

# ESG Management

## ESG Management of the Sekisui House Group

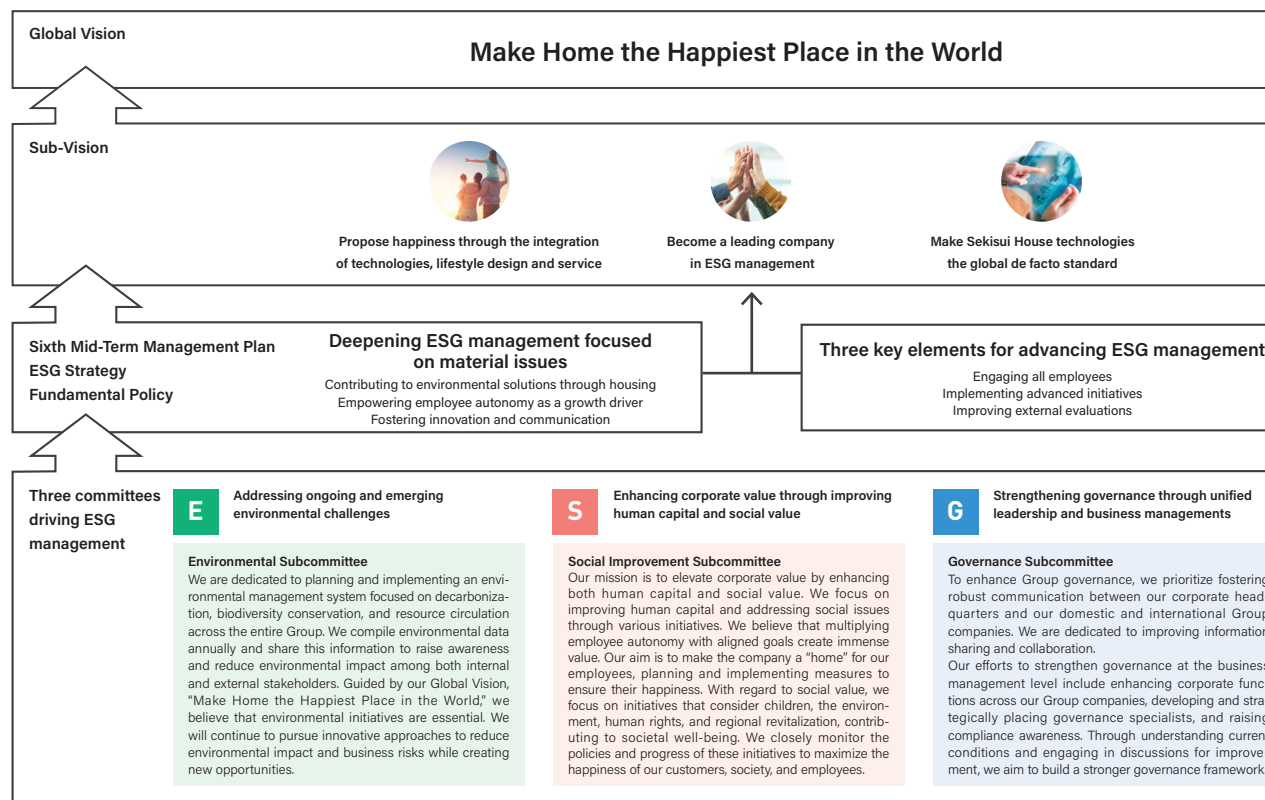
At the heart of the Sekisui House Group's ESG management is our fundamental philosophy of "Love of Humanity." We strive to address the challenges faced by our customers and society through our business activities, while strengthening our governance. To lead in the realm of ESG management, we have established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

→ P.41 Promise to the Future

## Fundamental ESG Management Policy

In our Sixth Mid-Term Management Plan (FY2023–FY2025) is 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.



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→ P.94 Human Capital  
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## ESG Management

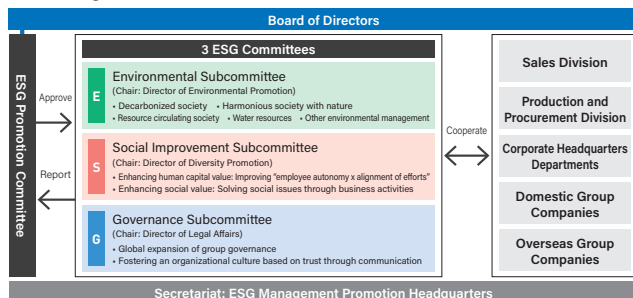
### Implementation framework

To drive ESG management, we have established three subcommittees: the Environmental Subcommittee, the Social Improvement Subcommittee, and the Governance Subcommittee. Each subcommittee is led by designated leaders who are responsible for their respective areas. These subcommittees continuously set and monitor initiatives and KPIs tied to our core priorities, working closely with various departments and group companies both domestically and internationally to lead our ESG efforts. We regularly report on the progress of these initiatives, as well as the challenges identified and solutions proposed, in meetings including the ESG Promotion Committee. Based on feedback, we refine our initiatives and strategies to ensure all employees understand and commit to our ESG initiatives.

### Governance structure

The Representative Director, Vice Chairman, and Executive Officer oversees the entire Sekisui House Group's ESG activities. The Senior Managing Executive Officer drives our Group's ESG initiatives. The ESG Management Promotion Headquarters, established in June 2020, plans, develops, and implements our core ESG policies. They lead Company-wide efforts, gather and analyze information, and communicate insights both internally and externally to further advance our ESG management and initiatives.

#### ESG Management Promotion Structure



## 1. Governance

To enhance our ESG management, we have established the ESG Promotion Committee, chaired by the Representative Director, Vice Chairman and Executive Officer, and including at least two external members with specialized expertise. This advisory body to the Board of Director discusses and reports on ESG activities, progress, and challenges, thereby strengthening the effectiveness of our ESG efforts across the entire Group. The Committee meets every three months, and its discussions are reported to the Board and shared with all employees through our intranet.

#### ESG Promotion Committee

<b>Chairperson:</b>	Yosuke Horiuchi (Representative Director of the Board, Vice Chairman, Executive Officer)
<b>Outside members:</b>	Katsuhiko Kokubu (Dean and Professor, Graduate School of Business Administration, Kobe University), Hidemi Tomita (Institute for Sustainability Management CEO)
<b>Internal members:</b>	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

#### Main Agenda of the ESG Promotion Committee for FY2023

<b>13th meeting, held May 24, 2023</b>	<ul style="list-style-type: none"> <li>Addressing TNFD</li> <li>Human capital initiatives</li> <li>Progress of the human capital value project</li> <li>Strategies for enhancing "employee autonomy"</li> </ul>
<b>14th meeting, held July 18, 2023</b>	<ul style="list-style-type: none"> <li>Promoting of zero deforestation and revisions to the Wood Procurement Guidelines</li> <li>Compliance with the revised Act on Elimination of Discrimination against Persons with Disabilities</li> <li>"Kids First" initiatives</li> <li>Expanding ESG dialogue initiatives</li> <li>Results of the 2nd "SHIP" final review and plans for the 3rd "SHIP"</li> </ul>
<b>15th meeting, held October 13, 2023</b>	<ul style="list-style-type: none"> <li>Revising ESG Promotion Committee regulations</li> <li>Discussing human capital disclosure items</li> <li>Regional revitalization projects (PRE)</li> <li>New "Sekisui House Matching Program"</li> <li>Organizational restructuring of Sekisui House Construction Group</li> <li>Trends and challenges in the circular economy</li> </ul>
<b>16th meeting, held January 16, 2024</b>	<ul style="list-style-type: none"> <li>Strategic directions and initiatives of the three ESG subcommittees for FY2024</li> <li>Regional revitalization projects (training and recruiting homebuilding craftsman)</li> <li>Progress, review methods, and judges for the 3rd "SHIP"</li> <li>ESG dialogue strategic directions for FY2024</li> <li>Confirming material issues</li> <li>Editorial policy for VALUE REPORT 2024</li> <li>Efforts to enhance ESG ratings</li> </ul>

## 2. Strategy

Based on an analysis of risks and opportunities associated with changes in the external environment, in the Sixth Mid-Term Management Plan, we have established Key Performance Indicators (KPIs) and are promoting initiatives for each of the three material issues: creating high-quality housing stock, contributing to a sustainable society, and promoting diversity and inclusion.

→ P.43 Material Issues

## 3. Risk Management

We identify and analyze medium- to long-term challenges that could impact our Group, viewing risks as opportunities for future business growth. This analysis shapes our medium- to long-term business strategies. Progress and challenges related to ESG initiatives are reviewed by the ESG Promotion Committee, an advisory body to the Board of Directors. The Board then deliberates and oversees our Group's sustainability efforts based on these reports. Furthermore, the Risk Management Committee examines and manages details related to major risks within the Group's overall risk management framework.

## 4. Metrics and Targets

In our Sixth Mid-Term Management Plan, we have established 54 KPIs to achieve our materiality goals.

→ P.57-60 Indicators and Progress  
→ P.235 Indicators and Progress