

Sekisui House Group: Corporate Human Rights Education Program*

Sekisui House Group

Since its founding in 1960, Sekisui House has been dedicated to providing people with high-quality homes that protect lives and property in countries like Japan where earthquakes and natural disasters are common. In line with the belief that the customer always comes first and the utilization of the design-build system, we work to fulfill this mission, building deep bonds not only with our business partners but also with our partner companies as “a community with a common destiny.”

Backed by this history and with an awareness that each and every human being is precious and irreplaceable, our foremost desire is to secure the happiness of others and make their joy our own. From this, our Corporate Philosophy of love of humanity was born.

Yoshihiro Nakai, Representative Director of the Board
President, Executive Officer, CEO, July 2024

Human Rights Milestones

The human rights program of Sekisui House Group (The Group) has been developing since the establishment of its Human Rights Protection and Promotion Committee in 1980. From then on, the Sekisui House Group achieved several human rights milestones:

- 1980 - Human Rights Protection Promotion Committee established - Human rights protection training for employees introduced (provided annually thereafter)

*This is an edited excerpt of the Human Rights Report, July 2024, of the Sekisui House Group (www.sekisuihouse.co.jp/library/english/company/sustainable/2024/human_rights_report2024_en.pdf).

- 1999 - Sexual Harassment Hotline launched
- 2003 - Human Rights Promotion Office, an entity dedicated to dealing with human rights issues, established within the Personnel Department
- 2006 - Human Rights Promotion Office moved into the Legal Department and reorganized into the Human Relations Office. The Company created the Human Relations Training textbook (distributed annually thereafter)
- 2008 - Sexual and power harassment consultation service set up at all business sites, including at all Group companies (Training for managers conducted annually thereafter)
- 2014 - Sexual Harassment Hotline renamed to Sexual and Power Harassment Hotline
- 2020 - Sekisui House Group Human Rights Policy adopted and publicized
 - Full scale operation of human rights due diligence launched
 - Sekisui House Global Helpline established
- 2021 - Human Rights Due Diligence Meetings established (within the Social Improvement Subcommittee)
 - Human rights risk map created (reviewed annually)
- 2023 - Human Relations Office reorganized into the Human Rights and Compliance Promotion Office.

Collaboration with Major External Organizations

Following the signing of the Ten Principles in the four fields of human rights, labor, environment and anti-corruption stated in the United Nations Global Compact in 2018, the Group joined two subcommittees, human rights due diligence (HRDD) and human rights education, of the Global Compact Network Japan (GCNJ), a local network based in Japan.

The Group also collaborates with related organizations that work on various human rights issues, including the Buraku (a marginalized community) issue, and continuously collect information to utilize for in-house education and training.

It collaborates with several organizations on human rights issues:

- Global Compact Network Japan

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

Since 2000, the Group has been working with Together, a certified non-profit, and uses SELP¹ products as a way of supporting the independence and social participation of persons with disabilities.

Human Rights Policy

In April 2020, the Group adopted and announced the Sekisui House Group Human Rights Policy (Human Rights Policy). The Human Rights Policy was formulated with the advice of outside experts and approved by the Board of Directors of the company.

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

In order to fulfill its social responsibilities, the Group stated that it would respect the human rights of all stakeholders who might be affected by its business activities, including those in the supply chain. Based on the Group’s Corporate Philosophy, the Human Rights Policy complements and clarifies the principle of “Respect for human rights” outlined in its Corporate Code of Conduct.

All officers and employees (including temporary, part-time and fixed-term employees) of the Group must comply with the Human Rights Policy. The Group promotes awareness of the policy among all officers and employees through training and other measures. It also published the policy on its website, and expected all partner building contractors, suppliers and other business partners to understand and support its policies and initiatives that promote respect for human rights. Moreover, it created a website as online

information sharing platform for major suppliers and is working to ensure their compliance.

See Annex for the full text of the Human Rights Policy.

Policy Regarding Prohibition of Discrimination

As stated in the Human Rights Policy, the Group does not tolerate any form of discrimination. The Sekisui House Group Corporate Ethics Guidelines define the standards of corporate ethics that the company and its officers and employees must comply with in pursuing the corporate activities of each Group company. The Group also adopted the following policy on the respect for human rights and prohibition of discrimination:²

5-1 Respect [for] Human Rights and Prohibition of Discrimination

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

1. Do not engage in any form of unreasonable discrimination based on birth, nationality, race, ethnicity, beliefs, religion, gender, sexual orientation, gender identity, age, disabilities, interests, educational background, family and others.

2. Do not engage in acts which violate human rights through violence, derision, slander, libel, forced labor through threats, bullying, or spread of rumors.

a. Policy on prevention of child labor and forced labor

As stipulated in the Sekisui House Group Human Rights Policy, the Group does not tolerate any form of forced or compulsory labor or child labor. It does not tolerate any involvement in human trafficking or any involvement with companies or production regions where such involvement has been identified through transactions.

It observes the legal minimum working ages of the countries where it operates and verifies the ages of applicants when hiring. Its Corporate Social

Responsibility Procurement Guidelines, which are applied primarily to its main suppliers, prohibit discrimination based on nationality or race, inhumane treatment, forced or compulsory labor and child labor, and require the appropriate management of employee health and safety. The following is stipulated in the Corporate Ethics Guidelines:

2-7 Compliance with Laws and Regulations Related to Importing and Exporting

(3) Do not handle products or raw materials which were produced, manufactured, or transported under conditions which violate human rights, including child labor or forced labor.

b. Consideration of human rights in selecting partners in new businesses and developments

The Group communicates to business partners its Corporate Philosophy and Environmental, Social, and Governance (ESG) management, a major prerequisite when selecting new partners. Its Corporate Philosophy also lays out the idea that “whether developing a product, creating an environment or choosing to enter into a new business, we should always ask ourselves whether this is helpful to the customer and if it contributes to society,” defining this practice as exercising “love of humanity.”

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

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

d. Response policy for non-compliance with labor standards

All allegations related to labor standards within the Sekisui House Group are dealt with by the relevant departments. When an allegation regarding working hours is made, the company investigates the worksite

where the allegation occurred and takes measures, such as providing guidance on improving work efficiency.

Human Rights Policy Formulation Process

Understanding human rights issues

The Group collects information on human rights issues based on such international norms as the International Bill of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights. Since 2019, it has participated in seminars with other signatories to the United Nations Global Compact and has evaluated the company's human rights issues based on feedback from experts and other companies and organizations. Internally, it ensures a full understanding of the impact of these issues on the Group by holding interviews with participants from relevant departments, including Human Resources, General Affairs, Construction, Diversity, Real Estate, Production, Information Technology (IT) and Legal.

Formulation of an action plan

After gaining an understanding of human rights, the Social Improvement Subcommittee, operating under the ESG Promotion Committee, formulated an action plan and system for promoting human rights due diligence within the Group. The adoption of a Human Rights Policy was also included in this plan.

Announcement of Human Rights Policy

In April 2020, with approval from the Board of Directors, the Group announced the Sekisui House Group Human Rights Policy. When formulating the Human Rights Policy, the Group made sure to reflect the values it cherished since its founding while considering the advice of experts.

These values include building strong relationships with partner building constructors, striving to be a corporation that does not permit any discrimination or harassment, promoting diversity and more.

Human Rights Issues identified by the Group

The Group identified important human rights issues that were discussed during the Human Rights Due Diligence Meeting attended by representa-

tives of different company departments.³ The Human Rights Due Diligence Meeting identified several human rights issues:

1. Workplace harassment
2. Construction site health and safety
3. Labor issues in the supply chain
4. Employment of foreign workers at construction sites.

Promotion Framework for Respecting Human Rights

As stipulated in the Sekisui House Group Human Rights Policy, Sekisui House's Board of Directors oversees compliance of the Human Rights Policy and related initiatives. Under the Board of Directors, the Group developed the Group-wide promotion framework for respecting human rights through the cooperative efforts of various in-house bodies, including Management Meetings, the ESG Promotion Committee and the Risk Management Committee.

The ESG Promotion Committee handles the creation of frameworks. As the consultative body of the Board of Directors, the ESG Promotion Committee facilitates the exchange of opinions regarding issues and the progress of initiatives. In addition to the Directors of the Board and executive officers, the Committee includes at least two external members with special expertise. Meetings are generally held once every three months. The Committee is divided into three subcommittees: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee. From these, the Social Improvement Subcommittee meets to determine which issues are urgent for the Group and its policies related to human rights. The Social Improvement Subcommittee also holds the Human Rights Due Diligence Meeting (secretariat: Human Rights and Compliance Promotion Office, Legal Department), which is attended by multiple related divisions, taking charge of the Group's approach to various human rights issues and sharing information collaboratively to ensure the promotion of human rights.

The Risk Management Committee, acting as a consultative body to the Board of Directors, aims to develop appropriate risk management systems and ensure their effective operation, while also receiving regular reports regarding measures promoting human rights. Committee members, such

as the directors of the Board and executive officers, debate and strategize around themes related to human rights. These nominally relate to labor and health, harassment and occupational accidents from the point of view of risk management. In addition, the Risk Management Committee creates a human rights risk map to monitor the entire Group, and manages risks in accordance with it.

As a rule, when a human rights-related problem occurs in a region where the Group does business or an issue is discovered in the process of carrying out human rights due diligence, the Legal Department's Human Rights and Compliance Promotion Office responds, working cooperatively with every related department, and reports the results to the Risk Management Committee.

Continuous Human Rights Training for Employees

The Group strives to prevent actions that violate human rights, including all types of harassment, by holding continuous training toward this purpose. Several training programs are available for all types of employees and officials, as shown in Table 1.

Table 1. Training programs

Training programs	Target
Management training	General Managers, Chief Managers, etc.
Training for Human Relations Promotion Officers	Promotion leaders (managers, etc.)
Human Relations Training for all employees	All employees
Introductory training	
External training (Buraku Liberation and Race Summer Course etc.)	General Managers, Chief Managers, etc.

Training for Human Relations Promotion Officers

Human Relations Training for Promotion Leaders is aimed at internally fostering leaders who promote business activities that are respectful of human rights. Taking a broader view of human rights issues, this training includes human resource development and management issues as themes. At the same time, in terms of corporate risk management, the training also focuses

on the acquisition of strategies and skills for eliminating risk and on enhancing knowledge and ethics.

For the FY2023 Training for promotion leaders (2 hours a year), the topics were the following:

- Business and human rights: finding meaningful and dignified work;
- Effective communication for improving the workplace environment.

Human Relations Training for All Employees

Training is provided every year to all employees in the Group. To raise awareness of human rights issues and encourage employees to take ownership of such issues as they relate to their jobs, the training is focused on dialogue between employees. The Human Relations Training programs are held for employees every year, aiming to create a welcoming, comfortable workplace environment based on the following concepts:

- Improve knowledge and moral awareness about various issues (preventing sexual harassment and the abuse of authority, labor management, mental health, etc.) stipulated in the Group's Corporate Ethics Guidelines;
- Think about ways to improve communication to create a free and open workplace culture by truly understanding ourselves and by accepting ourselves and others (acceptance of diversity);
- Through internal case studies, employees aim to relate human rights issues to themselves more closely, respect each other, and attain the insight required to always be aware of and practice the "love of humanity" that underlies the Corporate Philosophy of the Group.

Training manuals are distributed to temporary, part-time, and fixed-term employees as well, and all employees are encouraged to attend the training. Some Group companies hold their own equivalent training.

The training content is developed internally on an annual basis to reflect various reports and internal issues discovered by the Human Rights and Compliance Promotion Office staff during their day-to-day management of the hotline. Training mainly consists of case studies, with leaders

at each workplace taking on the role of instructor. It is conducted either in person or through web conferences, rather than as e-learning. The Human Rights and Compliance Promotion Office provides leaders with guidance on communicating with their teams more effectively and how to use their own words with greater impact.

For the FY2023 Training for all employees (3 hours a year), the topics were the following:

- A society where those with and without disabilities can live together;
- Harassment and its connection to external stakeholders.

Regarding issues relating to persons with disabilities, the theme for the training in 2016 was “Human Rights of Persons with Disabilities” and entailed the study of social models involving persons with disabilities and reasonable accommodation for them.

In 2023, the themes relating to persons with disabilities were “From Diversity and Inclusion to Diversity, Equity and Inclusion” and “A Society Where Persons with and without Disabilities Can Live Together,” which emphasized learning how to put reasonable accommodation into practice and provided the chance to imagine a world where we could all live together.

Moreover, during instructor guidance, participants learned how to create a harassment-free workplace in a lecture called “Developing Human Resources in the Era of vUCA [volatility, uncertainty, complexity, and ambiguity],” which was given by an outside expert.

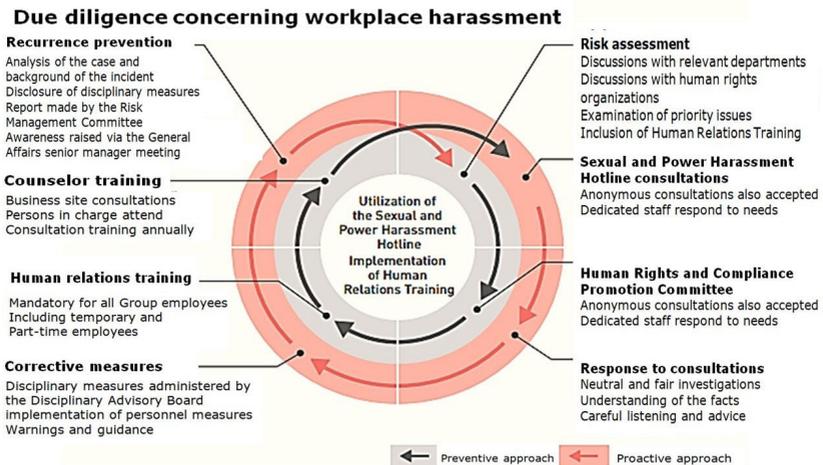


Figure 1. Due diligence concerning workplace harassment.

The Group uses information it receives during consultations in dialogues with its employees and others. The information collected and analyzed is also used as training themes and case studies in training materials.

Sexual and Power Harassment in the Workplace

There are consultation personnel (one male and one female) assigned to serve as consultation personnel (seven hundred seventy people in total as of February 2024) across all (100 percent) of the business sites in Japan, including at the Group companies. Training sessions are held every year for these consultation personnel to improve their skills in handling inquiries and strengthen cooperation with the Human Rights and Compliance Promotion Office. All employees are made aware that consultation personnel are stationed at all business sites through the Company intranet, human relations training manuals and posters.

Table 2 below shows specific training on human rights for sexual and power harassment consultation personnel.

Table 2. Training for consultation personnel

Training activity	Target
Consultation personnel training course	Newly appointed personnel or personnel who have not attended past training courses
Consultation personnel skill improvement training	Personnel who have taken the training course and continue to hold the positions at the consultation counter

Rank-based training

In addition to Human Relations Training, the Sekisui House Group provides rank-based training to communicate the importance of preventing harassment and improving the workplace environment to employees recently appointed to various managerial positions, including chief managers.

Efforts to increase awareness through human rights slogans

Each year, the Group solicits human rights slogans from all its employees and their families for Human Rights Week, 4-10 December. The most outstanding submissions are displayed along with five excellent submissions at business locations nationwide.

External training

The chief managers, deputy technology managers, and managerial employees selected from the Group's factories and Group companies nationwide attend the Buraku Liberation and Human Rights Summer Course held every August. In FY2019, before participation was halted due to the COVID-19 pandemic, the cumulative number of attendees reached 1,260.

The Group strives to improve its corporate value while coordinating with related organizations working on various human rights issues, such as *Buraku* (marginalized communities) issues. It continuously collects information through participation in seminars and workshops sponsored by related organizations and through subscription to publications that contribute to human rights promotion in order to raise awareness among employees and for utilization in in-house training.

Training to Address LGBTQ+ Issues

The Group adopted several LGBTQ+ related initiatives in its real estate business. It aims to ensure LGBTQ+ friendly service when soliciting tenants for rental housing.

In May 2022, the Group held training for its employees and those of its member stores with the aim of ensuring LGBTQ+ friendly customer service. This training, with over three thousand participants, included the viewing of training videos.

Since 1 August 2022, the Group has taken the following actions to help eliminate the particular stresses LGBTQ+ individuals face when looking for and moving into homes and thereby send a message of its support:

1. To enhance understanding of LGBTQ+ people and increase customer satisfaction, training for the Group's employees and member stores is regularly held;
2. Adoption of diversity-minded changes to paper and electronic applications and rental agreements, such as the deletion of the gender column and the addition of "partner" to the relationship column.

In recognition of these efforts, the Sekisui House Group became the first major housing manufacturer to receive the Gold certification in the

PRIDE Index for six consecutive years. The PRIDE Index is Japan's first index for evaluating corporate efforts concerning the LGBTQ+ community. It was formulated in 2016 by a private organization called work with Pride, with the objective of creating a workplace where sexual minorities such as LGBTQ+ people can work with pride.

Furthermore, for two years in a row starting in 2022, the Sekisui House Group acquired the Rainbow Certification, which was newly established in 2021 to accompany the existing PRIDE Index. The certification recognizes companies who make medium- to long-term commitments to build communities and workplaces where LGBTQ+ people can work openly.

Concluding Remarks

Again from Chief Executive Officer of Sekisui House Group, Yoshihiro Nakai:

Achieving this global vision [of love of humanity] and solving management issues involves spreading the spirit of our Corporate Philosophy of love of humanity across the world. We believe that this is the only way to fulfill our responsibility of respecting global human rights.

Endnotes

1 SELP products are made by people with disabilities at welfare centers as part of rehabilitation or vocational training to encourage their participation in society.

2 See full text of Sekisui House Group Corporate Ethics Guidelines in this link, www.sekisuihouse.co.jp/library/english/company/info/philosophy/Sekisui_House_Group_Corporate_Ethics_Guidelines.pdf.

3 They are the following: Legal Department, Human Resources and General Affairs Department, Procurement Department, Construction Headquarters, Diversity and Inclusion Promotion Department, ESG Management Promotion Headquarters, International Business Department, Sekisui House Construction Business Headquarters.

Annex

Sekisui House Group Human Rights Policy

The Sekisui House Group believes that its mission is to continue to provide safe, secure, and healthy housing and services that aim to contribute to a sustainable society.

In order to achieve our vision of “Making Home the Happiest Place in the World”, we strongly hope to create happiness for all stakeholders through our various businesses. We express our commitment to fulfill our responsibility to respect human rights by practicing “love of humanity”, which is a fundamental principle of our Corporate Philosophy.

Based on our Corporate Philosophy and Code of Conduct, the Sekisui House Group Human Rights Policy complements and clarifies the “Respect for Human Rights”, which is one of the principles outlined in our Corporate Conduct Guidelines.

This policy applies to all officers and employees of the Sekisui House Group. We also expect our business partners, including building contractor partners and suppliers, to understand and support this policy.

The Board of Directors of Sekisui House, Ltd. shall supervise compliance with this policy and its implementation.

Respect for Internationally Recognized Standards

We are committed to respecting human rights as stipulated in the International Bill of Human Rights (*1) and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work (*2). We are a signatory of the United Nations Global Compact and we support its ten principles.

We strictly prohibit any form of forced labor and child labor.

We shall continue to promote the creation of a corporate structure with zero tolerance for any discrimination or harassment based on birth, nationality, race, ethnicity, beliefs, religion, gender, sexual orientation, gender identity, age, disabilities, preference, educational background, family or any other ground. We also strive to maintain a healthy working environment without discrimination in employment or treatment of employees.

We respect the freedom of association and the right to collective bargaining. We comply with labor-related laws and regulations and observe labor-management agreements. We are committed to engaging with employees or their representatives in good faith through dialogue and consultations and continuously work to build constructive relations.

We comply with national and regional laws and regulations in countries and regions where we operate. Where national and regional laws and regulations conflict with international human rights standards, we seek ways to honor the principles of internationally recognized human rights while complying with national and regional laws and regulations.

Implementation of human rights due diligence

In line with the United Nations Guiding Principles on Business and Human Rights (*3), we are committed to integrating human rights due diligence processes in our business activities in order to identify negative impacts on human rights and continuously work to prevent and mitigate such impacts.

We believe that the perspective of affected stakeholders is critical to understand human rights issues. We are committed to engaging in dialogues with relevant stakeholders in order to appropriately address human rights issues associated with our business.

If we identify that we have caused or contributed to negative impacts on human rights, we strive to remediate such impacts by appropriate means.

Diversity Initiatives

We shall promote the creation of a working environment with free and open communication, where people who work together and every employee recognize and make the most of each other's diversity, values and working styles. We aim to build an organizational culture that fosters innovation.

Awareness Raising and Training

We shall continue to provide education and training necessary for all Group officers and employees to implement this policy.

Grievance Mechanisms

We have in place the following complaint reporting channels to identify concerns and potential negative impacts on human rights associated with our business activities. The use of the mechanisms is strictly kept confidential and the users are protected from any detrimental treatment as a consequence of reporting issues.

- Internal consultation services for employees regarding harassment, human rights abuses, and issues related to workplace environment
- Contact points for stakeholders affected by our business activities that

enable consultation regarding negative impacts on human rights.

We shall investigate and respond to reports made through the mechanisms and take remedial measures as necessary.

We continuously seek to optimize our grievance mechanisms in order to respond appropriately to any potential negative impact on human rights associated with our business activities.

Disclosure

We will regularly disclose our efforts to respect human rights as outlined in this policy through our website and other means of communication.

Effective on April 1, 2020

Approved by the Board of Directors of Sekisui House, Ltd.

* 1. The International Bill of Human Rights consists of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenants on Economic, Social and Cultural Rights. It is widely regarded as the fundamental human rights framework by the international community.

* 2. The Declaration on Fundamental Principles and Rights at Work adopted by the ILO sets out the following four categories as the minimum labor standard to be observed: freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced or compulsory labour; the effective abolition of child labour; and the elimination of discrimination in respect of employment and occupation.

* 3. The UN Guiding Principles on Business and Human Rights, endorsed by the United Nations Human Rights Council, is the authoritative global standard for states and businesses to prevent and address the risk of adverse impact on human rights linked to business activity.