from among KPIs linked to material issues based on discussions of their priority and approach for target attainment. The key KPIs, inclusive of ESG management measures pertinent to the Performance Share Units (PSU) granted to Executive Officers, are outlined below.

 Value Report 2025 P127, Performance Share Units (PSUs)

Material issues	KPI	FY2023	FY2024	FY2025
		Results	Results	Targets
Creation of High-Quality Housing Stock	Rental housing units renovated ¹	7,058	5,756	6,300
	Ratio of detached ZEH homes ²	95%	96%	90%
	Ratio of ZEH units for rent ³	76%	77%	75%
Contributing to a Sustainable Society	Rate of CO ₂ emissions reduction from business activities ⁴	56.3%	62.3%	75% by FY2030
	Number of female managers ⁵	342 persons	415 persons	380 persons or more
	Take-up rate for eligible male employee childcare leave ⁶	100%	100%	100%
Diversity and Inclusion	Annual paid leave take-up rate ⁷	80.3%	79.9%	70%

Promoting employee ESG engagement (in collaboration with the President's Award)

With the goal of enabling all employees to actively contribute to promoting ESG management and in addition to executive remuneration, several KPIs linked to material issues have been designated as ESG indicators for business sites and reflected in the President's Award system. Some examples of key themes incorporated in the FY2024 President's Award are as follows.

Material issues	Key themes	Indicators
Contributing to a Sustainable Society	Decarbonization/Biodiversity conservation	Detached Housing Business: Ratio of detached ZEH homes, residence evaluation
		Building Sales Business: Ratio of ZEH units for rent, gardens evaluation
		Condominiums Business: Planting percentage
Diversity and Inclusion	Employee health and happiness	Average monthly work hours per person
		Average step count in the Walking Challenge
		Rate of employees opting for the secondary medical checkup

1 Total is for Sekisui House Real Estate Group. This indicator shows the number of rental housing units subject to contracts for interior or facilities renovation work that involves changes in layouts and is expected to result in higher asset value. Starting from FY2024, the Company has shifted its focus from the number of housing units to the quality thereof, placing its primary emphasis on creating high-quality housing stock and conducting renovations that contribute to customer happiness. Consequently, the Company has revised its target figures for FY2025.

2 Total is for Sekisui House. This indicator shows the portion of detached houses (excluding contracted and for-sale housing Hokkaido) that the Company built during the fiscal year that were ZEH (Net Zero Energy House). Period is from April 1, 2024 to March 31, 2025.

3 Total is for Sekisui House. This indicator shows the portion of Sha Maison rental housing contracted during the fiscal year that were ZEH units (certified as ZEH Ready or above and limited to ZEH units that allow residents to sell excess electricity).

4 Total is for the Sekisui House Group. This indicator shows the rate of reduction in CO₂ emissions directly attributable to the Sekisui House Group's business operations (Scope 1) or indirectly attributable through purchased electricity and other energy (Scope 2) compared with FY2013.

5 Total is for Sekisui House, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, Sekisui House Remodeling, Ltd., Konoike Construction Co., Ltd. and its domestic consolidated subsidiaries for FY2023; Sekisui House and its domestic consolidated subsidiaries for FY2024 and FY2025.

6 Total is for Sekisui House, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie Limited, and Sekisui House Remodeling, Ltd. This indicator is calculated as the ratio of male employees with children less than three years old who take at least one month of childcare leave.

7 Total is for the Sekisui House, Sekisui House Real Estate Group, and Sekisui House Remodeling, Ltd. This indicator shows the rate of annual paid leave usage among Sekisui House Group employees. Period is from March 11, 2024 to March 10, 2025.

Clearly identifying issues and setting priorities for KPIs

Improvements based on dialogue with stakeholders

Stakeholder engagement conducted in FY2024 revealed that our 54 existing KPIs cover such a wide spectrum that important issues are difficult to identify; that there is a need to differentiate between indicators for long-term impact and those for managing short-term progress; and that the connection between addressing social issues and business growth should be clarified.

By nature, KPIs are intended to highlight key performance indicators. However, when too many are set, the truly important ones may become obscured, potentially hindering effective management or the appropriate allocation of management resources. We also recognize the issue that our 54 KPIs vary in terms of timeframes and scope of impact, and that they include a mix of performance-based KPIs and strategically important KPIs.

Therefore, in response to this feedback, we are working to clearly identify indicators that drive genuine value creation through ESG and set KPIs that have a significant impact across our business operations. In doing so, we are advancing discussions on prioritizing progress management for these KPIs. In addition, we are working to classify performance-based KPIs into those suitable for short-term progress tracking and those for measuring medium- to long-term outcomes, while also determining how our business activities create value and mapping our impact on society and the environment. We are also investigating and discussing the setting of impact KPIs.

Value Report 2025 introduces selected KPIs along with the pathways through which they generate impact. The purpose of clarifying KPI priorities and pathways to impact is not to treat all KPIs equally; but rather to optimally allocate management resources and refine KPIs into more effective performance indicators.

 Value Report 2025 P62, Indicators and Progress

Direction moving forward

Through these efforts, we aim to clarify the processes by which each measure contributes to both social and economic value as well as further evolve our ESG management. By advancing materiality management to maximize both corporate and social value, we will strive for long-term growth and greater impact.

Governance

Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023		FY2024		FY2025		Information regarding the indicators	References	
					Results	Targets	Results	Targets	Results	Targets			
 Creation of High-Quality Housing Stock	Safety, peace of mind, and comfort	1	Detached house customer satisfaction rate	◇1	96.0%	95% or higher	95.9%	95% or higher	This indicator shows the percentage of customer survey responses that selected one of the top three options for satisfaction. Respondents who Answered Customer Satisfaction Surveys with "Very Satisfied," "Satisfied" or "Fairly Satisfied"			→ P.79	
		2	Rental housing occupancy rate	Sekisui House Real Estate Group	97.7%	97% or higher	97.9%	97% or higher	This indicator shows the occupancy rate of Sha Maison rental housing managed through bulk leasing.			☒ Value Report 2025	
		3	Housing units sold in the overseas business	The overseas business	4,444	—	12,153	15,000 ²				☒ Value Report 2025	
	Asset value creation	4	New proposals of technologies, lifestyle design, and services	◇5	A new design proposal system "life knit design"	—	Opened InnoCom Square	Launched home security system	This indicator highlights achievements related to new proposals that integrate the advanced technologies Sekisui House has accumulated, the lifestyle design proposals and intangible assets (services) in such areas as health, connectedness and learning (only results are disclosed).			☒ Value Report 2025	
		5	Patent applications (R&D)	◇1	115	100	131	100				☒ Value Report 2025	
		6	Internal standard for evaluating detached houses with exterior design and greenery that beautify the community (residence evaluation)	◇1	4 or higher 81.9% overall Third-range products: 88.4%	3 or higher ¹ 70% or higher	70%	3 or higher ¹ 70% or higher	This indicator is calculated based on our residence evaluation, which we created for detached houses in 2017 to promote the creation of beautiful houses that will be assets to their communities. Houses meriting this certification are given a rating from one to five stars.			—	
		7	Internal standard for evaluating the townscape attractiveness of rental housing that emphasizes resident safety, peace of mind and comfort (Sha Maison Gardens)	◇1	65.1%	70% or higher ²	64.4%	72% or higher	This indicator shows the ratio of Sha Maison Gardens, which obtained in-house certification as attractive rental housing through a process using unique evaluation criteria that include the impact on surrounding street landscapes and a resident-first perspective.			—	
		8	Rental housing units renovated	Sekisui House Real Estate Group	7,058	7,600	5,756	6,300 ³	This indicator shows the number of rental housing units subject to contracts for interior or facility renovation work that involves changes in layouts and is expected to result in higher asset value.			☒ Value Report 2025	
	Extended useful life of housing	9	Percentage of detached houses certified as Long-Life Quality Housing	◇1	92.3%	90% or higher	91.7%	90% or higher	This indicator shows the portion of the detached houses provided by the Group that has received official certification as meeting the standards ⁴ of the Japanese government's Long-life Quality Housing.			→ P.79	
		10	Number of SumStock housing in the Group's existing home transactions	Sekisui House Real Estate Group	718	800	739	850	This indicator shows the number of existing houses handled for resale by the Group that are SumStock ⁵ certified.			→ P.80	

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

2 The acquisition of U.S. homebuilder M.D.C. Holdings, Inc. led to the early achievement of our FY2025 target, prompting an upward target revision.

3 Starting from FY2024, the Company has shifted its focus from the number of housing units to quality, placing primary emphasis on creating high-quality housing stock and conducting renovations that contribute to customer happiness. Consequently, the Company has revised its target figures for FY2025.

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

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

◇1 Sekisui House, Ltd.

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

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

◇4 Sekisui House, Ltd. and Consolidated Domestic Subsidiaries

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

Governance

Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023	FY2024		FY2025	Information regarding the indicators	References
					Results	Targets	Results	Targets		
Contributing to a Sustainable Society	Decarbonization	11	Ratio of detached ZEH homes	◇1	95%	90%	96%	90%	This indicator shows the portion of detached houses that Sekisui House built during the fiscal year that were ZEH (Net zero energy house, a house that aims for an annual primary energy balance of zero through energy efficiency and energy generation while providing a comfortable indoor environment). Note: Excludes contracted and for-sale housing in Hokkaido	→ P.6
		12	Ratio of ZEH units for rent	◇1	76%	73%	77%	75%	This indicator shows the portion of orders for Sha Maison rental housing received during the fiscal year that were ZEH units (certified as ZEH Ready or above). Note: Limited to ZEH units that allow residents to sell excess electricity	
		13	Ratio of ZEH condominiums for sale	◇1	100%	100%	100%	100%	This indicator shows the cumulative number and percentage of completed ZEH units (certified as ZEH Oriented or above) among Sekisui House's GRANDE MAISON condominiums for sale.	→ P.8
		14	Number of insulation upgrades for existing houses (<i>Idocoro Dan-netsu</i> houses)	Sekisui House Remodeling, Ltd.	1,699	—	—	—	This indicator shows the number of houses that underwent <i>Idocoro Dan-netsu</i> remodeling to efficiently improve thermal insulation performance through partial insulation and insulation remodeling focused on the living room, dining room and kitchen area, where people spend most of their time.	
			Number of insulation upgrades for existing houses (revised)		—	3,600	4,874	5,000 ¹	This indicator shows the number of remodeling projects, including <i>Idocoro Dan-netsu</i> partial insulation remodeling focused on the living room, dining room and kitchen area, as well as those aimed at enhancing insulation of openings, etc.	→ P.9
		15	Rate of CO ₂ emissions reduction from new housing and similar operations	2	38.0%	—	39.1%	—	This indicator shows the rate of reduction in CO ₂ emissions attributable to energy consumption at the residential stage of new housing built by the Sekisui House Group (compared with FY2013). Our target for 2030 is 55%.	→ P.6
		16	Rate of CO ₂ emissions reduction from business activities	3	56.3%	—	62.3%	—	This indicator shows the rate of reduction in CO ₂ emissions directly attributable to the Group's business operations (Scope 1) or indirectly attributable through purchased electricity and other energy (Scope 2) compared with FY2013. Our target for 2030 is 75%.	
		17	RE100 achievement rate	3	52.3%	—	58.3%	—	This indicator shows the ratio of electricity purchased through our business activities that is generated from renewable energy sources via programs like Sekisui House Owner Denki as part of efforts to achieve RE100. In Value Report 2024, this was disclosed as the ratio of all electricity used via business activities that is energy purchased through Sekisui House Owner Denki from owners of homes equipped with solar power generation systems that have reached the post-FIT period. Under the previous calculation method, the result for FY2023 was 86.2%, and for FY2024 it was 100%. The target for 2040 is 100%.	→ P.10
		18	Percentage of Company electric vehicles (including hybrids)	3	15.5%	32%	28.7%	35%	This indicator shows the ratio of battery electric vehicles, fuel cell vehicles, plug-in hybrid electric vehicles and hybrid electric vehicles to the overall number of Company vehicles. Our target for 2030 is 100%.	→ P.10
		19	Percentage of supplier setting science-based targets	◇1	39.5%	—	46.5%	—	This indicator shows the percentage of our major suppliers that have set targets verified under Science Based Targets (SBT), a scheme for verifying corporate greenhouse gas emissions reduction targets as in line with the goals of the Paris Agreement. Our target for 2030 is 80%.	→ P.11
Biodiversity conservation		20	Sustainable wood procurement rate	—	97.2%	97.5%	97.1%	97.5%	This indicator shows the portion of wood purchased by the Group that has one of the top two ranks (S or A) on our four-rank scale in accordance with our own Wood Procurement Guidelines.	→ P.21
		21	Rate of zero-deforestation wood procurement	—	89.8%	92%	92.5%	93%	Our target for 2030 is 100%.	→ P.21
		22	Biodiversity-friendly tree planting (<i>Gohon no Ki</i> Project)	◇1	19,840 thousand	21,000 thousand	20,691 thousand	22,000 thousand	This indicator shows the cumulative number of trees planted in customer gardens under the <i>Gohon no Ki</i> Project to promote biodiversity-friendly landscaping.	→ P.18
Resource recycling		23	Waste rate (new construction)	◇1	5.9%	—	6.0%	—	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.	
		24	Waste recycling rate (new construction)	◇1	100%	100%	100%	100%	This indicator shows the portion of waste generated in the construction of new housing that is recycled.	→ P.33
		25	Waste recycling rate (maintenance and remodeling)	Sekisui House, Ltd., Sekisui House Remodeling, Ltd.	94.8%	—	95.0%	—	This indicator shows the portion of the waste generated in the maintenance, repairs and remodeling of existing properties built by the Group that is recycled.	
Coexistence with local Communities		26	Percentage of employees joining employee-company joint donation programs (Sekisui House Matching Program employee participation rate)	5	31%	—	29%	—	This indicator shows the percentage of employees joining employee-company joint donation programs. (Sekisui House Matching Program employee participation rate, only results are disclosed.)	→ P.70
		27	Trip Base <i>Michi-no-Eki</i> Stations Project, a project for regional revitalization	◇1	14 prefectures: 29 facilities 2,336 rooms	—	14 prefectures: 29 facilities 2,336 rooms	— ⁵	This indicator shows the cumulative number of hotel room units that have been constructed by the Sekisui House Group as part of the Trip Base <i>Michi-no-Eki</i> Stations Project, a regional revitalization project that we are developing with Marriott International.	→ P.75
Occupational Health and Safety/Supply Chain		28	Lost time injury frequency rate in the construction division	◇1	2.87	2.25	2.95	2.12	This indicator shows the frequency of construction site accidents resulting in lost work time per million total working hours among contractors of Sekisui House (including sole proprietors and employers).	→ P.84
		29	Occupational illness frequency rate in the construction division	◇1	0.53	0.30	0.62	0.30	This indicator shows the frequency of occupational illness originating from construction sites per million total working hours among contractors of Sekisui House (including sole proprietors and employers).	
		30	CSR procurement: human rights, labor, and supply chain scores	◇1	88.3pt	85.9pt	89.0pt	86.0pt	This indicator is the score determined via CSR evaluations of all suppliers (out of a maximum of 100 points) regarding human rights, labor management and supply chain status.	→ P.87

¹ A newly set target² Sekisui House (non-consolidated basis), Konoike Construction, Sekisui House noie, Sekisui House Construction, Sekisui House Real Estate, housing sales subsidiaries of Sekisui House US Holdings, LLC, and Sekisui House Australia Holdings PTY Limited³ Sekisui House and major consolidated domestic and overseas subsidiaries. 51 companies in FY2022, 43 in FY2023, and 40 in FY2024.⁴ An international initiative of major companies around the world pledging to use 100% renewable energy in their business operations.⁴ Companies named in ◇2 below, Sekisui House Financial Services Co., Ltd., Sekisui House Asset Management, Ltd.⁵ Due to business environment factors such as soaring construction costs, the FY2025 target of 3,000 units has been revised, with a focus on business development over the medium- to long-term.

◇1 Sekisui House, Ltd.

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

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

◇4 Sekisui House, Ltd. and Consolidated Domestic Subsidiaries

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

Governance

Indicators and Progress

Material issue	Key themes	No.	Indicator	Boundary of calculation	FY2023		FY2024		FY2025		Information regarding the indicators	References
					Results	Targets	Results	Targets	Results	Targets		
Diversity and Inclusion	Promoting diversity	31	Number of female directors of the Board	◇1	3 persons	3 persons or more	3 persons	3 persons or more	This indicator shows the number of female directors on the Company's Board of Directors.	Value Report 2025		
		32	Number of female managers	◇3 (FY2023) ◇4 (FY2024, FY2025)	342 persons (4.34%)	350 persons	415 persons (5.01%)	380 persons or more	This indicator shows the number of female employees in managerial positions at the Group.	→ P.56		
		33	Percentage of full-time female employees	◇2	29.4%	29.5%	29.8%	29.8%	This indicator shows the percentage of full-time Group employees who are women.	→ P.53		
		34	Percentage of female new graduates hired	◇3	38.3%	40%	35.9%	40%	This indicator shows the percentage of new graduates hired by the Group as full-time employees who are women.	→ P.54		
		35	Employment rate of persons with disabilities	◇1 2	3.00% 2.97%	2.97% 2.86%	3.08% 3.07%	2.72% ⁵ 2.66% ⁵	This indicator shows the percentage of Company employees who have disabilities.	→ P.57		
	Employee health and happiness	36	Rate of employees opting for the secondary medical checkup	◇1	88.1%	97%	90.3%	100%	This indicator shows the portion of employees who opt for optional secondary medical checkups during annual mandatory checkups.	→ P.62		
		37	Walking Challenge participants and average step count	◇4	21,163 persons 6,652 steps	—	21,289 persons 6,957 steps	—	This indicator shows the number of employees who participated in Walking Challenge and their average daily step counts. (Only results are disclosed.)	→ P.62		
Diverse work-styles and job satisfaction/ Human resource development and self-directed career	Employee health and happiness	38	ESG dialogue implementation (workplace basis)	◇2	100%	100%	100%	100%	This indicator shows the implementation rate of ESG dialogues at workplaces.	→ P.60		
		39	Well-Being Circle total score	3	65.98pt	—	66.57pt	—	This indicator shows total scores granted by respondents of the Well-Being Survey targeting all employees to assess well-being for individuals and organizations. Specifically, we have selected the average total score of the Well-Being Circle section, which consists of 34 items in 11 categories and is designed as a multifaceted diagnosis of employee happiness. (Only results are disclosed.)	→ P.63		
		40	Take-up rate for eligible male employee childcare leave	◇2	100%	100%	100%	100%	This indicator corresponds to the Group-wide paternity leave usage rate and is calculated as the portion of male employees with children less than three years old who take at least one month of childcare leave.	→ P.61		
		41	Average monthly work hours per person	4	169.58 hours	175 hours	170.17 hours	175 hours	This indicator shows the average monthly work hours per Group employee. Note: Includes managers, excludes employees on leave.	→ P.58		
		42	Annual paid leave take-up rate	4	80.3%	70%	79.9%	70%	This indicator shows the rate of annual paid leave usage among Group employees. Note: Includes managers	→ P.58		
	Diverse work-styles and job satisfaction/ Human resource development and self-directed career	43	Investment in human resource development	◇5	¥1,526 million	¥1,478 million	¥1,994 million	¥2,400 million ⁶	This indicator shows educational and training expenses for Group employees.	→ P.48		
		44	Cumulative number of employees who have acquired major qualifications required for specific duties ¹	◇1	24,566 persons	24,600 persons	25,068 persons	25,100 persons	This indicator shows the cumulative number of Group employees who have acquired qualifications ¹ required to perform certain duties at the Group. Note: Excludes retirees	→ P.49		
		45	DX training participation rate	◇1	100%	100%	100%	100%	—	—		
		46	SHIP registration rate and number of posts	◇4	30.8% 2,329	33% 2,700	30.7% 2,573	36% 3,000	This indicator shows the registration rate for and the number of posts and applications made to submit ideas to Sekisui House Innovation & Performance Awards (SHIP), a collective communication and innovation awards program.	→ P.50		
		47	Cumulative number of participants in self-directed career development-related training	◇1	18,962 persons	20,505 persons	21,110 persons	22,030 persons	This indicator shows the cumulative number of individuals who completed career autonomy courses since the 2003 launch of such courses.	→ P.48		

1 This indicator shows the cumulative number of Group employees who have acquired any of 11 major qualifications required to perform certain duties at the Group, including first-class architect, second-class architect, first-class building operation and management engineer, first-class civil engineering works execution managing engineer, first-class landscape gardening work operation and management engineer, first-class plumbing work operation and management engineer, first-class electrical construction management engineer, registered real estate transaction agent, and first-, second-, and third-grade certified skilled professional of financial planning.

2 Within ◇4, the companies subject to statutory requirements to hire persons with disabilities (including the Company). 28 companies in FY2023, 27 in FY2024.

3 Companies named in ◇4 excluding Konoike Construction and its consolidated domestic subsidiaries.

4 Includes Sekisui House, Ltd., Sekisui House Real Estate Group and Sekisui House Remodeling, Ltd.

5 The targets for FY2025 will be revised in line with the legal revision in April 2025 that will reduce the exclusion rate for the construction industry from 20% to 10%.

6 As investment is required to develop DX talent and enhance the capabilities of Group companies both in Japan and overseas, we have revised our FY2025 target upwards.

◇1 Sekisui House, Ltd.

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

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

◇4 Sekisui House, Ltd. and Consolidated Domestic Subsidiaries

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

Governance

Indicators and Progress

Category	No.	Indicator	Scope of calculation	FY2023 Results	FY2024 Targets	FY2024 Results	FY2025 Targets	References
Governance	48	Responding to Corporate Governance Code according to reviews by evaluation organizations and others ¹	◇5	4th place	9th place or higher	1st place	— ²	 Value Report 2025
	49	Strengthening the Group governance system (Group administrative regulations, development and appropriate assignment of governance specialists)	◇5	Managers responsible for general affairs at Group companies promote training and HR allocation	Promote HR development and allocation	Continue to engage in HR development and allocation	Implement HR development and allocation	 Value Report 2025
	50	Number of serious violations of laws and voluntary norms	◇5	0	0	0	0	 Value Report 2025
	51	Number of cases received through internal reports and consultations (Sekisui House Group Compliance Helpline, Sexual and Power Harassment Hotline, and Sekisui House Global Hotline) (Per 1,000 employees)	◇4 (FY2023) ◇5 (FY2024, FY2025)	10.5	—	10.9	—	 Value Report 2025
	52	Progress in the strengthening of security measures (% of progress vis-à-vis the annual plan)	◇2	100%	100%	100%	100%	—
	53	Ratio of employees who completed security training	◇2	100%	100%	100%	100%	 Value Report 2025
	54	Cumulative number of DX-related projects (linked with Mid-Term Management Plan)	◇2	23	—	39	—	—

1 Enhancement of the information disclosure level via a third-party review (comparisons with businesses listed in the TOPIX 100)

2 As this indicator has fulfilled its role in enhancing disclosure, it will be removed from governance-related KPIs.

◇1 Sekisui House, Ltd.

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

◇3 Konike Construction Co., Ltd. and its Consolidated Domestic Subsidiaries in addition to ◇2

◇4 Sekisui House, Ltd. and Consolidated Domestic Subsidiaries

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

Governance

Realizing ESG Management that Engages All Employees

The Sekisui House Group engages in ESG management that prioritizes the participation of all employees, based on the belief that if each individual proactively considers what value they can create for customers, society, and their colleagues, and takes initiative, it leads to the happiness of all. By internalizing ESG as a matter of personal responsibility rather than merely a business task, and by taking the initiative to put it into practice, we are building mechanisms that enable employees to proactively engage in ESG management. These mechanisms include ESG training programs aimed at raising employee awareness, the Sekisui House Innovation & Performance (SHIP) Awards, and ESG dialogue sessions.

→P50 The Sekisui House Innovation & Performance (SHIP) Awards
→P60 ESG Dialogues

Initiatives to instill ESG management within the Group

The Group continuously promotes both internal and external awareness-raising activities to deepen understanding of ESG management and encourage its practical application. The key initiatives for FY2024 were as follows. Through active dialogue with employees and partner companies, the Group aims to further instill its ESG management by communicating its importance and related efforts.

Holding Value Report seminars

Seminars on the Value Report are held upon request and are tailored to the specific interests and challenges of each business site. These seminars delve into the mindset and initiatives of ESG management and its relevance to each business, providing practical knowledge that supports onsite implementation.

In FY2024, seminars were conducted at three business sites, primarily within Group companies, with a total of approximately 1,300 participants. Additionally, some business sites hosted their own independent seminars. Feedback from participants included comments such as, "I now understand how ESG relates to my department's work," and "I now feel that it's

easier to take concrete actions," showing that these seminars serve as learning opportunities aligned with the specific needs of each business site.

Sharing information on ESG management at primary work construction seminars

Since FY2021, we have held management seminars for approximately 320 primary work constructors (interior construction contractors) across Japan who support our Detached Housing and Building Sales Businesses. These primary work constructors have cooperated and shared their opinions with us on various topics, including reducing environmental burden, strengthening safety management, accommodating diverse workstyles, improving construction technologies, and improving work environments. In FY2024, we shared our management policy as well as the Sekisui House Group's mindset and specific initiatives regarding ESG management with primary work constructors, with the goal of aligning our efforts and becoming a "community with a common destiny."

In FY2024, we held seminars in 13 areas nationwide, with 323 employees from primary work constructors and 229 employees from Sekisui House business sites participating. We received feedback such as "I now strongly realize the connection between ESG and daily onsite operations," and "I'll be continuously mindful of ESG and I want to implement it in my work going forward." In the post-seminar survey, 77% of participants responded that the seminar was either "very helpful" or "helpful," indicating high praise for its usefulness in practical business operations.

Further promoting the use and internal integration of the Value Report

The Group's Value Report functions both as a communication tool for investors and external stakeholders as well as a key resource for aligning employees with our corporate direction and promoting understanding of ESG management. Accordingly, we are striving for continuous improvement by proactively working to internally integrate the Value Report and conducting quantitative assessments to measure the degree by which it is understood.

Internal utilization of the Value Report

Every year, many Group employees read the Value Report, thus deepening their understanding of the direction of ESG management and related

strategies as well as specific initiatives.

We have built an environment where employees have easy access to the Value Report through such efforts as automatically adding it to internal apps and holding seminars at business sites. This, in turn, has contributed to fostering a shared internal understanding of ESG management.

Utilizing the Governance Awareness Survey

We conduct an annual Company-wide Governance Awareness Survey to assess employee understanding of the Value Report and the degree to which ESG management has taken root. This survey allows us to measure employees' comprehension of the direction and specific initiatives of ESG management as presented in the Value Report, as well as analyze how they perceive ESG management in general.

The FY2023 survey measured the level of understanding and internalization of the Group's environmental initiatives as they appear in the Value Report and similar reports, with 64.5%¹ of employees responding either "mostly agree" or "strongly agree" that these initiatives were properly understood and instilled. In the FY2024 survey regarding whether the Group's business strategy and ESG initiatives are being effectively communicated and shared through tools like the Value Report, 72.8%¹ of employees responded that they "mostly agree" or "strongly agree," indicating the ongoing and widespread internalization of ESG management among employees.

1 Sekisui House, Ltd. and Consolidated Domestic Subsidiaries

Future outlook

Going forward, we will use the results of the Governance Awareness Survey to further improve the content of the Value Report and how we communicate it, while also deepening employee understanding through internal communication tools, such as the intranet and Company newsletters. In addition, we are considering providing explanatory materials and simplified versions tailored to different business sites and job types to further strengthen internal communication through the Value Report.

Governance

Evolving ESG Management

Progress to date and the next stage

The Sekisui House Group's ESG management, built on the foundation of "ESG management that engages all employees," is now evolving toward the next stage of "ESG management focused on value creation."

ESG management that engages all employees

Launched in 2020, "ESG management that engages all employees" was an initiative aimed at having employees internalize ESG as a matter of personal responsibility and transform their mindsets and actions. Through ESG dialogue and the Sekisui House Innovation & Performance (SHIP) Awards, we have fostered a culture that integrates ESG perspectives into daily operations, strengthening our efforts toward achieving both social sustainability and sustainable corporate growth.

ESG management focused on value creation

"ESG management that creates value" will begin alongside the 7th Mid-Term Management Plan (FY2026–FY2028). In this stage, we will continue initiatives related to ESG management that engage all employees while further evolving ESG, generating new value through all business activities, and clarifying the pathways for expanding its impact. By sharing with society the ESG value we create through product and service development, sustainable community-building, and co-creation with partner companies, we believe that our Group's ESG initiatives go beyond risk management and fulfilling responsibilities; they enhance corporate value and drive social transformation.

The strengthening of ESG governance will support this evolution. By encouraging cross-departmental collaboration, clarifying KPIs, and strengthening risk management, we aim to further promote the integration of ESG into our business and drive sustainable growth.

Further strengthening governance for ESG management

We aim to fully integrate the Group's ESG management into our business, create value through all business activities and further expand our efforts regarding it. Maximally drawing out ESG value involves more than responding to changing social issues and the rising expectations of stakeholders; it also involves adopting a cross-functional perspective on ESG and strengthening our integrated promotion structure. This, we believe, is key to advancing effective ESG management.

Integrating ESG into management and strengthening decision-making

We incorporate ESG as a key element in sustainably improving corporate value and are advancing initiatives to reflect it in management decision-making. Through the formulation of the Mid-Term Management Plan and discussions within the ESG Promotion Committee, we are advancing efforts to assess long-term ESG-related risks and opportunities, and have built a framework for strategic engagement.

Moreover, in response to tightening global regulations and rising societal expectations, we are strengthening our governance structure to ensure appropriate management of ESG-related risks and opportunities, thereby supporting sustainable value creation. This will enable management decisions to be made in terms of both short-term measures and a longer-term outlook.

Strengthening cross-departmental collaboration

To promote ESG management across the entire Company and maximize its impact, Company-wide collaboration and an integrated approach are essential. Accordingly, the Group has established three subcommittees: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee. While these subcommittees have all advanced initiatives in their respective areas of expertise up to this point, closer collaboration will be required to generate synergies moving forward.

In particular, it is important for each subcommittee to not simply advance on their own; they must strengthen efforts to integrate ESG into all business activities and aim to create more consistent value. For example, we aim to establish frameworks where environmental measures also contribute

to higher social value, and where strengthening governance directly leads to improved transparency and greater competitiveness in our business.

Prioritizing KPIs

The Sekisui House Group is further refining and integrating its KPIs as part of its evolving ESG management. Specifically, KPIs are categorized into two phases: the value creation phase, which concerns direct business activities and process improvements; and the impact expansion phase, which measures the broader effects of these efforts on society and the environment. Each KPI's pathway toward social impact and enhanced corporate value is clearly identified. In addition to serving as measurement indicators, we organize our KPIs from the perspective of impact creation, and have begun reviewing them in line with the three key elements that drive us toward becoming a leading company in ESG management.

These initiatives not only align our KPIs with the evolution of our ESG management, but also give us the chance to review outdated indicators and focus our resources on the KPIs that require the most attention. In the 7th Mid-Term Management Plan, which will begin in FY2026, we will aim to create clearer impacts, set new KPIs and strengthen the integration of business strategies and ESG.

Enhancing risk management

Appropriate risk management is indispensable in advancing ESG management. As ESG-related risks—including climate change, supply chain transparency, and human capital management—continue to diversify and become more complex, there is an increasing demand for stronger responses to global challenges. In addition, ESG risks are closely connected with financial and business risks. Accordingly, strengthening the framework for long-term risk management and the integrated management of risks and opportunities is essential.

With our ESG management promotion structure at the core of our efforts, we aim to improve the precision of risk analysis and incorporate insights from external experts to advance the sophistication of ESG risk management in response to global risk trends.

By further strengthening ESG governance, we aim to make ESG a driving force for enhancing corporate value, and, as such, pioneer new value creation and societal transformation as a leading company in ESG management.

Governance

External Evaluations of ESG Management

The Sekisui House Group has received high praise from both domestic and international rating agencies and investors for its efforts in promoting ESG management. In particular, our initiatives across the areas of Environment (E), Social (S) and Governance (G) have been recognized through their inclusion in various ESG indices and awards. This page displays the major external evaluations regarding the Sekisui House Group's ESG management.

These evaluations demonstrate that the Sekisui House Group's ESG management is in line with international standards and contributes to sustainable growth. Moving forward, we will strengthen our collaboration with internal and external stakeholders while further enhancing ESG management to create both social and economic value.

Environmental



Awarded an "A List" rating by the CDP for leadership across the two fields of forests and water security (February 2025)

News Release (Japanese only)



Selected as an Environmentally Sustainable Company, Bronze Award ESG Finance Awards Japan (February 2025)

News Release (Japanese only)

Social



Selected for the Best Workplace category of D&I Award 2024 for the fourth consecutive year (December 2024)



Received Rainbow Certification for the third consecutive year, a first in the housing industry, under the PRIDE Index 2024 and presented with the PRIDE Index 2024 Gold Award for the seventh consecutive year (November 2024)

News Release (Japanese only)



Platinum Kurumin Certification (February 2024)

Governance



Received the Grand S Prize at the Nikkei Integrated Report Award 2024 (March 2025)

News Release (Japanese only)



Voted "Most Honored Company" in the Institutional Investor 2024 All-Japan Executive Team ranking (May 2024)

ESG indicators and ratings



Received the highest rating of AAA from MSCI ESG Ratings (December 2024)

CCC | B | BB | BBB | A | AA | AAA

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Selected as a constituent of the FTSE4Good Index Series (June 2024)

Since Japan's Government Pension Investment Fund (GPIF) adopted six ESG indices, Sekisui House has been included in each of them. GPIF holds one of the world's largest pools of pension assets.

ESG indices selected by GPIF	Index category	Sekisui House selection
MSCI Japan ESG Select Leaders Index	ESG (overall)	Since July 2017
2025 CONSTITUENT MSCI日本株 ESGセレクト・リーダーズ指数		
MSCI Japan Empowering Women Index (WIN)	S (Social)	
2025 CONSTITUENT MSCI日本株 女性活躍指数 (WIN)		
FTSE Blossom Japan Index	ESG (overall)	
FTSE Blossom Japan Index		
S&P/JPX Carbon Efficient Index	ESG (Environmental)	Since September 2018
FTSE Blossom Japan Sector Relative Index	ESG (overall)	Since March 2022
FTSE Blossom Japan Sector Relative Index		
Morningstar Japan ex-REIT Gender Diversity Tilt Index	S (Social)	Since March 2023
Morningstar Japan ex-REIT Gender Diversity Tilt Index		

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