

E Contributing to a Decarbonized Society

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Achieving Comfortable Living alongside Decarbonization While Strengthening Disaster Resilience

Promoting ZEH¹ through Green First ZERO detached houses

Sekisui House's Green First ZERO (ZEH) 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, creating a beautiful home while also achieving ZEH standards is crucial. 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. In addition, 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 households. 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

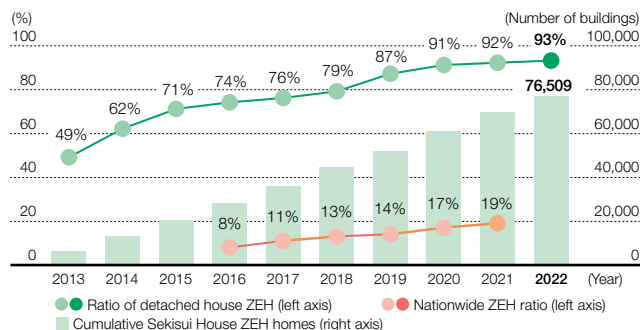
recommend, this makes it possible to live comfortably and free of new stresses arising from new modes of living that incorporate telecommuting.

Thanks to these advantages, Sekisui House's Green First ZERO (ZEH) detached houses have been embraced by customers, and in FY2022, 93%² of Sekisui House's new detached houses were ZEH buildings, far exceeding the rate for Japan as a whole of 18.5%.³ In addition, the cumulative number of ZEH houses we have constructed since the launch of this product reached 76,509 as of March 31, 2023. The Japanese government's 6th Strategic Energy Plan, announced in 2021, sets the goals of having all new houses built from 2030 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 61% 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 2022 and March 2023 in all areas excluding Hokkaido. The ratio for Hokkaido was 72%.
- 3 Source: Net-Zero Energy House Demonstration Project Survey Results (2022 Edition); Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy; Sustainable open Innovation Initiative. Figure for FY2021.

Growth in the Number of Detached House ZEH



Note: The ZEH ratio includes contracted and built-for-sale housing. Nationwide figures are rounded to the nearest whole number, from figures published in the Net-Zero Energy House Demonstration Project Survey Presentation 2022 (sponsored by the Agency for Natural Resources and Energy and the Ministry of Economy, Trade and Industry).



The Family Suite, a spacious living area with large openings overlooking the garden of the *Gohan no Ki* Project
Sekisui House proprietary tile-shaped photovoltaic panels

(FY)

KPI	Unit	2020	2021	2022	2023 target
Ratio of detached ZEH homes ^a	%	91	92	93	90
Rate of CO ₂ emissions reduction from new housing ^b	%	51.2 ^c	50.0 ^c	55.3	55% reduction by FY2030

- 4 ZEH ratio of contracted and for-sale housing in areas other than Hokkaido.
- 5 Scope 3, Category 11 emissions reduction relative to FY2013 levels. FY2020 and FY2021 figures are calculated based on the boundary of our previous SBT-verified target (excluding Konoike Construction Co., Ltd.). The scope of emissions was broadened in alignment with the revised SBT-verified target for FY2022 and, for comparison, the scope of emissions in FY2013 was also broadened accordingly. For details on the scope of emissions included, please refer to page 172.
- 6 Figures have been revised due to more precise calculations of photovoltaic power generated.

Expansion to Group companies

In order to expand its business domain in housing construction, the Sekisui House Group is engaged in initiatives for conventional wooden housing in addition to its mainstay pre-engineered housing. While Group companies Sekisui House noie and Sekisui House Construction are developing the noie brand and the *ki no ie* brand, respectively, the commitment to realizing a decarbonized society through ZEH is common to all Group companies. In FY2022, 147 of the 472 houses sold under the noie brand, and 13 of the 113 houses sold under the *ki no ie* brand were ZEH. We are working to promote ZEH in ways that align with each of these brands, which propose simple and just-right home building, though such means as using third-party ownership schemes for photovoltaic power generation.

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► 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

Figure 1. Power Use during a Power Outage

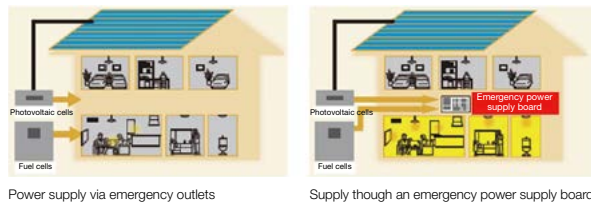
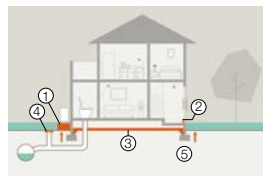


Figure 2. Measures to Prevent Underfloor Flooding



- 1 Raised installation height of equipment (to prevent costly equipment repairs due to water damage)
- 2 Water stop that can be set up at the front door during emergencies to keep water out
- 3 Reinforced concrete foundation slab to prevent the entry of water from below the foundations
- 4 Sewerage pipe air pressure release valve to prevent water spraying from toilets during sudden heavy rains, etc.
- 5 Raised building foundation to prevent the entry of water over the foundation

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.

In April 2022, we further enhanced 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).

In addition to prevention, 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 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 system 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 address climate change.

Based on its global vision to make home the happiest place in the world, Sekisui House 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.

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



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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 of young people, 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 FY2022 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.

The Sha Maison ZEH approach has been well received by numerous owners and residents, leading to orders received for 15,064 ZEH residential units in FY2022, up significantly year on year.

In recognition of these efforts to popularize ZEH, Sha Maison ZEH received the Energy Conservation Center Chairman's Award in the FY2022 Energy Conservation Grand Prize.

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.

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

(FY)

KPI	Unit	2020	2021	2022	2023 target
Number and ratio of ZEH units for rent ²	%	—	—	65	70
	Housing units	2,976	8,501	15,064	—
Number and ratio of ZEH condominiums for sale ³	%	—	39.4	88.8	100
	Housing units	32	192	585	

² Ratio of orders received for ZEH Ready or higher grade units (includes only units in which individual residents can sell electricity to the grid; number of units was used as a KPI through FY2021)

³ Cumulative number of completed units ranked ZEH Oriented or higher grade. The percentage is that of ZEH Oriented or higher grade units among all units sold in the fiscal year.

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. In FY2022, we completed construction of four buildings with 393 ZEH condominiums, bringing the cumulative total of ZEH condominiums to 11 buildings and 585 units,⁴ exceeding the target of 540 set under the Fifth Mid-Term Management Plan. In FY2023, we plan to complete construction of 16 GRANDE MAISON buildings with 880 units, all of which will be ZEH.

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.

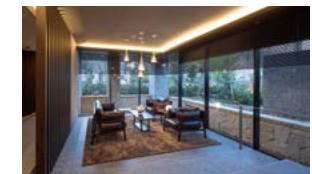
In FY2022, 88.8% of condominiums sold were ZEH. We plan to increase this to 100% from FY2023 onward.

⁴ 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)



Uemachi 1-chome Tower: Residential units feature high-performance vacuum double-glazed windows for beautiful views.



The Sumiyoshi Honmachi: Common lounge featuring materials and motifs that harmonize with the granite masonry of the neighborhood known for its old estates.

Uemachi 1-chome Tower: 43% of the property's surface area is green space, designed to be environment-friendly with expansive green walls.

Promotion of ZEB for non-residential construction

In addition to detached houses and multi-unit residential buildings, we are also promoting ZEB⁵ in non-residential construction. In FY2022, we actively promoted a style of proposal for office buildings called Green First Office.

⁵ 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.

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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 BCPs¹ 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, FY2022 orders were 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 FY2022, we completed 89 ZEB buildings, bringing our cumulative total to 173.

Under the ZEB planner registration system, our target is for a majority of orders received in FY2025 to be for ZEB. We are reinforcing efforts to reach this target.

Furthermore, to reduce CO₂ emissions from our business activities (Scope 1 and 2), since FY2021 we have ensured that all new offices and facilities built for the Group's use are ZEB. For example, at Tomorrow's Life Museum Kansai, a facility where visitors can experience the kinds of living that the Company proposes, the Welcome Hall opened in February 2023 meets the Nearly ZEB standard. Including buildings designed, built and occupied by the Sekisui House Group, we now have a total of 14 ZEB buildings.



Tomorrow's Life Museum Kansai Welcome Hall

¹ 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. Since the Great East Japan Earthquake in 2011, such plans have been attracting attention and, as major earthquakes and large typhoons have caused substantial damage in recent years, an increasing number of companies and local governments have been strengthening related efforts.

Energy efficient remodeling of existing houses

We make energy efficient remodeling proposals to owners 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. In particular, we focus on housing that is more than 20 years old, which is typically much less thermally insulated than ZEH. In this area, we propose *Idocoro Dan-netsu* insulation remodeling, which emphasizes the living room, dining room and kitchen area, where people spend most of their time, and promote replacement of equipment with highly energy efficient 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), 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 FY2022, we received 1,601 orders for *Idocoro Dan-netsu* as we worked to promote both comfort for owners and decarbonization.

As part of our efforts to decarbonize existing housing, we are also focusing on SumStock, 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 2030 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 2.5 million housing units to date. For our approximately 800,000 detached houses and 230,000 rental housing *Sha Maison* buildings that are more than 10 years old, we will make remodeling proposals and promote market circulation based on proper valuation while taking advantage of various forms of support from

the government to promote the decarbonization of existing housing.

→ P.209 SumStock quality housing stock system

KPI	Unit	2020	2021	2022	2023 targets
<i>Idocoro Dan-netsu</i> houses (location-based insulation upgrades) ²	Housing units	1,005	1,338	1,601	1,800

² Number of units remodeled using *Idocoro Dan-netsu* with partial thermal insulation and heating systems

2 Decarbonization of Business Activities and Response to Climate Change

Promoting RE100 through Sekisui House Owner Denki

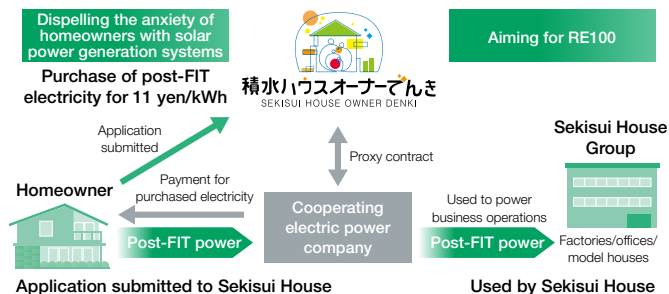
In an effort to decarbonize its business activities, in 2017, the Sekisui House Group became the second Japanese company and the first company in the housing industry to join the international initiative RE100. The Group is working to switch to power derived from renewable energy sources for use in its 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.

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. The amount of renewable energy purchased in FY2022 through Sekisui House Owner Denki was approximately 60.7 GWh, accounting for roughly 55.1% of the Group's total power consumption.

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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. In addition, we expect to be able to achieve RE100 while controlling the cost of adopting renewable energy.

Overview of Sekisui House Owner Denki



KPI	Unit	2020	2021	2022	2023 targets
RE100 achievement rate ¹	%	16.4	33.5	55.1	100% by FY2040
Rate of CO ₂ emissions reduction from business operations ²	%	39.2	46.6	50.9	75% by FY2030

¹ Ratio of the post-FIT photovoltaic power purchased by Sekisui House Owner Denki and other renewable power to the total electricity consumed in business operations

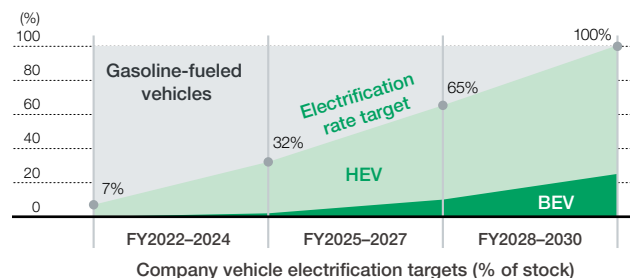
² Scope 1 and 2 emissions reduction rate relative to FY2013. Konoike Construction Co., Ltd. became a wholly owned subsidiary in FY2019. To enable time series comparability for emissions, we have retroactively added Konoike's annual CO₂ emissions to those of the Sekisui House Group for FY2013 (the baseline year for the Group's planned CO₂ emissions target).

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 a decarbonized society.

We are promoting the switch to and adoption of electric vehicles, such as hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), and have set the target of 100% electrification of Company vehicles by 2030 and begun initiatives to achieve this goal. This rate stood at approximately 7% in 2022. As a start, the pilot introduction of BEVs was launched in February 2022. In addition to HEVs, which are being introduced at a rapid pace, we are actively working to introduce BEVs. By utilizing electricity derived from renewable energy through Sekisui House Owner Denki, we aim to further significantly reduce CO₂ emissions from Company vehicles (25,277 t-CO₂ in FY2022) and contribute to the realization of a decarbonized society.

Roadmap for Electrification of Company Vehicles



3. 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

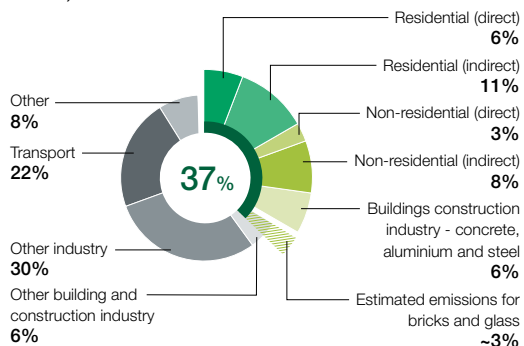
In 2008, Sekisui House declared that it would aim to be carbon-free in its operations and value chain by 2050. Since then, we have been focused on promoting the adoption of net-zero energy houses. The United Nations Framework Convention on Climate Change (UNFCCC) has proposed that urgent action is needed 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.

Against this background, we joined the Global Alliance for Buildings and Construction (GlobalABC), which was established at the UN's COP21 conference in Paris. We later participated in and submitted reports to the UN's COP22 conference in Marrakech, Morocco. At COP23 in Bonn, Germany, we made a presentation 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. Since FY2022, we have participated in the Building Materials Working Group. In conjunction with COP26, we 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).

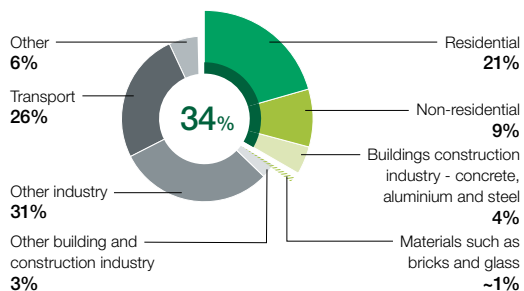
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We will continue to work with experts from around the world to decarbonize the building and construction sector.

Global share of buildings and construction operational and process CO₂ emissions, 2021



Global share of buildings and construction final energy demand, 2021



From the UNEP 2022 Global Status Report for Buildings and Construction

Reduction of CO₂ emissions at procurement stages for components and raw materials

To reduce lifecycle CO₂ emissions from homes, Sekisui House 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, CO₂ emissions from the procurement of components and raw materials in the supply chain (Scope 3, Category 1) account for 30% of the Group's total emissions (FY2022 figure). We cannot address this significant portion of emissions alone, so we have begun collaborative efforts with suppliers. First, 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; and 157 in February 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 major suppliers as well as small- and medium-sized suppliers present about how they acquired SBT validation. 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.

We have set the medium-term target of raising the SBT-setting rate of our major suppliers to 80% by 2030 and are steadily raising the current rate. Around 20% of the Sekisui House Group's Scope 3, Category 1 CO₂ emissions attributable to procurement come from small- and medium-sized suppliers and, in 2022, a total of 19 such companies acquired

SBT validation. 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.

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

KPI	Unit	2020	2021	2022	2030 targets
Supplier SBT-setting rate ¹	%	18.6	22.2	31.9	80

¹ Percentage of our major suppliers (by portion of CO₂ emissions) who have adopted science-based targets

Environmental certifications acquired by suppliers

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

	Unit	2020	2021	2022
Status of acquisition	%	—	70	79

Note: Percentage based on annual CO₂ emissions