

ESG Data (Additional Disclosure)

Introduction

Sekisui House publishes the Value Report, combining its Integrated Report and Sustainability Report, as a tool to communicate its corporate value from the business, financial, and non-financial perspectives for all stakeholders. As part of efforts to make our disclosure more transparent, in this document, we publish additional data related to the ESG information covered in Value Report 2023.

Working toward our global vision , “Make home the happiest place in the world,” and aiming to become a leading company in ESG management, we will continue striving to routinely satisfy the data disclosure expectations of society.

January 31, 2024

SEKISUI HOUSE, LTD.



E Environmental



Acquiring ISO 14001 certification

As part of their production process management, our five domestic factories—the Tohoku, Kanto, Shizuoka, Hyogo and Yamaguchi factories—which manufacture and ship industrialized housing materials, have acquired ISO 14001 certification. Overseas, one Group 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 through internal audits and other activities, and 100% of our production facilities are certified.

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.

Moreover, every year external audits are conducted by an expert third party of one factory and one construction site in Japan selected based on risk analyses.

Sales of Sustainability-Related Products (ZEHs)

Sales of sustainability-related products (net zero energy houses; ZEHs)¹ in 2022 totaled ¥685,470 million, accounting for 23% of the entire Group's sales.

¹ Estimated sales of ZEHs in the custom detached houses, rental housing, and condominiums for sale businesses



Decarbonization Strategy for Achieving Short-, Medium-, and Long-term GHG Reduction Targets

	FY2022 GHG Emissions	Short-term	Medium-term	Long-term
Scopes 1, 2	81,802 t-CO ₂	Aim to reduce GHG emissions 4.4% annually by, for example, building on the reduction of 1,423 t-CO ₂ we have achieved thus far through a shift to electric forklifts at production factories	Aim to reduce GHG emissions 75% by 2030 compared with FY2013 by, for example, building on the reduction of 26,319 t-CO ₂ we have achieved thus far through the Owner Denki initiative	Achieve net zero GHG emissions by 2050
Scope 3, Category 1	2,072,896 t-CO ₂	Support the setting of SBT targets by, for example, establishing a consultation desk for small and medium-sized suppliers to answer individual questions and give specific advice	Achieve a target setting rate of 80% among suppliers by 2030 by, for example, engaging with relevant suppliers	Achieve net zero GHG emissions by 2050
Scope 3, Category 11	4,149,225 t-CO ₂	Strive to reduce GHG emissions by, for example, increasing the ratio of rental ZEHs to 70%	Aim to reduce GHG emissions 55% compared with FY2013 by 2030 by reducing CO ₂ emissions through the further widespread adoption of ZEHs	Achieve net zero GHG emissions by 2050



Energy consumption in the Sekisui House Group²

(FY)				
	Unit	2020	2021	2022
Offices	MWh	185,884	176,401	175,064
Factories		128,198	138,269	134,379
Construction and demolition sites		178,596	40,247 ¹	56,888
Total ³		492,678	354,917	366,331
Of which, renewable energy		6,639	29,976	38,675

1 The method for recognizing CO₂ emissions from energy used during construction by partner companies that have no capital relationship with the Group was changed to Scope 3 Category 1 from FY2021. Therefore, energy used by partner companies during construction is not included in the energy data above. When calculated using the previous method, energy consumption for FY2021 was 160,399 MWh.

2 From FY2022, data categorization by business activity was changed to categorization by business site. As such, figures for energy use and CO₂ emissions that were previously recorded for the categories of development and design, factory production, construction and demolition are now recorded for the categories of offices, factories, and construction and demolition sites.

3 We have set a target of reducing total energy consumption 1% or more year on year every year by enhancing energy consumption efficiency.

Purchased renewable energy (electricity)

(FY)				
	Unit	2020	2021	2022
Purchased electricity (total)	MWh	115,039	109,068	110,134
Of which, renewable energy		6,609	29,946	37,847
GHG emissions per megawatt hour	ton-CO ₂ /MWh	0.426	0.321	0.239



Commitment to biodiversity in wood procurement


Since establishing the Wood Procurement Guidelines in 2007, Sekisui House has promoted Fair Wood procurement. In light of recent changes in social conditions related to wood procurement, we have newly formulated the Wood Procurement Policy as our fundamental policy in order to better clarify our stance. In conjunction with this move, we repositioned the Wood Procurement Guidelines as a supplemental document providing more detailed descriptions of wood products to be prioritized in procurement and have updated the original guidelines (October 1, 2023).

Wood Procurement Policy (Only Fundamental Policy)

■ Fundamental Policy

1. We strive to practice environmentally friendly, socially fair procurement of Fair Wood.
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.

[Wood Procurement Policy \(Full Text\)](#)／

[Wood Procurement Guidelines \(Full Text\)](#) 

Wood Procurement Guidelines (Only 10 Guidelines)

■ 10 Guidelines

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.



Product Requirements in 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 considerations. Through such efforts as working with suppliers to develop and procure products that are easy to separate and sort for recycling, Sekisui House preferentially selects environment- and health-conscious products and services and strives to procure products 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.

Policy Related to the Proper Treatment of Harmful Waste

Of all the waste produced by our businesses, the harmful waste referred to herein is categorized as specially controlled industrial waste as defined by the Waste Management and Public Cleansing Law, including specific harmful waste as defined by the Basel Convention. Harmful waste is properly treated based on various laws and regulations as well as guidelines from governments and industrial organizations that cover storage, collection, transport, and disposal.

For Sekisui House, the main sources of harmful waste are the construction and demolition of structures (including renovation) as well as factory operations that produce chemical byproducts from the production of materials. Depending on the on-site conditions, the construction and demolition of structures can produce insulation (including asbestos), fire-resistant coatings, slag, sludge exceeding

base values, and other harmful waste related to construction projects.

As for treatment, these harmful substances are buried at managed final disposal locations that take measures to prevent emission into the natural environment as a general rule. Depending on their properties and characteristics, all residues of chemical byproducts from the production of materials at factories are recycled through neutralization, reduction, incineration heat recovery, or other methods.

As for harmful waste from factories with significant environmental impact, we strive to ensure zero emissions, even during crises, by establishing procedures to prevent and mitigate pollution during crises, including accidents and such natural disasters as earthquakes, and by regularly running tests.

Hazardous Waste Generated (Sekisui House Group, Including Konoike Construction) (FY)

	Unit	2020	2021	2022
Group total		962	612	904
Konoike Construction Civil engineering and demolition	Ton	726	515	775
Sekisui House, etc. ¹ Demolition		210	62	57
Sekisui House Production factory		26	35	72

¹ Sekisui House, etc.: Sekisui House, Ltd.; Sekisui House Construction Group; Sekisui House noie

E Environmental

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 FY2022, the operating expenses associated with the facilities, from the operation of collection points to disposal (costs imposed by waste issues), totaled ¥517 million.

In addition, Group company Konoike Construction invested ¥1,980,000 for experimental research aimed at developing technologies for processing soil containing radioactive substances.

Evidence and ratio of buildings with green certification in the real estate portfolio

Grand Front Osaka, in which Sekisui House owns a partial stake, has earned a five-star certification under the CASBEE¹ for real estate appraisal certification. The green certification ratio of Sekisui House's real estate portfolio stands at 7% (calculated based on the number of buildings).

¹ The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) was developed by the Japan Sustainable Building Consortium as a tool to comprehensively assess the environmental efficiency of buildings, districts, cities, and more. CASBEE real estate appraisal certification is performed by CASBEE-Real Estate for buildings that are one or more years old.

Annual GHG data, energy use data and water use data for the real estate portfolio

Sekisui House is working to decarbonize its real estate portfolio. The figures below are 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.

(FY)					
	Unit	2020	2021	2022	
Electricity consumption	MWh	30,399	28,698	36,491	
Gas consumption	1,000 m ³	3,648	3,339	3,608	
Water consumption	1,000 m ³	197	172	261	
GHG emissions		18,727	13,840	19,599	
	t-CO ₂	Direct emissions	7,005	6,240	6,702
		Indirect emissions	11,722	7,600	12,897
Floor area	m ²	244,616	231,402	293,133	



Evidence of urban brownfield redevelopment

Sekisui House is developing Miramachi, a 27-hectare former factory site in Toyohashi City, Aichi Prefecture. This complex was developed with the aim of solving local issues and realizing a compact city.

In the Company's approval screening standards for purchasing real estate, the standards for purchasing brownfield properties specify that the cause, responsibility, burden, cost, schedule and procedures (including site de-designation) for the remediation of any soil contamination or suspected soil contamination must be made clear before purchasing.

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 survey results, for dealing with soil contamination, including that caused by leaks of hazardous substances, heavy metals and volatile organic compounds. For example, regarding the soil contaminant mercury, the water used as the primary cleaning medium by most cleaning treatment facilities is not able to remove mercury adhered to small soil granules. Solvents must therefore be used. The process Konoike Construction has developed is capable of treating 150m³ of polluted soil per day and an average of 3,000m³ per month.

Evidence of urban revitalization

At the West Village redevelopment project in Brisbane, Australia, we have left intact the Peters Ice Cream Factory, established in 1928, at a central location within the site to preserve the historic view while creating an office space with a sense of history for lease by small and medium-sized enterprises.

S Social



Policy for Reducing Excessive Working Hours

The Sekisui Group recognizes workstyle reforms for employees as an important issue. In particular, we believe that reducing total working hours is crucial to enabling employees to sustainably do their best work. Average monthly employee work hours are used as an ESG management indicator to calculate Performance Share Units (PSU), a form of remuneration for directors of the Board (excluding outside directors). By setting a KPI based on this metric, we are uniting the entire Company in striving toward reductions. To this end, in FY2022, in addition to maintaining legal compliance, individual divisions set their own targets for average total work hours to achieve the targeted KPI (average monthly work hours: 175 hours). Furthermore, aiming to enable employees to work with autonomy, we are advancing efforts to ensure that employees in all divisions systematically plan and take their annual paid leave (the targeted annual paid leave take-up rate is 70% and the average number of days taken is 14 days).

Policy for Response to Labor Standard Non-Compliance

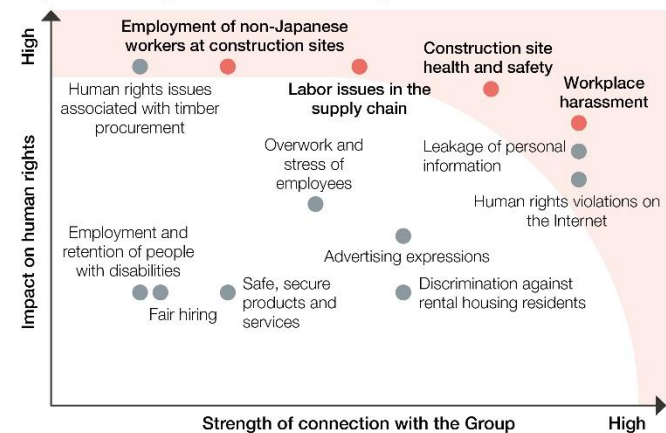
Sekisui House ensures that any complaint regarding labor standards is properly handled by relevant departments. When a complaint is filed in connection with work hours, we confirm the status of operations at the business site, which is subject to such complaint, and then take appropriate steps, including providing guidance to improve efficiency and other aspects of the operations. In fiscal 2022, we received two labor standard-related recommendations for corrections from administrative authorities.

Identifying Important Human Rights Issues in Our Business

The assessment of human rights risks associated with our business is reviewed at the human rights due diligence meeting. Through this meeting, we prepared a human rights risk map for the Sekisui House Group in 2022 via the process of identifying stakeholders who could be impacted by the Group on a sector-by-sector basis, assuming relevant human rights issues that may possibly occur, and allocating scores to each issue in line with its significance. Every March since then, we have performed an annual review of this map, which is presented below.

The red points in this map indicate priority issues. We are currently striving to confirm the status of each priority issue.

Map of Human Rights Risks Related to Group Businesses



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



Initiatives to respect human rights at overseas businesses

We conducted a Self-Assessment Questionnaire (SAQ) for eight overseas Group companies and four overseas bases in October 2022 as a starting point, because we had not yet fully grasped actual conditions regarding respect for human rights in our overseas operations and because of the Group's expansion through M&A.

While using this as an opportunity for dialogue on respect for human rights within the Group, we are identifying and analyzing the potential negative impact on stakeholders and beginning to address issues that need to be improved, starting with essential items and those for which resolutions can be initiated immediately.





KPIs and targets related to the development of human resources

The Company views the enhancement of human resource value as a growth driver and has defined KPIs relative to the improvement of this .
The following table contains the relevant indicators. .

KPI	Scope	Unit	(FY)				
			2020 Results	2021 Results	2022		2023
					Targets	Results	Targets
Investment in human resource development	◇5	Million yen	–	–	–	886	1,435
Cumulative number of workers who have acquired major qualifications required for specific duties ¹	◇1	Persons	22,534	22,940	22,900	23,608	24,100
DX training participation rate		%	–	–	–	–	100
Participants in self-directed career development-related training		Persons	–	–	–	16,987	18,936

1 Major qualifications: eleven total qualifications (employees are counted for each qualification they hold; excluding retirees): 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

Percentage of women in management, promotions and attrition

KPI	Scope	Unit	(FY)		
			2020	2021	2022
Percentage of women in senior management	◇2	%	0.79	0.80	1.01
Percentage of women in middle management			4.87	5.52	5.61
Percentage of women total promotions			6.30	9.64	6.33
Percentage of women attrition			25.22	29.38	31.58

Scope ◇1 Sekisui House, Ltd.

Scope ◇2 Sekisui House, Ltd.:

Sekisui House Real Estate Group;
Sekisui House Construction Group;
Sekisui House Remodeling, Ltd.;
Sekisui House noie Limited

Scope ◇5 Sekisui House, Ltd. and
Consolidated Subsidiaries



ISO 45001 certification

One of our overseas bases, Sekisui House Australia, has acquired certification under ISO 45001, an international occupational health and safety management standard, for its head office and factory (the Ingleburn Manufacturing and Quality Control Centre). The company undergoes annual external audits to maintain this certification.

Furthermore, among all production sites (five factories in Japan, one factory overseas), those with ISO 45001 certification consist of the one mentioned above for a ratio of 16.7%.

Product quality management system

Because the quality of the products we design, develop, and produce is essential to their safety ensuring that quality is a constant concern.

At our factories we apply the 4M (Man, Machine, Material, Method) analysis method to the manufacture and processing of products in order to maintain design quality. In addition, purpose-built devices constantly monitor manufacturing conditions and manufacturing department inspectors double check quality every day. The quality management department regularly confirms the performance of major structures with regard to welds, adhesion, and coatings. We manage the progress and results to enable sharing among all factories.

We are promoting the use of automation and DX in inspections. We manage the qualifications of inspectors and as a matter of course determine whether a structure passes or fails, prevent lapses in inspections, and record inspections. Through regular mutual audits, we eliminate quality gaps among factories and roll out the results of these efforts to maintain a high level of quality.

Responsibility to maintain post-sale product safety

If a product defect emerges after delivery, we take measures to remedy the problem and to prevent recurrences across the entire Group with the nationwide Customer Service Centers acting as help desks for customers seeking redress. In addition, after discussing preventive measures, targeted properties, time frames, and other aspects with the head office's relevant departments, the CS Promotion Department disseminates the details and manages progress thereafter.

Building systems to improve quality

To supply customers with homes where they can live safely with peace of mind and enjoy good health and comfort over their entire lives, we constantly strive to improve quality, and have set up a system for preventing flaws and ensuring that they do not recur. In order to improve and enhance the quality of our housing, we place great importance on customer satisfaction surveys and feedback from customers received at our Customer Service Centers and consultation desks. We investigate and analyze services and products based on homeowner feedback and share the results with the relevant departments. In this way, we strive to improve quality and work hard to further enhance customer satisfaction.



Investigations into accidents in supplied products and corrective measures

If a fire or other accident occurs at a building provided by the Company, one of the Customer Service Centers located across Japan report the accident to the CS Promotion Department. If the reported accident is determined to be of crisis level, it is also immediately reported to the Crisis Agency.

In the event of a fire, once the point of origin is confirmed to be one of the Company's products or elsewhere in the construction process, the ultimate cause is determined based on the fire department investigation results and application of the Company's technical insights. In addition, in the event of an accident resulting in a casualty, we investigate to determine if the cause of the accident was one of the Company's products or elsewhere in the construction process. Whether the accident involves a fire or casualty, but especially if it is deemed the fault of the Company, we take preventive measures to preclude a recurrence..

Risk assessment of social issues

Since FY2021, we have been requesting suppliers to report violations of laws and regulations in addition to answering each question in the CSR evaluation. This complements the results of the CSR evaluation and allows us to identify high-risk suppliers who may be in violation of compliance and take prompt action.

In FY2022, there were three reported cases, all of which were appropriately resolved in accordance with guidance from governmental authorities. No compliance violations were confirmed. No high-risk suppliers were identified.



FY2022 Attendance at Board, Committee and Other Meetings by Directors of the Board

Name	Title	Board of Directors		Personnel Affairs and Remuneration Committee		Management Meetings		ESG Promotion Committee		Risk Management Committee		Notes
		Members	Attendance rate	Members	Attendance rate	Members	Attendance rate	Members	Attendance rate	Members	Attendance rate	
Yoshihiro Nakai	Representative Director of the Board, President, Executive Officer and CEO	○	12/12	○	11/11	●	13/13					
Yosuke Horiuchi	Representative Director of the Board, Vice Chairman, Executive Officer	○	12/12			○	13/13	●	5/5			
Kunpei Nishida	Representative Director of the Board, Executive Vice President, Executive Officer	○	3/3			○	3/4					Retired on April 26, 2022
Satoshi Tanaka	Representative Director of the Board, Executive Vice President, Executive Officer	○	12/12	○	11/11	○	13/13			●	10/10	
Toshiharu Miura	Director of the Board, Senior Managing Officer	○	12/12			○	13/13			○	10/10	Retired on April 25, 2023
Toru Ishii	Director of the Board, Senior Managing Officer	○	12/12			○	13/13					
Yukiko Yoshimaru	Outside Director of the Board	○	12/12	●	11/11							
Toshifumi Kitazawa	Outside Director of the Board	●	12/12	○	11/11							
Yoshimi Nakajima	Outside Director of the Board	○	12/12									
Keiko Takegawa	Outside Director of the Board	○	12/12	○	11/11							
Shinichi Abe	Outside Director of the Board	○	9/9									Assumed office on April 26, 2022

● Chairperson

Note: Attendance as an observer at Management Meetings, the ESG Promotion Committee and the Risk Management Committee is not counted.



Infractions and penalties related to products and services, health and safety

In FY2022, there were no legal or regulatory infractions or penalties paid as a result of violations of laws or regulations related to the provision and use of our products and services. There were also no infractions of health and safety related regulations or voluntary standards. If we become aware of a significant issue related to a product or service, we will swiftly announce the details of the issue and our response policy provided that we are able to confirm the facts through an investigation.

Product and Service Quality Management Assurance

We established the Quality Management Committee under the Risk Management Committee, which is an advisory body to the Board of Directors, to employ specialist viewpoints in confirming risks and discussing countermeasures. Quality study groups are placed under the Quality Management Committee within five departments, including the production department, that hold and promote meetings once every two months, including at Group companies.