

ESG Report 2023



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■ Editorial Policy

This document is issued to engage with stakeholders and have readers understand the efforts made by Sekisui House Reit, Inc. (hereinafter referred to as the "SHR") and Sekisui House Asset Management, Ltd. (hereinafter referred to as the "SHAM") toward realizing a sustainable society. The GRI Standards (2021) and SASB Standards were referenced in editing of this document.

■ Reporting Coverage

Sekisui House Reit, Inc. and Sekisui House Asset Management, Ltd.

■ Reporting Period

Sekisui House Reit Inc.

May 1, 2022 to April 30, 2023 (Some details include information before and after the relevant period.)

Sekisui House Asset Management, Ltd.

February 1, 2022 to January 31, 2023 (Some details include information before and after the relevant period.)

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December 2023 (Previous Data: December 2022)

■ Contact Information

Sekisui House Asset Management, Ltd.

Investor Relations Department and ESG Promotion Department

TEL: +81 3-6447-4870 (Main)

〈Disclaimer〉

The forward-looking statements in this document, including earnings forecasts, are based on the judgment of SHAM in light of the information available at the time of preparation and are subject to potential risks, uncertainties and other factors. Therefore, actual results may differ significantly from the forecasts due to changes in various factors.

Message from Senior Management



Message from Senior Management

Introduction

We would like to take this opportunity to thank you for your exceptional support of Sekisui House Reit, Inc.

In recent years, all aspects in the business environment surrounding the company have undergone dramatic changes. In such an environment where uncertainty is increasing, in order for SHR to aim for stable, medium to long term growth, it is essential that we engage in efforts to realize a sustainable society that will be the foundation for this growth.

What SHR is Aiming for

SHR has set a vision of “managing assets to better provide for people, society and the future”. This is a declaration of our determination to continue contributing to the creation of a more prosperous “future” by seeking to enhance the value of our assets under management together with our sponsor Sekisui House, and by providing social capital for a new era for the “people” and the “society”. We believe that addressing social issues through asset management that takes ESG (Environmental, Social and Governance) into consideration will contribute to the realization of a sustainable society and enhance the trust of stakeholders, thereby contributing to securing stable earnings over the medium to long term and maximizing unitholder value.

Recent Initiatives

Based on this idea, SHR has identified materiality (important issues) in 2020, set KPIs (targets), and is actively pursuing initiatives to resolve the issues. In 2023, we have changed our existing environmental targets and set new targets, aiming to reduce GHG emissions (Scope 1 and Scope 2) by 42% by fiscal year 2030, in comparison with fiscal year 2021. The targets have been certified by SBTi ^(Note 1), which certifies GHG emission reduction targets based on scientific evidence.

In addition to introducing Sekisui House Owner Denki ^(Note 2) - electric power derived from renewable energy - to our assets, SHR acquires the CASBEE Wellness Office evaluation certification ^(Note 3), which evaluates the specifications, performance, and efforts of buildings, for the first time. These and other ESG initiatives have been highly appraised by external parties. SHR acquired “AA” rating by MSCI ESG Ratings, and been included in both the MSCI Japan ESG Select Leaders Index and the FTSE4Good Index Series ^(Note 4). Going forward, we will continue to review our materiality (important issues) and targets (KPIs) in response to changes in the environment, society, economy, and other factors, and focus on improving the sustainability of both society and SHR.

Toward the Realization of a Sustainable Society

SHR will continue to strive to maximize unitholder value through the provision of high-quality real estate, that will become the social capital of a new era. As a REIT that leads the way in the era of the 100-year lifespan, we aim to continuously meet the expectations of our stakeholders and contribute to the creation of a prosperous future, while aiming to be a widely loved REIT for a long time to come.

We would like to ask the continued support and encouragement of our stakeholders in the years ahead.

(Note 1) SBTi is an international joint initiative established in 2015 by CDP, the United Nations Global Compact, WRI (the World Resources Institute) and WWF (the World Wide Fund for Nature).

(Note 2) "Sekisui House Owner Denki" is a service in which the power supply company purchases surplus electricity from solar power generation from owners of houses built by Sekisui House. This surplus electricity is purchased even after the expiration of the feed-in tariff (FIT) system and used by Sekisui House and others.

(Note 3) Certification for CASBEE Wellness Office is a tool to evaluate the specifications, performance, and efforts of buildings that support the maintenance and promotion of the health and comfort for building users.

(Note 4) The FTSE4Good Index Series is developed by FTSE Russell to promote investment in companies that meet global ESG standards.

Sekisui House Reit, Inc.

Atsuhiko Kida

Executive Director (Right)

Sekisui House Asset Management, Ltd.

Toru Abe

President & Representative Director (Left)





Vision of Sekisui House Reit

Managing assets to better provide for people, society and the future

Maximize unitholder value

Aim to maximize unitholder value by achieving sustainable growth together with stakeholders

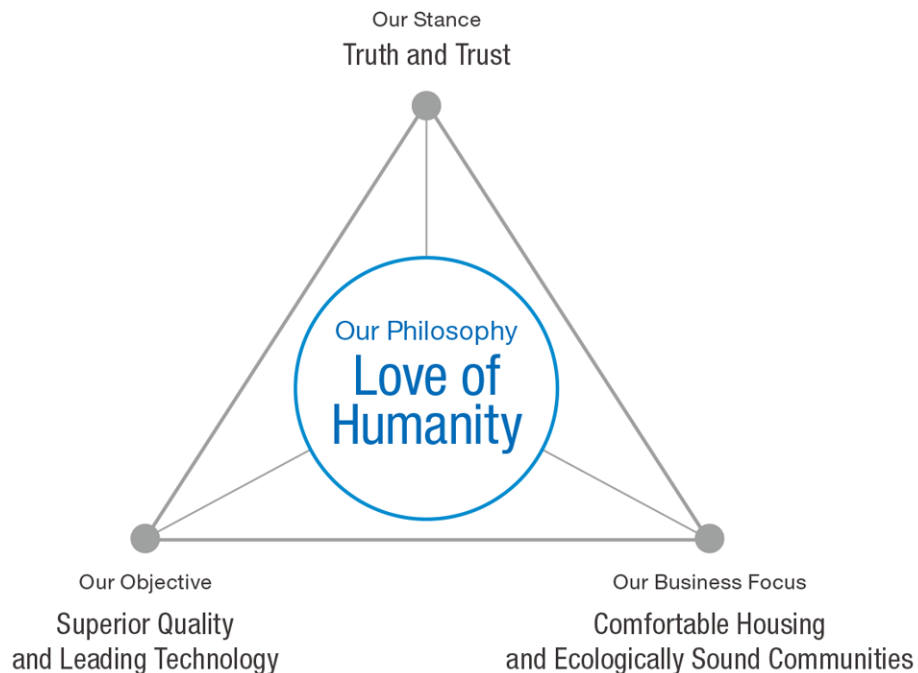
Provide high-quality social capital

Provide high-quality social capital by pursuing the enhancement of the overall asset value of the community

A REIT that leads the way into an era of the 100-year lifespan

Promote ESG strategies and become a REIT that leads the way into an era of the 100-year lifespan

Corporate Philosophy of Sekisui House Group





Sustainability Policy

As a company, SHR and SHAM have a responsibility to contribute to the resolution of social issues, that are becoming increasingly diverse and complex day by day, through business activities. We believe that fulfilling this responsibility not only enhances the sustainability of the society and SHR, but also ultimately maximizes unitholder value.

SHR has a vision, “managing assets to better provide for people, society and the future” and conducts business activities from a medium to long term perspective. Based on the Sustainability Policy established by SHAM, we will strive to contribute to the realization of a sustainable society and increase corporate value by complying with and implementing this policy.

1. Enhancement of Governance System

In addition to complying with laws, regulations, and other rules, we ensure appropriate management to prevent conflicts of interest and work to enhance our governance system. We also conduct education / training and awareness-raising activities for directors, and employees to ensure thorough compliance.

2. Responding to Climate Change


We actively and continuously promote the efficient use of energy and aim to achieve net zero greenhouse gas (GHG) emissions, toward the creation of a decarbonized society.

As part of our response to climate change, SHR will also implement measures to raise the awareness of both internal and external stakeholders.

3. Water and Resource Saving Measures

We will actively contribute to the creation of a recycling-based society by promoting measures and public awareness activities for reducing water use and implementing the three Rs (reduce, reuse and recycle) in relation to resources.

4. Biodiversity Conservation

In accordance with the [Gohon no Ki \(“five trees”\) Project](#)  promoted by Sekisui House, we aim to realize harmony with nature and the surrounding environment by conducting maintenance and management of planting and other greenery measures, centering on tree species with consideration given to the ecosystem matters.

5. Providing Comfort and Safety

We will provide high-quality housing where residents can lead their lives in comfort and safety.

We will also provide convenient, safe, and comfortable spaces that contribute to enhancing the productivity of tenant companies.

6. Contributing to Regions and Communities

We will create liveliness in the region and work to coexist with and revitalize the region and community.

7. Practicing Human Capital Management in Action

By respecting diversity, personality and individuality, and promoting work-life balance, we aim to create an organizational culture in which each employee can work in a healthy and lively manner.

We also encourage the autonomy of our employees, and work to improve the value of our human resource value based on their happiness.

8. Cooperating with Stakeholders

In order to promote environmental and social considerations throughout the supply chain, we seek the understanding and cooperation of property management companies, other business partners, residents, tenant companies and facility users.

9. Disclosing Information and Acquiring External Certifications

We will proactively disclose ESG-related information to our stakeholders.

We will also continue to acquire environmental certification and assessment from external evaluation organizations.

Sustainability Promotion System

SHAM has established the Sustainability Committee for the purpose of continuous and organizational implementation of ESG initiatives. With the aim of strengthening the sustainability promotion system, the Committee is composed of the President & Representative Director as Chief Sustainability Officer, the Director in charge of ESG promotion Department as Chief Sustainability Operator, all full-time directors, the compliance officer, and all heads of departments of SHAM. This Committee sets targets and develops the system to promote sustainability. Matters deliberated by the Committee are approved and/or instructed, and various actions are taken based on them. The progress of initiatives and the status of engagement with stakeholders are reported regularly to the Committee, and reports are also made to the Board of Directors of SHR as appropriate. The Committee will meet at least once every three months in principle (held seven times in fiscal year 2022.) With the Committee at the core, SHAM will work to implement sustainability initiatives across the organization and contribute to the resolution of social issues.

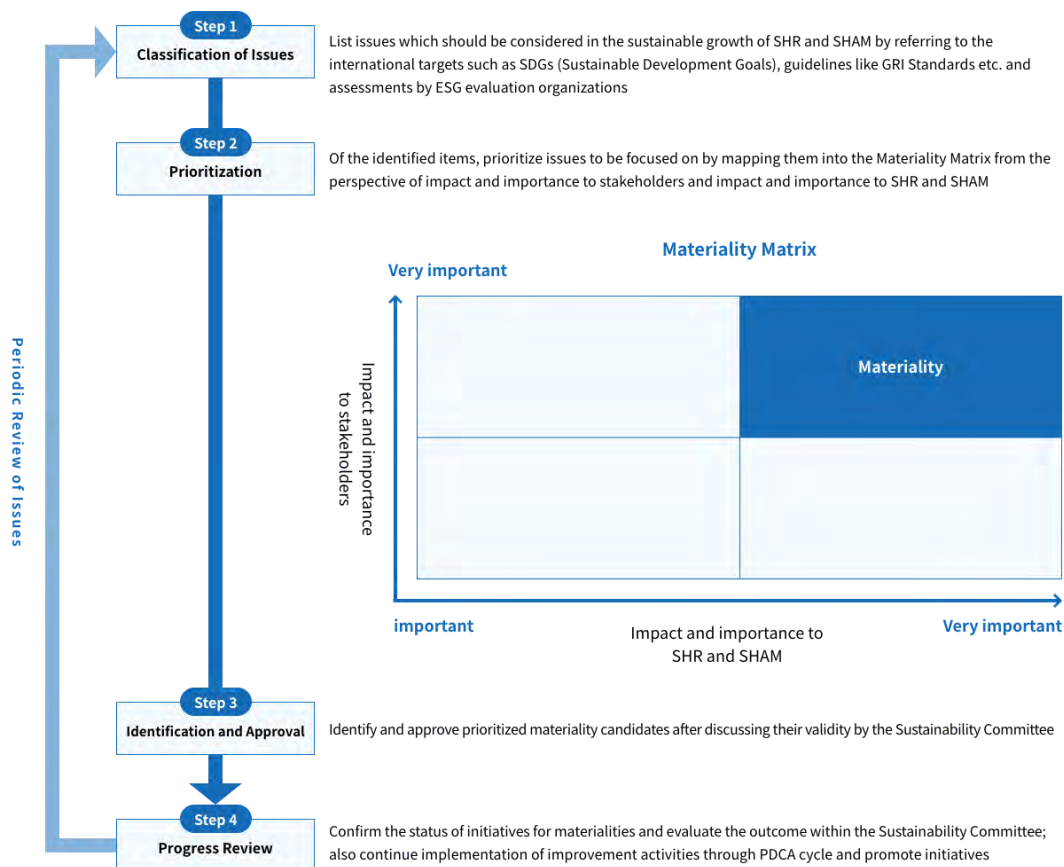


Materiality (Important Issues)



Materiality Identification Process






In 2020, SHR has identified our materiality in accordance with the following process, with the aim of promoting more concrete initiatives for sustainability through our business activities. Even after the identification of materiality, the environment surrounding stakeholders and SHR is ever-changing. By periodically reviewing the materiality in accordance with these trends and pursuing the sustainability of SHR in a manner that meets the demands of society, we will fulfill our responsibility toward the mutual sustainable growth of both society and SHR.












Materiality

SHR believes that sustainable growth in our business activities is built on a solid foundation of a sustainable society, and recognizes that in order to continue providing "Prime Properties", which SHR focuses on as an investment strategy, it is necessary to carry out initiatives based on the guidelines of solving issues to build a sustainable society through business activities. Based on this recognition, SHR has identified eight materialities (important issues) and set targets (KPIs) as indicators to resolve each of them. In light of the SDGs adopted by the United Nations in 2015, we will pursue mutual sustainability of both society and SHR by promoting efforts to resolve these material issues.

Materiality of SHR

Materiality and Target (KPI)			Related SDGs
Environment	Promoting Response to Climate Change		 
	Target (KPI)	Reduce GHG emissions <ul style="list-style-type: none"> • Medium term target (by FY 2030): Reduce 42% of Scope 1 and Scope 2 emissions of portfolio compared to FY 2021 • Long term target (by FY 2050): Achieve net zero • Calculate and reduce Scope 3 emissions 	
		Reduce 10% energy consumption intensity of portfolio by FY 2028 (Note) compared to FY 2018	
		Achieve 25% or more of the portfolio with green lease agreement by FY 2030	
	Coexistence of Humankind and Nature and Activities for the Resources Environment		
	Target (KPI)	Advance greenification and respect biodiversity	
		No increasing waste emission intensity of portfolio compared to FY 2018	
		No increasing water use intensity of portfolio compared to FY 2018	
	Investing in Real Estate with Excellent Environmental Performance		 
	Target (KPI)	Maintain 70% or more of the portfolio with green certification	
		Promote ZEH initiatives	

Materiality and Target (KPI)			Related SDGs
Social	Providing Residents and Tenants with Secure and Comfortable Space that Offers Peace of Mind		
	Target (KPI)	Periodic surveys on resident and tenant satisfaction and promote initiatives to improve satisfaction	 
		Promote certification acquisition for comfort and health of buildings (spaces)	
		Periodic assessment of earthquake risk and flood damage risk and the implementation of measures to reduce such risks	
		Periodic assessment of initiatives toward ESG in the supply chain and the promotion of collaborative initiatives	
	Contributing to Society		
	Target (KPI)	As a member of society, contributing to greater vitality in the community and countermeasures aimed at preventing damage from natural and other disasters	 
		By FY 2023, "Sekisui House Matching Program" (a joint donation system for employees and the company) participation rate: 45%	
	Creating a Rewarding Workplace		
	Target (KPI)	By FY 2023, Percentage of female managers: 7% Average monthly work hours per person: 162 hours Take-up rate for male childcare leave: 100% Annual paid leave take-up rate: 70%	  
		Number of annual external training courses attended per person: twice	
		Annual internal training participation rate: 100%	
		Practicing Sekisui House Group Human Rights Policy	

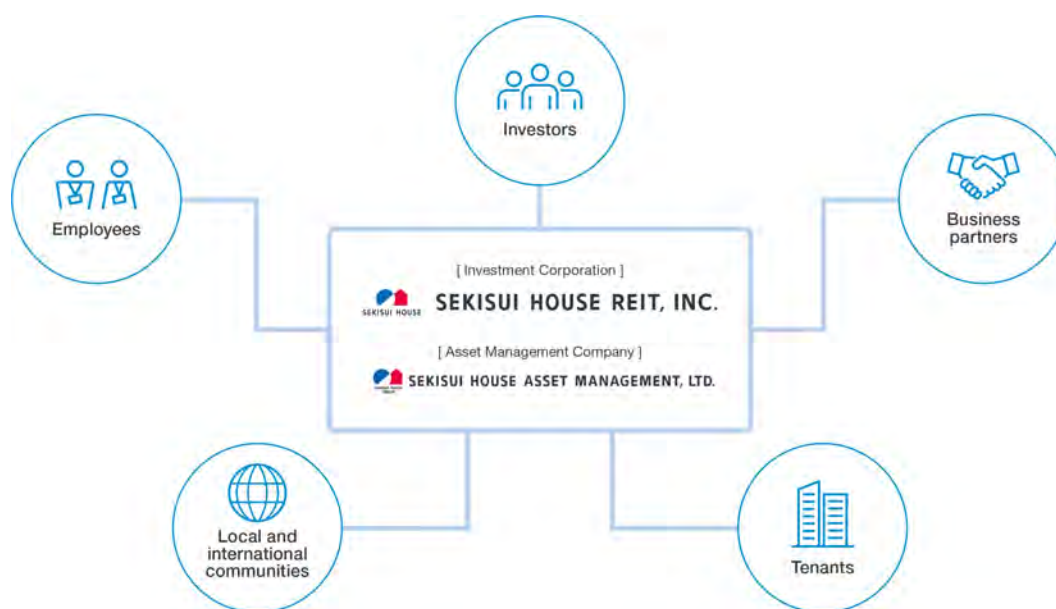
Materiality and Target (KPI)			Related SDGs
Governance	Strengthening Corporate Governance System		
	Target (KPI)	Enhance effectiveness of board of directors of SHR and SHAM Conducting effectiveness evaluation questionnaire (once/year)	
		Penetration of compliance Conducting compliance training by external experts, etc. (four times/year) participation rate: 100%	
		Strengthening internal controls structure Conducting internal audit (twice/year)	
		Strengthen risk management system Conducting risk management meeting (twice/year)	
	Information Disclosure and Engagement with Stakeholders		
	Target (KPI)	Timely and appropriate disclosure of information and enhanced utility of disclosures	
		Building relationships of trust with stakeholders	




(Note) In principle, reduction targets are set every 5 years after FY 2028.




Stakeholder Engagement



SHR conducts its business activities in the context of its ties with stakeholders. In order to continue as an investment corporation that contributes to society, it is important to accurately understand the demands and expectations of its stakeholders and society, and to respond to them through its business activities. For these reasons, SHR actively discloses ESG-related information in order to gain a better understanding of its initiatives. At the same time, SHR strives to strengthen engagement by utilizing the demands and expectations gained through communication with stakeholders in its business activities.



Engagement with Stakeholders		Related Links
 Investors	<ul style="list-style-type: none"> Proactive Information Disclosure and Creation of Communication Tools Holding Financial Results Briefings and Setting Up IR Meetings with Institutional Investors Participation in IR Events and Online Seminars 	IR Library  Engagement with Institutional Investors Engagement with Individual Investors
 Business partners	<ul style="list-style-type: none"> Monitoring through External Evaluation Organizations Initiatives to Reduce Energy Consumption 	Selection and Evaluation of Property Management Companies Initiatives to Reduce Energy Consumption

Engagement with Stakeholders		Related Links
 Tenants	<ul style="list-style-type: none"> • Communication through Tenant Satisfaction Surveys • Collaboration Based on Green Lease Agreements 	Conducting Tenant Satisfaction Surveys Promotion of Green Leasing
 Employees	<ul style="list-style-type: none"> • Improvement in Human Resource Value • Promoting Human Rights Policies • Promoting Diversity 	Support for Acquiring and Retaining Qualifications Human Rights Reporting System Promoting Diversity
 Local and international communities	<ul style="list-style-type: none"> • Contributing to Local Communities • Supporting Initiatives 	Contributing to Local Communities Supporting Initiatives / External Evaluations

Supporting Initiatives / External Evaluations



SHR and SHAM have expressed their commitment to promote ESG initiatives through the signing or supporting of each initiative. In addition, we will analyze the strengths and weaknesses of SHR and SHAM through the acquisition of sustainability assessments from external organizations, which will lead to further strengthening of our initiatives.

Signing of the PRI (Principles for Responsible Investment)

Since SHR and SHAM have conducted real estate investment management taking ESG into consideration to realize a sustainable society and believe that such management policies share objectives with the PRI (Principles for Responsible Investment) advocating incorporation of ESG issues into investment analysis and decision-making processes, SHAM decided to support the basic approaches of the PRI and became a signatory in March 2019.

The Six Principles

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.


Signatory of:



Overview of the PRI

The PRI is a set of six principles listed above, established for the financial industry in 2006 under the leadership of the former United Nations Secretary-General, Kofi Annan, together with an international network of investors working to realize said principles.

Signatories to the PRI pursue improvement of investment performance from the long-term perspective for their beneficiaries to further fulfill their fiduciary responsibilities by incorporating ESG issues into investment analysis and decision-making processes.

For details of the PRI, please click [here](#). 

Endorsement of Advance


SHAM is committed to ensuring that all directors and employees fulfill their responsibilities to respect human rights in accordance with the “Sekisui House Group Human Rights Policy” formulated by Sekisui House. Believing that the objectives of Advance, an initiative that calls for action on human rights and social issues, are in line with the “Sekisui House Group Human Rights Policy”, SHAM has signed on as an endorser ^(Note) in March 2023.

(Note) Endorsers are PRI signatory institutions that publicly endorse Advance by signing the Advance investor statement.



Overview of Advance

Advance is a stewardship initiative where institutional investors work together to take action on human rights and social issues. Investors use their collective influence with companies and other decision makers to drive positive outcomes for workers, communities and the society.

For details on Advance, please click [here](#). 

Supporting the Recommendations of the TCFD (Task Force on Climate-related Financial Disclosures)


SHR and SHAM recognize that efforts to tackle environmental issues, such as climate change, are one of the key issues in real estate investment management that take into account ESG, and SHAM, in July 2020, has declared support for the Recommendations of TCFD, and joined the Japan TCFD Consortium, a body of TCFD supporters in Japan. Based on the TCFD's recommendations, SHAM analyzes the risks and opportunities posed by climate change and promotes actions that are consistent with the TCFD framework.



[Recommendations of the Task Force on Climate-related Financial Disclosures](#) 

Overview of TCFD

TCFD refers to the Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board at the request of the G20 to consider how to disclose climate-related information and respond to financial institutions. TCFD published its final report in June 2017 to encourage companies to disclose climate-related risks and opportunities.

For details of the TCFD, please click [here](#). 


Acquisition of Science Based Targets initiative (SBTi) Validation

SHR has obtained SBTi validation for the GHG emissions reduction target by FY 2030 as being a science-based target from SBTi which is an international joint initiative.



Overview of the SBTi Validation

SBT is a Science-based target for reducing GHG emissions that is certified by the SBTi, an international joint initiative established in 2015 by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBT is necessary to align GHG emission reduction targets with the levels required by the Paris Agreement (reduce the increase of global average temperature to 2 °C or less and make an effort to keep it to 1.5°C compared to before the Industrial Revolution).

For details of the SBTi, please click [here](#). 

Expressed Support for the UN Global Compact

Sekisui House Group, to which SHAM belongs, has clearly stated its commitment to respect human rights in the Sekisui House Group Corporate Code of Conduct and Corporate Ethics Guidelines, which are the foundations of its corporate activities. Further, Sekisui House Group has expressed support for the 10 principles of the UN Global Compact.



Participation in GRESB Assessment


GRESB Assessment of SHR

In the 2023 GRESB Real Estate Assessment, SHR has received "3 Stars" in "GRESB Rating", which is based on GRESB Overall Score and its quintile position relative to global participants. SHR also has received "Green Star" designation for the seventh consecutive year by achieving high performance both in "Management Component" that evaluates policies and organizational structure for ESG promotion, and "Performance Component" that assesses environmental performance and tenant engagement of owned properties. Moreover, in the GRESB Public Disclosure (five-level rating from "A" to "E"), which assess the width of ESG information disclosure, SHR has received the highest "A" rating for the fourth consecutive year in recognition of our ESG information disclosure efforts.



Overview of GRESB

GRESB is an annual benchmark to evaluate environmental, social and governance considerations in the global real estate sector, which was established in 2009 primarily by major European pension fund groups which led the PRI (Principles for Responsible Investment). The characteristic of the GRESB Assessment is that it evaluates sustainability efforts by real estate companies, REITs and funds, not of individual properties.

For details of GRESB Assessment, please click [here](#). 

MSCI ESG Rating /Inclusion in the MSCI Japan ESG Select Leaders Index

MSCI ESG Ratings investigate, analyze, and rate the extent to which companies are appropriately managing the risks and opportunities related to ESG and provides a comprehensive corporate ESG rating of seven levels, ranging from “AAA” to “CCC”. SHR acquired “AA” in the rating. In addition, SHR has been included in the “MSCI Japan ESG Select Leaders Index” in 2022. The Index is composed of select companies with high ESG performance from among the companies in the MSCI Japan IMI Index. The Index is selected as one of the ESG indices for investment by Japan’s Government Pension Investment Fund (GPIF).



2023 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

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Selection as a Constituent of the “FTSE4Good Index Series”

FTSE4Good Index Series is an index series provided by FTSE Russell, a global index provider designed to measure the performance of companies that demonstrate strong ESG practices, the constituents are regularly reviewed based on highly transparent management methods and clearly defined ESG criteria. SHR was selected as a constituent of the Index Series in recognition of SHR’s ESG efforts upon the 2022 review.



For details of FTSE4Good Index Series, please click [here](#). 

MUFG ESG Rating Certificate for J-REIT supported by JCR

SHR and SHAM have collectively been granted the highest “S” rank among 5 grades in “MUFG ESG Rating Certificate for J-REIT supported by JCR” by Mitsubishi UFJ Research and Consulting Co., Ltd. (“MURC”).

This Rating, which is conducted by MURC and supported by Japan Credit Rating Agency, Ltd. (“JCR”), intends to evaluate J-REITs’ initiatives and implementations on ESG issues based on its own ESG check items, and assigns a score.

Our Approach to Environmental Considerations, Environmental Performance



Our Approach to Environmental Considerations

In accordance with the following Sustainability Policy, SHR and SHAM promote initiatives to address environmental issues and work with stakeholders to reduce environmental impact through business activities.

Sustainability Policy (excerpt)

Responding to Climate Change

We actively and continuously promote the efficient use of energy and aim to achieve net zero greenhouse gas (GHG) emissions, toward the creation of a decarbonized society.

As part of our response to climate change, SHR will also implement measures to raise the awareness of both internal and external stakeholders.

Water and Resource Saving Measures

We will actively contribute to the creation of a recycling-based society by promoting measures and public awareness activities for reducing water use and implementing the three Rs (reduce, reuse and recycle) in relation to resources.

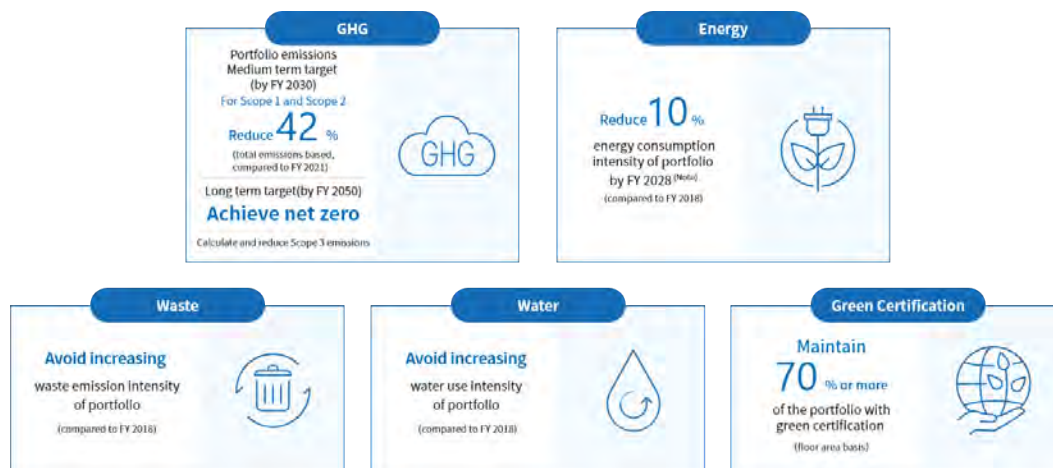
Biodiversity Conservation

In accordance with the *Gohon no Ki* (“five trees”) Project promoted by Sekisui House, we aim to realize harmony with nature and the surrounding environment by conducting maintenance and management of planting and other greenery measures, centering on tree species with consideration given to the ecosystem matters.

Click [here](#) for the full Sustainability Policy.

Environmental Targets

SHR has set the following environmental targets to resolve materiality. While implementing various measures to achieve the targets and reviewing them as appropriate in consideration of environmental, social, and economic changes, we will contribute to the realization of a sustainable society.



(Note) In principle, reduction targets are set every 5 years after FY 2028

Environmental Management System (EMS)

SHAM has established an Environmental Management System (EMS) to address environmental issues specified in the Sustainability Policy. In this system, based on environmental performance data such as CO₂ emissions, energy consumption, water use, and waste emissions, we set environmental targets (Plan), track achievements (Do), budget management and progress reporting (Check), and plan and implement improvement measures (Act). Furthermore, the Sustainability Committee deliberates and provides reports on the contents of each item, and we work to continuously strengthen our initiatives.

Environmental Performance Data

SHR has received third-party assurance for environmental performance data since fiscal year 2020, with the exception of some data, and is committed to managing accurate and transparent data.

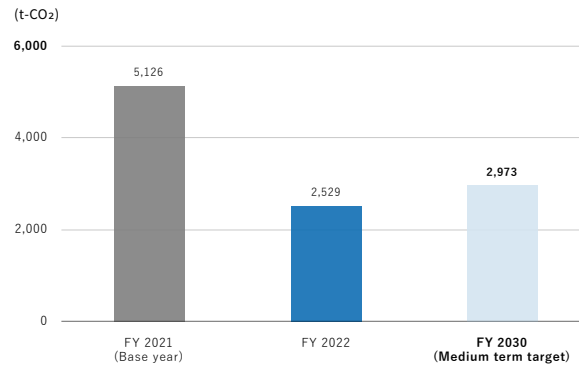
Click [here](#) for detailed data by asset type, other environment-related data, basis of calculation, etc.

GHG Emissions (Scope1,Scope2)

KPI: Medium term target (by FY 2030) Reduce 42% (total emission basis, compared to FY 2021)

FY 2022 Result
vs. base year

-50.7%

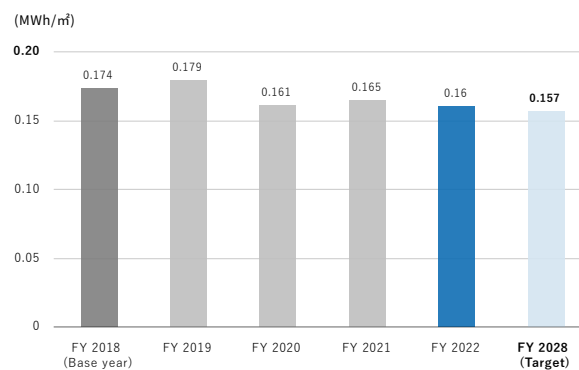


Energy Consumption

KPI: Reduce 10% by FY 2028 (intensity basis, compared to FY 2018)

FY 2022 Result
vs. base year

-8.3%

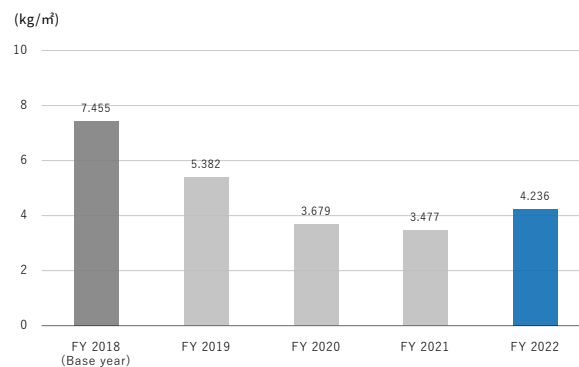


Waste Emission

KPI: Avoid increasing waste emission intensity of portfolio compared to FY 2018

FY 2022 Result
vs. base year

-43.2%

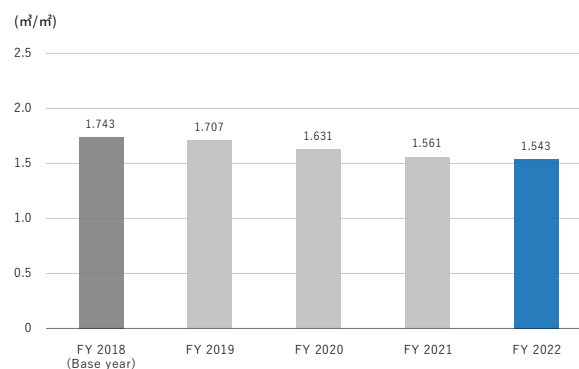


Water Use

KPI: Avoid increasing water use intensity of portfolio compared to FY 2018

FY 2022 Result
vs. base year

-11.5%

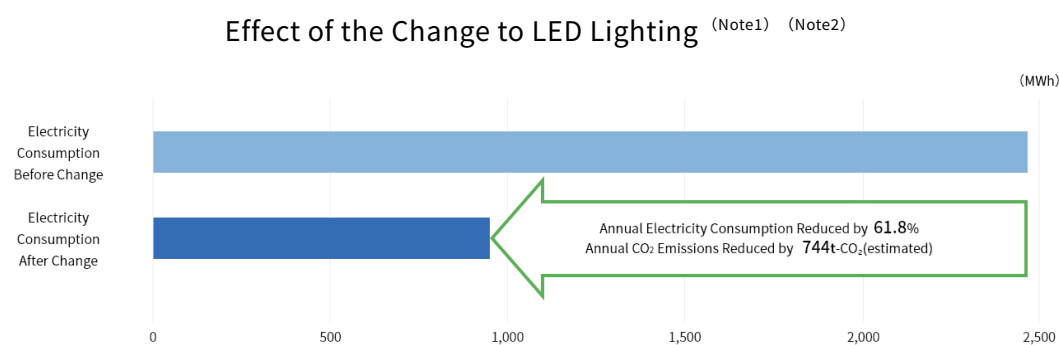


Introduction of Environmentally Friendly Facilities

SHR actively promotes the efficient use of energy, and installs environmentally friendly facilities such as LED lighting and energy-saving air conditioner in addition to energy-creating facilities through the installation of solar panels, etc. in owned properties.

LED Lighting

SHR promotes the changeover to LED lighting in common areas of residences. As of the end of the 18th fiscal period, changes have been made to a cumulative total of 67 properties, and it is expected that the annual electricity usage will be reduced by 61.8% and the annual CO₂ emissions will be reduced by 744 tons with the changes thus far.



(Note 1) The total covers 67 residential properties that have been switched to LED lighting.

(Note 2) The figures for expected reduction are estimated by SHAM based on materials provided by the replacement contractor etc. There is no guarantee that the expected reductions will be realized.

In addition, we strive to reduce the environmental burden through the introduction of solar power generation panels, Low-e double glazed windows with thermal shielding and thermal insulation capabilities, and electric vehicle chargers.

Examples of Facilities Installation

Solar Power Generation Panels



Garden City Shinagawa
Gotenyama



Prime Maison Gotenyama East

Low-e Double Glazed
Windows



Hommachi Minami Garden
City

Electric Vehicle Chargers



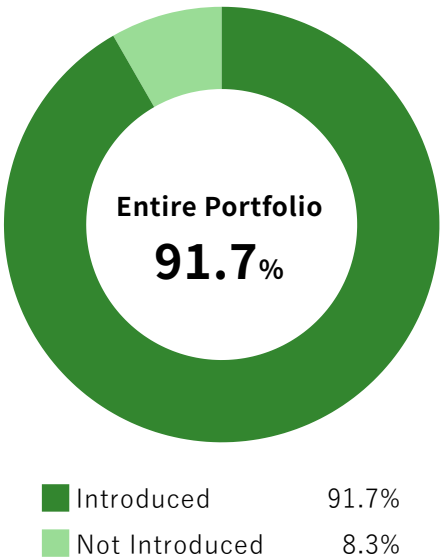
Prime Maison EGOTANOMORI
City

Introduction of Renewable Energy-Derived Electricity

SHR promotes the introduction of renewable energy-derived electricity in owned properties by switching the contracts for power supply to electricity plans that eliminate CO₂ emissions to virtually zero. SHR has switched the contract for power supply to "Sekisui House Owner Denki ^(Note) " for "Hirokoji Garden Avenue", resulting in CO₂ emissions from electricity to be virtually zero. SHR introduced virtual renewable energy through the purchase of FIT non-fossil fuel energy certificates with tracking at the Non-fossil Fuel Energy Value Trading Market of the Japan Electric Power Exchange via a broker.

(Note) "Sekisui House Owner Denki" is a service in which the power supply company purchases surplus electricity from solar power generation from owners of houses built by Sekisui House. This surplus electricity is purchased at a stable price even after the expiration of the feed-in tariff (FIT) system and sold to Sekisui House and others.

Status of Renewable Energy-Derived Electricity
(As of December 21, 2023)
(number of properties basis)



Measures for Addressing Climate Change



Disclosure Based on TCFD Recommendation

In recent years, the environment, society and corporate activities have been exposed to major risks due to climate change such as global warming. SHR recognizes that resolving environmental issues such as climate change is one of the key issues for us, which aims to provide "bases for sustainable living" and "sustainable bases of operation for business" through ESG-conscious real estate investment management.



Based on the TCFD recommendations, SHAM identified and disclosed the risks and the opportunities posed by climate change to the business in 2020, and further analyzed and conducted a scenario analysis in 2021, using future climate projections published by international organizations and other sources as the main source of information. In 2022, in addition to analyzing the financial impact of the identified risks and opportunities, SHAM conducted an analysis using CRREM (Carbon Risk Real Estate Monitor). We will continue to enhance our resilience by enhancing information disclosure and by appropriately identifying and responding to transition and physical risks related to climate change through our initiatives in accordance with the TCFD recommendations, while simultaneously working strategically to create business opportunities.

Governance

SHAM has established a Sustainability Committee as the decision-making body for sustainability issues. It meets at least once every three months to define policies, targets, and various measures related to sustainability and to discuss climate change risks (transition risks and physical risks) and material issues in relation to mitigation of and adaptation to climate change.

In 2020, in addition to defining the basic approach and organizational structure for addressing climate change-related issues, the Chief Sustainability Operator was appointed as the Director in charge of climate change, with the President & Representative Director as the Chief Sustainability Officer, in order to strengthen the promotion of climate change initiatives and clarify its responsibilities. These activities aimed at mitigating and adapting to climate change are reported as appropriate to the President & Representative Director, the Board of Directors of SHAM, and the Board of Directors of SHR.

In 2021, the Sustainability Committee expanded its membership to include the heads of all departments in an effort to raise awareness of sustainability and strengthen the organizational structure for promoting awareness. And in 2022, the "ESG Promotion Department" was established as a department dedicated to overseeing and managing ESG-related operations to strengthen the promotion system.

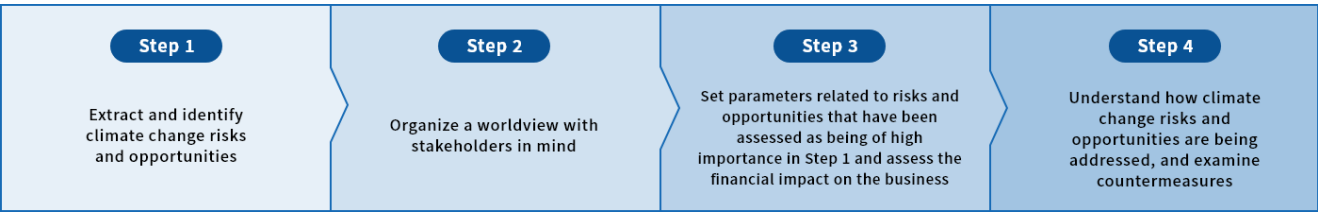
Click [here](#) for Sustainability Promotion System.

Based on the recognition that climate change is an important issue that will have a significant impact on business activities, SHAM has set “Promoting Our Response to Climate Change” as a materiality of SHR, and views the various risks and opportunities associated with climate change as one of the key points in its business strategy.

Scenario Analysis

In order to assume various possible future events that could be caused by climate change and to understand the risks and opportunities for the business activities of SHR and assess the financial impact, SHAM used scenarios from international organizations and industry groups such as the IPCC (Intergovernmental Panel on Climate Change) and the IEA (International Energy Agency) to conduct an analysis for a world in which temperatures have increased by 4°C and 1.5°C, respectively. Scenario analysis is conducted using the following process.

The Process for Conducting a Scenario Analysis



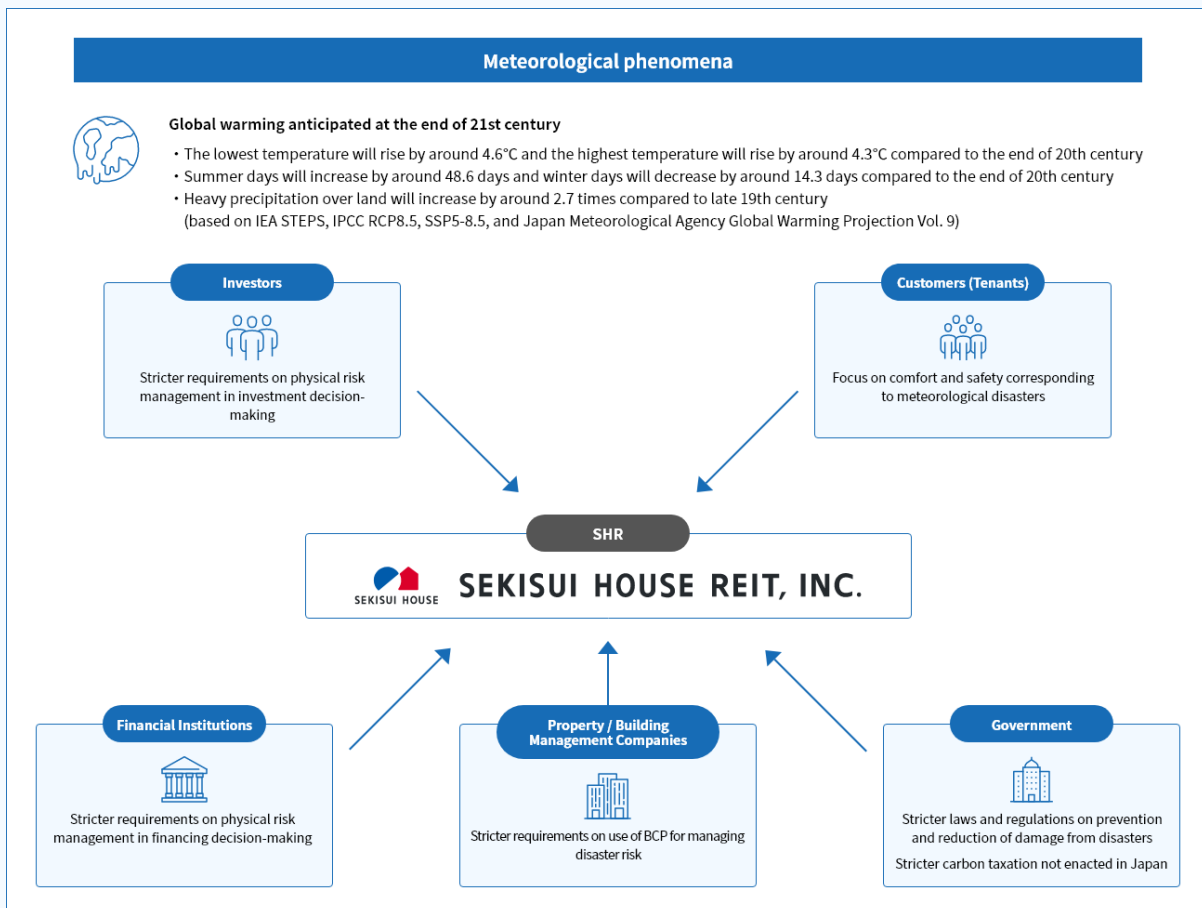
Risks and Opportunities Related to Climate Change

Risks related to climate change include risks associated with the transition to a decarbonized society ("transition risk"), such as tightening of regulations such as carbon tax, falling demand for companies that cannot respond to decarbonization, and a decline in reputation, and risks associated with the physical damage ("physical risk") caused by an increase in natural disasters and extreme weather events due to climate change. At the same time, we can also make assumptions regarding opportunities created by climate change.

Category		Changes in the World due to Climate Change
Transition risks	Policy, and laws and Regulations	Introduction of carbon taxes and emissions trading scheme Tighter energy regulations
	Technology	Innovation and further adoption of renewable energy and energy-saving technologies
	Market	Changes in tenant requirements for the environmental performance of buildings
	Reputation	Changes in evaluation and social values of climate change response
Physical risks	Acute	Intensification of natural disasters such as typhoons, torrential rains, and storm surges
	Chronic	Rise in sea level Changes in cooling equipment demand due to rising temperatures Increase in non-life insurance premiums due to frequent natural disasters
Opportunities	Technology	Innovation of renewable energy and energy-saving technology
	Market	Changes in tenant requirements for the environmental performance of buildings

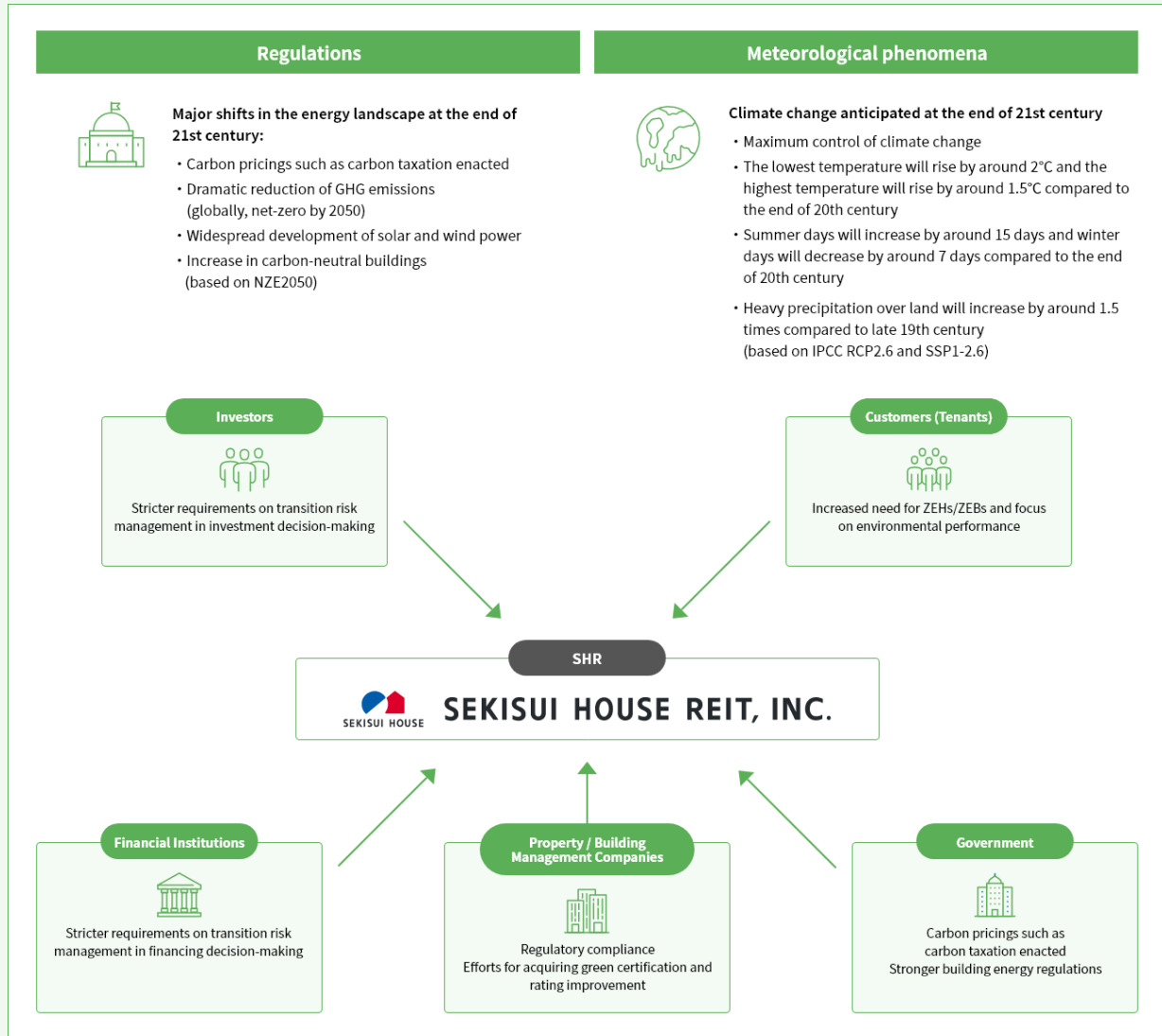
4°C Scenario

The 4°C scenario is a future view that assumes no strict regulations or tax reform aimed at decarbonizing society will be enacted and that greenhouse gas (GHG) emissions will continue to rise. This is a scenario in which the physical risk is relatively high and the transition risk is relatively low.



1.5°C Scenario

The 1.5°C scenario is a future view that assumes regulations and tax policies aimed at decarbonizing society will be enacted. This scenario is characterized by relatively low physical risk and relatively high transition risk.



Assessment of Financial Impact

Under the following assumptions, we set parameters to evaluate the financial impact of risks and opportunities faced by SHR, and calculate the impact by taking into account differences in parameters under each scenario. Furthermore, climate change risks are highly uncertain with respect to the timing and the scale of the risks that materialize, and it is extremely difficult to predict their financial impact. The current analysis places certain assumptions on the subject of the analysis, socioeconomic changes, and anticipated natural disasters, and does not take into account the probability that the identified risks/opportunities will be realized. Therefore, analysis methods will continue to be reviewed in the future in light of changes in the external environment.

Subject of Analysis	General business in real estate investment management and funding	
Anticipated Periods	Short term : From present until 2025 Medium term : Until 2030 Long term : Until 2050	
Category	Transition risks	Physical risks
Referenced Scenarios	4°C scenario : IEA World Energy Outlook 2020 STEPS 1.5°C scenario : NZE2050	4°C scenario : IPCC RCP8.5 1.5°C scenario : IPCC RCP2.6

Classification		Risk and opportunity factors, and financial impact	Period anticipated	Amount of financial implications ^(Note)	Countermeasures	
Physical risks	Acute	Reduced rents due to inability to operate businesses due to flooding damage caused by typhoons, torrential rains, etc.	Medium and long term	(0.6) billion yen	Appropriate response based on monitoring of flooding risk Implement measure such as stocking emergency power supplies and install tide and water gate barriers	Identify high-risk properties by quantitatively identifying physical risks and dispose of such properties as needed Incorporate quantitative physical-risk information into pre-acquisition property evaluations
		Increase repair costs due to flooding damage	Medium and long term	(0.3) billion yen	Take out insurance	
	Chronic	Increase electricity costs due to increased air conditioning operation as a result of chronically rising temperatures	Medium to long term	(0.01 to 0.02) billion yen	Monitor usage associated with weather and temperature change Optimize HVAC operation through high-efficiency air-conditioning equipment and building automation systems (BAS), etc. Thorough inspection of HVAC equipment for deterioration due to increased operation	
Opportunities	Technology	Reduction in electricity charges by improving the environmental performance of owned properties	Medium and long term	0.15 billion yen	Collect information on new technologies and services and add to portfolio Convert owned properties to ZEHs/ZEBs	

Classification		Risk and opportunity factors, and financial impact	Period anticipated	Amount of financial implications ^(Note)	Countermeasures
Transition Risks	Policies, laws and regulations	Due to the introduction of carbon tax, tax burdens corresponding to GHG emissions will increase operating costs	Medium and long term	(0.1) billion yen	Set reduction targets for GHG emissions and disclose progress against targets Renovate properties for improved energy-saving performance Procure renewable energy
		Increase in property renovation costs as energy regulations are tightened	Medium and long term	(0.7) billion yen	Reallocate portfolio to increase investment ratio in properties with outstanding environmental performance Acquire ZEH and ZEB properties
	Technology	Increase in the cost of introducing renewable energy and energy-saving technologies	Medium and long term	(0.1) billion yen	Collect information on new technologies and services and add to portfolio Convert owned properties to ZEHs/ZEBs
	Reputation	Rising financing costs due to perceived inadequacy of response to climate change	Short, medium and long term	(0.05) billion yen	Improve investor valuations by strengthening information disclosure using frameworks such as TCFD Promote green financing
	Market	Decreased competitiveness and rent income due to poor environmental performance of owned properties	Medium to long term	(1.45 to 1.6) billion yen	Identify needs through tenant satisfaction surveys, etc., and conduct energy-saving renovations Acquire ZEH and ZEB properties Acquire green certifications

Classification		Risk and opportunity factors, and financial impact	Period anticipated	Amount of financial implications ^(Note)	Countermeasures	
Physical risks	Acute	Reduced rents due to inability to operate businesses due to flooding damage caused by typhoons, torrential rains, etc.	Medium and long term	(0.3) billion yen	Appropriate response based on monitoring of flooding risk Implement measure such as stocking emergency power supplies and install tide and water gate barriers	Identify high-risk properties by quantitatively identifying physical risks and dispose of such properties as needed Incorporate quantitative physical-risk information into pre-acquisition property evaluations
		Increase repair costs due to flooding damage	Medium and long term	(0.1) billion yen	Take out insurance	
	Chronic	Increase electricity costs due to increased air conditioning operation as a result of chronically rising temperatures	Medium and long term	(0.01) billion yen	Monitor usage associated with weather and temperature change Optimize HVAC operation through high-efficiency air-conditioning equipment and building automation systems (BAS), etc.	
					Thorough inspection of HVAC equipment for deterioration due to increased operation	

Classification		Risk and opportunity factors, and financial impact	Period anticipated	Amount of financial implications ^(Note)	Countermeasures
Opportunities	Technology	Reduction in electricity charges by improving the environmental performance of owned properties	Medium to long term	0.2 to 0.3 billion yen	Collect information on new technologies and services and add to portfolio Convert owned properties to ZEHs/ZEBs
	Market	Rise in occupancy rates and rents of owned properties with outstanding environmental performance	Medium to long term	1.45 to 1.6 billion yen	Identify needs through tenant satisfaction surveys, etc., and conduct energy-saving renovations Acquire ZEH and ZEB properties Acquire green certifications

(Note) The amount of financial implications is the annual implications estimated by SHAM based on the actual performance of SHR and other factors, and with reference to various parameters based on scenarios presented by international organizations, etc. The accuracy of the figures is not guaranteed.

Analysis Results

Under the 4°C scenario, no strict regulations or tax reform aimed at shifting to a decarbonized society are enacted, causing GHG emissions to continue rising. Physical risks due to changes in weather patterns such as intensifying weather disasters and chronic temperature increases are unavoidable. As a result, rent for owned properties are expected to decrease, while repair costs and electricity charges increase. SHAM is aware of the risk that flooding damage to its properties due to typhoons and heavy torrential rain, etc., could affect earnings. SHR owns 121 properties in Japan (as of March 2023), of which 55 properties are recognized as being at risk of flooding damage due to river flooding, etc., based on hazard maps and other survey data. Properties that are expected to suffer large amounts of damage are covered by insurance for more than the estimated amount. In such cases, there is also a risk that continuation of business operations will become impossible due to flooding damage, and rent income will decline. We are therefore seeking to reduce risks by taking out insurance to compensate for lost profits (indirect damage), the financial impact of which is calculated to be around 600 million yen. While these damages are calculated based on the assumption that similar damage occurs simultaneously in all areas where owned properties are located, we believe that the risk of such damage occurring simultaneously is low due to the dispersed location of properties owned by SHR.

Under the 1.5°C scenario, we expect to be affected by transition risks, such as tightening of regulations aimed at curbing GHG emissions toward the realization of a decarbonized society, and changes in property selection preferences due to increased environmental awareness among tenants. To respond to these risks, SHR calculates the impact of the introduction of a carbon tax on operating costs. In fiscal year 2022, GHG emissions decreased significantly due to the introduction of renewable energy, etc., resulting in a smaller impact of 100 million yen, which is lower than in the previous year's analysis results. SHR is also working to reduce GHG emissions in its portfolio and obtain green certification for its properties. We have calculated the impact of the response to these restrictions at around 700 million yen, in anticipation of further tightening of environmental regulations such as energy-saving standards. With regard to the impact of changes in preference of properties by tenants, we have calculated that the impact on rent income if the acquisition of these properties does not proceed will be a decrease of up to 1.6 billion yen, while the effect on rent income if the acquisition proceeds will be an increase of up to 1.6 billion yen, assuming that the demand for properties with high environmental performance - such as ZEH - will increase.

In anticipation of the intensification of weather disasters indicated by the 4°C scenario, SHR invests mainly in properties that are resistant to risks such as flooding in terms of location and specifications, and with high environmental performance. Additionally, in order to respond to transition risks and maintain a competitive advantage in anticipation of the transition to a low-carbon society indicated by the 1.5°C scenario, we will work actively to address individual risks, by working to further reduce GHG emissions in our portfolio, acquire green certification, and actively investing in ZEH properties developed by Sekisui House. In this way, SHR is engaged in active efforts to respond to individual risks. As a result of these efforts, we believe that the impact of these risks on our business will be limited, and that these initiatives will lead to business opportunities for value creation.

As part of our further responses, since fiscal year 2022, we have also been conducting transition risk assessment analysis using CRREM (Carbon Risk Real Estate Monitor). Going forward, SHR will continue to strategically address climate change, and work to reduce climate change risks and maximize opportunities.

Overview of CRREM

CRREM (Carbon Risk Real Estate Monitor) calculates and publishes GHG emissions pathways (carbon reduction pathways) up to 2050 consistent with the 2°C and 1.5°C targets of the Paris Agreement for each use of real estate in a total of 44 countries (as of November 2023) in Europe, North America and the Asia-Pacific region including Japan. This tool is expected to be utilized for operational improvement by comparing the property data analyzed and pathways to calculate the timing of assets becoming stranded ^(Note) and carbon costs for each property, and to grasp the scale of renovation required to address these issues.

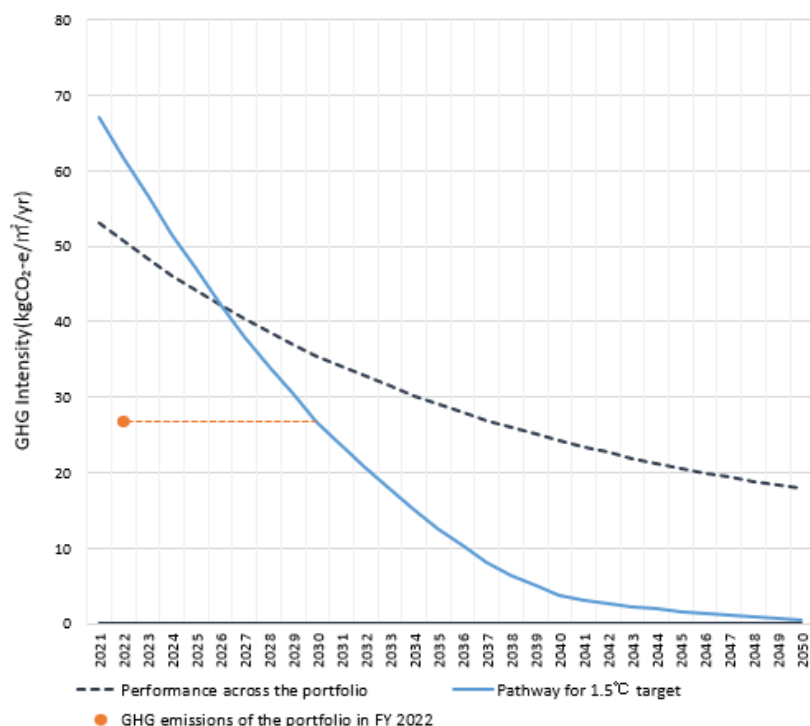
(Note) Stranded assets are assets that turn out to be worth less than expected as a result of changes (such as demands and market prices) associated with the transition to a low-carbon economy.



Analysis Results

SHAM analyzed the potential stranded asset risk of the portfolio (the portfolio excluding properties held as of March 2022 that have been sold or decided to be sold within one year) using CRREM's risk assessment tool, as follows. The analysis is based on the Asia Pacific version of the tool (ver. 1.22), with some parameters (e.g., GHG emission factors for grid electricity) adjusted. The graph below shows a comparison of the performance of the portfolio and Global Pathways v2.01 (1.5°C target).

CRREM Pathway Transition

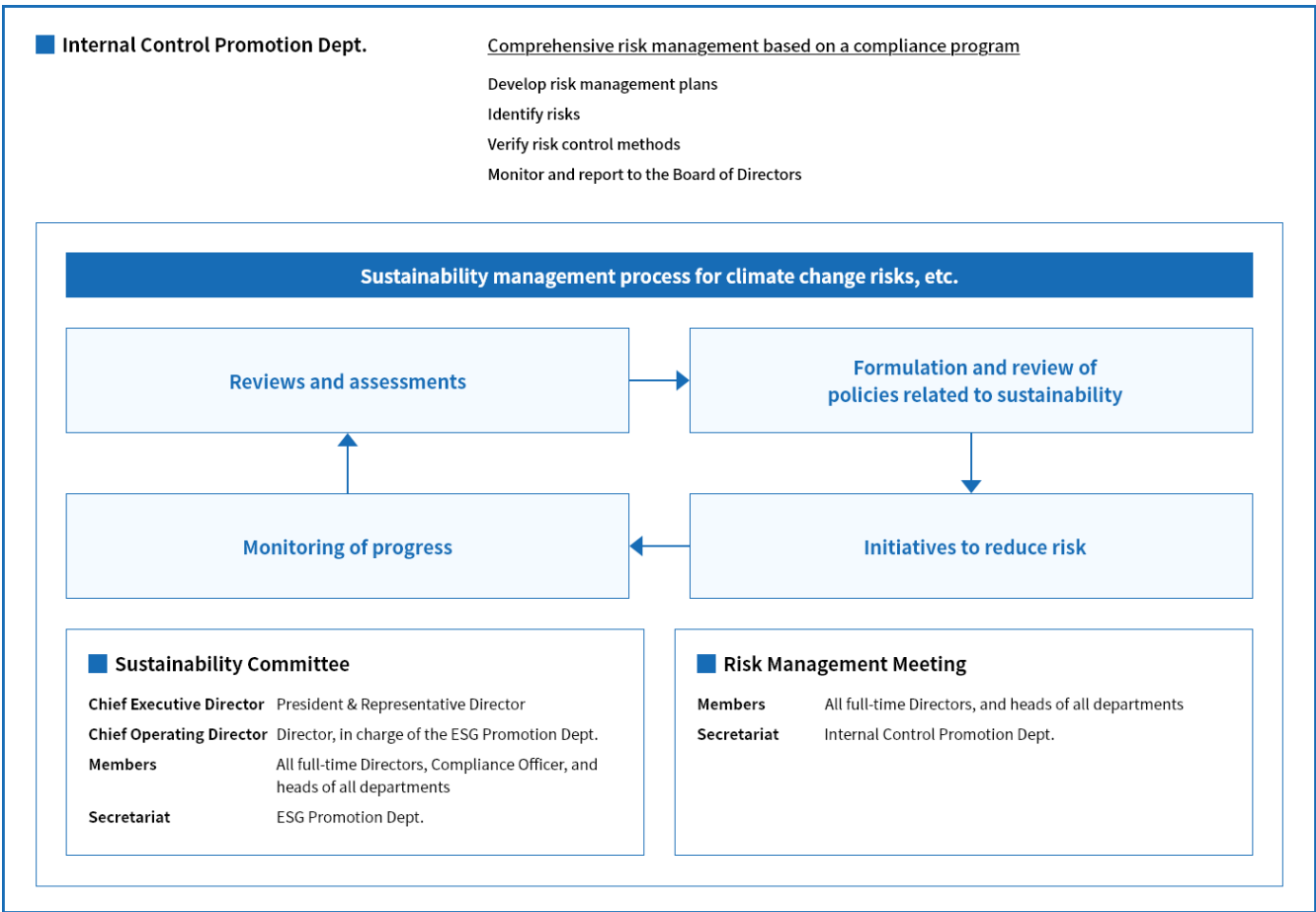


- The performance across the entire portfolio is calculated based on the assumption that the current performance will continue based on the results of fiscal year 2021.
- Since there was no data on energy consumption in the residential areas of the properties at the time of the analysis, the average energy consumption of residential areas was set as an alternative value, based on the Tokyo Metropolitan Government's survey on energy consumption trends in the residential sector.

In analysis results for the office portfolio conducted in 2022, with respect to the old 1.5°C pathway (Global Pathway v1.093), analysis results were below the old 1.5°C pathway until the first half of 2030 in the case where performance continued at the current level. This time, residential properties were also included in the analysis. In an analysis of the entire portfolio, with respect to the new 1.5°C pathway (Global Pathways v2.01) results showed that the new pathway would be exceeded much sooner, in the mid-2020s. The performance across the entire portfolio is calculated based on the results of fiscal year 2021, but if the performance results of fiscal year 2022 are maintained in the future, we can see that the timing of exceeding the new 1.5°C pathway can be postponed until 2030. Since we also plan to implement measures to reduce GHG emissions, we believe that the timing of exceeding the new 1.5°C pathway can actually be delayed further beyond 2030.

Risk Management

SHAM has established an integrated risk management system for the purpose of accurately identifying various risks inherent in the execution of our operations, managing such risks appropriately, preventing risks from materializing, and minimizing losses when risks occur. In order to properly carry out organizational risk management, the Chief Manager of the Internal Control Promotion Department takes care of risk management as the chief supervisor, the head of each department is its own department's responsible for each risk management, and the Internal Control Promotion Department is in charge of promoting risk management. Every business year, the Internal Control Promotion Department formulates a risk management plan for the following fiscal year, consisting of annual policies, priority management risks, and receives approval from the Board of Directors. The Internal Control Promotion Department also holds risk management meetings every six months, monitors the progress of the risk management plan, including climate-related risks, and reports the details to the Board of Directors. Under such risk management system, with respect to climate change, the Sustainability Committee of SHAM continuously identifies and assesses climate change risks and opportunities that may affect SHR's operations, and updates its measures as deemed necessary by the President & Representative Director, who is also the Chief Executive Director of the Sustainability Committee. We clarify the methods for managing climate change risks and opportunities, and as part of our integrated risk management process, promote management of climate change risks/opportunities and initiatives related to resilience.



Indicators and Targets

SHR recognizes that solving environmental challenges, such as climate change, is one of the key issues for the sustainable growth of our business. We have identified “Promoting response to climate change” and “Investing in real estate with excellent environmental performance” as materialities and have established the following metrics and targets for use in identifying, evaluating, and managing climate change risks and opportunities. SHR has obtained SBTi Validation for the medium term GHG emissions reduction target. For details of the SBTi Validation, please click [here](#).

■ GHG Emissions Reduction Target

- Medium term target (by FY 2030): Reduce 42% of Scope 1 and Scope 2 emissions of portfolio compared to FY 2021
- Long term target (by FY 2050): Achieve net zero
- Calculate and reduce Scope 3 emissions

■ Energy Consumption Reduction Target

- Reduce 10% energy consumption intensity of portfolio by FY 2028 compared to FY 2018
In principle, reduction targets are set every 5 years after FY 2028.

■ Portfolio Green Certification Target

- Maintain 70% or more of the portfolio with green certification

Click [here](#) for indicators.

Coexistence of Humankind and Nature, and Initiatives for Environmental Resources

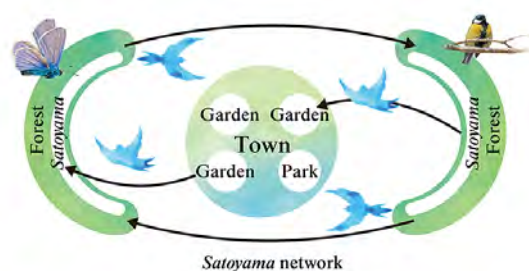


Biodiversity Conservation

The *Gohon no Ki* (“five trees”) Project

In accordance with the [Gohon no Ki \(“five trees”\) Project](#) promoted by the sponsor, Sekisui House, SHR carries out maintenance and management of planting, etc. based on tree species that take the ecosystem into consideration.

The *Gohon no Ki* Project is based on the approach that “three trees are for birds, two trees are for butterflies, and all are local native tree species.” The project proposes the use of native tree species that are beneficial to birds and butterflies in gardens. In addition to biodiversity conservation, we are making proposals that encompass the benefits to residents of garden visits by fauna and the other effects of garden trees. We seek to maintain and revive the ecosystem network (nature positive) by increasing the amount of richly green space in urban areas and by leveraging residential gardens, created under the *Gohon no Ki* Project, to support the habitat and activities of the fauna. Ecosystem networks enrich biodiversity at the regional and national levels, creating places where both wildlife and residents can simultaneously enjoy the richness of nature. In fiscal year 2022, Sekisui House planted 886 thousand trees and the cumulative number of planted trees since the start of the project has reached 19.0 million.



Examples of implementation

We are considering the biodiversity conservation, and are implementing tree planting and replanting programs for some residences. When replanting, in collaboration with Sekisui House, we planted trees in accordance with the *Gohon no Ki* (“five trees”) Project after confirming the details of the replanting, such as the selection of native tree species and whether there are non-native species that fall under the non-native species that require comprehensive measures. And the tree plates installed have QR codes on them, allowing visitors to check detailed information about the tree species.



Esty Maison Kayaba (Example of replanting)



Tree Plate

As for our office buildings, Garden City Shinagawa Gotenyama and Hommachi Garden City have rooftop gardens. The greening of rooftops improves insulation performance and contributes to the creation of natural environments in urban areas.



Garden City Shinagawa Gotenyama



Hommachi Garden City

Prevention of Pollution Risks

Upon acquiring the properties, SHAM establishes investigation items such as the use history, use status and storage status of asbestos, PCBs, and other hazardous substances, geological status, land use history, and soil contamination status in the due diligence standards, sufficiently conducts investigations to examine the appropriateness of the investment targets. While investment opportunities are limited, we conduct surveys of properties developed on brownfield and greenfield sites in accordance with the same criteria, and will not invest in properties developed on such sites if there is a risk of significant impact on the natural environment. Even after the acquisition of properties, we maintain legal compliance by investigating whether there are any violations of environmental laws and regulations in owned properties through continuous acquisition of engineering reports and other means.

Installation of Water-Saving Equipment

In residences, we have installed flow control valves to prevent excessive water flow and shower heads, toilets, etc. equipped with water-saving functions. In office buildings, we are promoting water conservation and the effective use of water resources by using stored rainwater for sprinkling water in Garden City Shinagawa Gotenyama and Honmachi Garden City, and for toilet flushing water in Akasaka Garden City.



Flow Control Valve and Water-Saving
Kitchen Faucet



Water-Saving Shower

Appropriate Waste Management

In residences, SHR recycles building materials discharged during restoration work. And in office buildings, in recognition of our excellent performance in promoting the reduction and proper disposal of commercial waste, the Osaka City Environment Bureau certified Honmachi Garden City as an excellent building for waste reduction and awarded HK Yodoyabashi Garden Avenue a “Mark of Excellence for Waste Reduction”.

Furthermore, in order to further reduce waste emissions, we have posted awareness-raising posters for the three Rs (Reduce, Reuse, Recycle) aimed at reducing waste emissions. We will continue to strive for proper waste management through the operation of owned properties.



HK Yodoyabashi Garden
Avenue
Marks of Excellence for Waste
Reduction

Urban Revitalization / Urban Redevelopment

Leveraging our decades of expertise in housing construction, Sekisui House is implementing urban redevelopment that goes beyond mere scrap-and-build. Through the urban redevelopment of rental and for-sale condominiums, offices, hotels, commercial facilities, and complexes incorporating these property types, Sekisui House aims to realize buildings that are accommodating to all and will be passed on to subsequent generations, thereby creating value for society as a whole with focus on people, communities and the future. When planning urban redevelopment projects, Sekisui House always considers the impact of their operations on the environment and community, referencing relevant laws, regulations and internal rules. SHR, in cooperation with Sekisui House, aims to provide high-quality social capital and to create a sustainable city through the acquisition of environmentally friendly properties developed by Sekisui House.

“Gotenyama Project”, a Large-Scale Complex Development by Sekisui House





“Prime Maison Gotenyama East”, “Prime Maison Gotenyama West”, “Garden City Shinagawa Gotenyama”, and “Gotenyama SH Building” owned by SHR are properties planned and developed under Sekisui House’s large-scale complex development “Gotenyama Project”. It is not just a large-scale development that advocates only a sense of scale, but is based on the revitalization of the original landscape of "Gotenyama", which is rich in nature, and creating an expressive and intimate human-scale townscape. In addition, the project focuses on environmental considerations and actively uses natural energy and adopts advanced energy-saving technologies.

In the “Gotenyama Project”, more than 40% of the total development area is greened through exterior planting and rooftop greening. Based on Sekisui House’s proprietary *Gohon no Ki* Project, which takes into account the ecosystem of Japan’s original “Satoyama” landscape, a green network that is integrated with the greenery in the surrounding area is created through preservation of existing trees and planting over 26.4 thousand trees, mainly indigenous species.



<“Gotenyama Project” Overview>

Location	6-7-29 Kitashinagawa, Shinagawa-ku, Tokyo
Site area	Approx. 28,000㎡ (Total of four sites)
Overview of the buildings	For details of each property, please refer to the following.

[Prime Maison Gotenyama
East](#) 
[Prime Maison Gotenyama
West](#) 
[Garden City Shinagawa
Gotenyama](#) 
[Gotenyama SH Building](#) 

<Major Awards Granted to the Project>

February 2012

Sponsored by Shinagawa Ward, Tokyo
Greening Grand Prize at the Green Honoring
System

September 2012

Sponsored by Organization for Landscape
and Urban Green Infrastructure
Minister of Land, Infrastructure, Transport
and Tourism Award in the Rooftop Greening
Category at the “Rooftop / Wall / Special
Greening Technology Contest”

October 2012

Sponsored by Organization for Landscape
and Urban Green Infrastructure
Urban Greenery Organization Chairman’s
Award in the Green Community Development
Category at the Urban Green City Award

“EGOTANOMORI Project”, a large-Scale Town Development

“Prime Maison *EGOTANOMORI*” owned by SHR is a property planned and developed by Sekisui House through the “*EGOTANOMORI* Project”, a large-scale urban development project carried out on land owned by the Urban Renaissance Agency. The property consists of five different buildings: Prime Maison *EGOTANOMORI* EAST/WEST (rental condominiums for families), MAST ONE *EGOTANOMORI* (a rental condominium for students and single-persons), GRAND MAST *EGOTANOMORI* (serviced housing for the elderly), and NICHII HOME Egotanomori (a paid nursing home with long term care).

The area where this property is located is blessed with a rich natural environment and has been designated as a wide-area evacuation site in the Tokyo Metropolis. In the Nakano City urban planning master plan, the area is considered to have sufficient evacuation routes and an environment that is harmonious with the abundant greenery in the surrounding area, and is positioned to promote the supply of good housing complexes, etc. In addition, the community was developed under the concept of creating a sustainable community nurtured by multiple generations in order to take advantage of the many schools, medical facilities, and facilities for the elderly in the area. We aim to develop a community that regenerates as an area where diverse generations live together, including students, young family households starting to raise children, and elderly people who want a safe and comfortable life.



<“EGOTANOMORI Project” Overview>

Location	3-14-1~5 Egota, Nakano-ku, Tokyo
Site area	Approx. 39,500m ²
Overview of the buildings	For details of the property, please refer to the following.

[Prime Maison EGOTANOMORI](#) 

<Major Awards Granted to the Project>

May 2019

Urban Landscape Award sponsored by the “Urban Landscape Day” Executive Committee
Awarded the “Urban Landscape Day” Executive Committee Chairman’s Award in the Urban Space category

October 2019

Green City Award sponsored by the Organization for Landscape and Urban Green Infrastructure
Awarded the Minister of Land, Infrastructure, Transport and Tourism Award in the Green Business Activities category



The land for this project was provided by the Urban Renaissance Agency as a site for rental condominiums and other facilities, taking advantage of the “rich natural environment” and developing roads and parks with the aim of “ensuring disaster prevention functions”, “creating a community with excellent health and medical care”, and “creating a community where a variety of households, mainly families, can continue to live”.

Investing in Real Estate with Excellent Environmental Performance



Approach to the Acquisition of Green Certifications

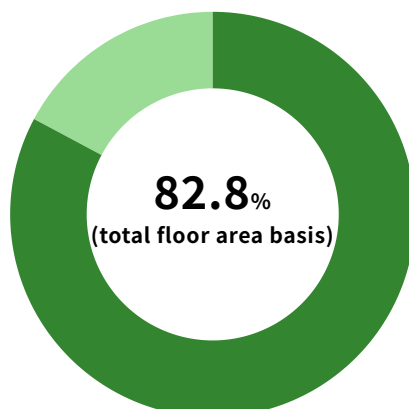
SHR invests and manages real estate with excellent environmental performance, and is actively acquiring green certification to evaluate the environmental performance of its properties. Through these certifications, SHR objectively assesses the environmental performance and refers to such assessment for improvement.

In addition, SHR has set a target (KPI) for the percentage of green certifications obtained.

Green Certification

KPI: Percentage of portfolio with green certification Maintain 70% or more

Percentage of certified assets
(as of December 21, 2023)



(Note 1) In case the property contains multiple uses and only a specific use is certified, the percentage of portfolio with green certification is calculated based on the total floor area of the entire property, in principle.

(Note 2) The property acquired multiple certifications is calculated as one property.

Status of Acquisition of Green Certifications

(as of December 21, 2023)

DBJ Green Building Certification		56 properties	Certification for CASBEE for Real Estate		30 properties
	★★★★★	1 property			
	★★★★	20 properties		S rank	9 properties
	★★★	34 properties		A Rank	20 properties
	★★	1 property		B+ Rank	1 property

Click [here](#) for details of property names for each rank.

Overview of Green Certifications

DBJ Green Building Certification

DBJ Green Building Certification Program was launched by Development Bank of Japan Inc. (“DBJ”) in April 2011, for the purpose of supporting the properties which give proper care to the environment and the society (“Green Building”).

The certification is based on a comprehensive evaluation of the property's environmental performance as well as how it responds to the needs of various stakeholders, including disaster prevention and community considerations, and is awarded on a five-star scale from 1 Star to 5 Stars.

Since August 2017, Japan Real Estate Institute (“JREI”) evaluates and certifies properties and DBJ is in charge of the entire system of the DBJ Green Building Certification Program.

For details of the “DBJ Green Building Certification System”, please click [here](#). 

Certification for CASBEE for Real Estate

CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system that comprehensively assesses the quality of a building, evaluating features such as interior comfort and consideration for the surrounding scenery, as well as its environmental friendliness such as its use of materials and equipment that save energy or achieve low environmental impact. CASBEE for Real Estate Certification was developed with the aim of making use of the results of the environmental assessment of buildings in real estate evaluation. It scores buildings under each of the evaluation items in five categories, comprising 1. Energy & Greenhouse Gases, 2. Water, 3. Use of Resources & Safety, 4. Biodiversity & Sustainable Site, and 5. Indoor Environment. Based on the scores, the evaluation results are given one of four ranks: Rank S, Rank A, Rank B+, and Rank B.

For details of Certification for CASBEE for Real Estate, please click [here](#). 

Sponsor Initiatives

Sekisui House's ZEH and ZEB Initiatives

Sekisui House is working to promote ZEH not only in detached houses, but also in rental housing, condominiums, and all multi-unit housing complexes.

The rental housing brand "Sha Maison" is promoting the increased adoption of "Sha Maison ZEH", which is the ZEH of this brand. There are two types of ZEH: ZEH-M (ZEH Mansion), which aims for net zero energy consumption for the entire building, including common areas, and ZEH, which aims for net zero energy consumption in individual housing units. By primarily promoting ZEH for individual housing units where residents can enjoy benefits such as increased comfort, reduced utility costs, etc. Sekisui House is working to increase the adoption of rental housing that also meets ZEH-M standards. In addition, for the "Grande Maison" condominiums, Sekisui House is promoting ZEH in each residential unit, and plans to increase ZEH to 100% from fiscal year 2023 onward.

Furthermore, Sekisui House is also promoting ZEB in non-residential construction, leveraging ZEH design expertise and technologies developed in the housing business to achieve ZEB based on high thermal insulation performance. SHR will contribute to decarbonization by actively investing in ZEH/ZEB properties developed by Sekisui House.

Collaboration with Tenants and Property Management Companies



Selection and Evaluation of Property Management Companies

In order to secure stable earnings and maintain and improve the value of assets, SHR has established criteria for selecting property management companies to which such management may be entrusted. In principle, SHR monitors and evaluates the performance of property management companies' management operations once a year through external evaluation organizations, and verifies their appropriateness.

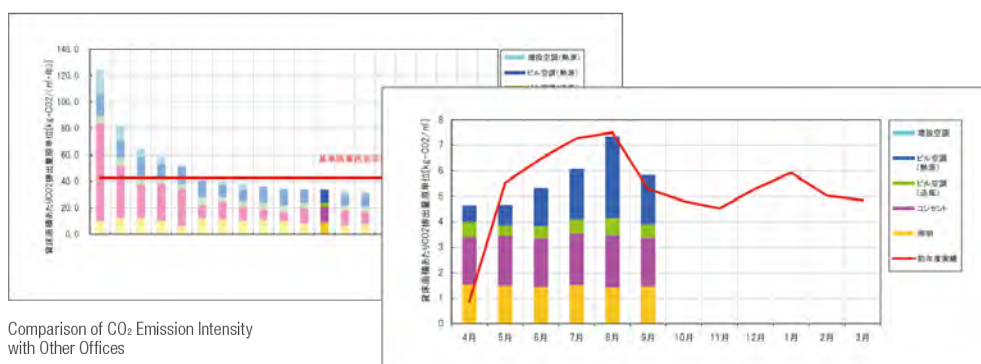
In addition to the company's property management capabilities and operational systems, its organizational structure for promoting corporate sustainability and the energy conservation promotion system for managed properties are also subject to evaluation. For property management companies that receive low ratings on sustainability-related items as a result of the monitoring, SHR interviews them to share details of SHR's approach to sustainability and supports them in promoting initiatives as one.

Initiatives to Reduce Energy Consumption

SHR asks property management companies to make suggestions for energy conservation in the managed properties. For office buildings, we also share the results of the CO₂ emissions reduction potential diagnoses conducted by SHR with property management companies to work together for the purpose of reducing environmental impact.

At Akasaka Garden City, tenant companies are regularly convened to hold the CO₂ reduction promotion meeting. At the meeting, energy consumption and CO₂ emissions are reported to each tenant, and explanations on energy conservation are provided in conjunction with these reports to raise environmental awareness.

Materials of the CO₂ Reduction Promotion Meeting (excerpt)



Promotion of Green Leasing

Green leasing refers to the establishment and implementation of environmental provisions in lease agreements with tenants of owned properties. SHR promotes the conclusion of green lease agreements with tenants, and accelerates environmental efforts by establishing a system for mutual cooperation to share ideas on maintaining and improving the comfort and productivity of owned properties with the tenants from the perspective of energy conservation and environmental consideration. SHR has set a target (KPI) for the percentage of introduction of green lease agreements, and the result are as follows.

Green Lease Agreement

KPI: Achieve 25% or more of the portfolio with green lease agreement by FY 2030

Result as of October 31, 2023 **25.8%**

(Note) The percentage of portfolio with green lease agreement is calculated as the ratio of the area under green lease agreements to the leasable area.



Initiatives for Residents and Tenants



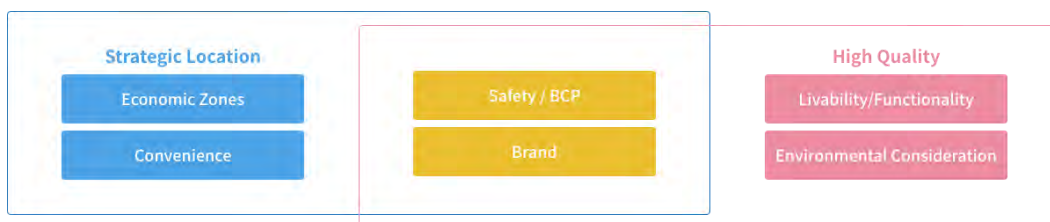
Role of SHR with Respect to Residents and Tenants

In recent years, the significance of SHR's efforts to provide resilient buildings that can withstand disasters, etc., and to minimize damage in the event of a crisis has become greater. We believe that our role is to make the properties owned by SHR a place that provides safety and peace of mind, and to make it a comfortable place that improves the quality of life on a daily basis.

SHR seeks properties that are located in suitable locations to provide a “sustainable base for living” for residents and a “sustainable base for business operation” for tenant companies. Based on the recognition that the need for real estates that have high residential functionalities including comfort and safety or the components desired by tenant companies is increasing, SHR designates “high quality” residential and commercial properties, etc. located at “strategic locations” as “Prime Properties” and prioritizes investments in such properties.

Through investments in properties that qualify as “Prime Properties”, SHR will pursue both sustainable lifestyles and business activities for its residents and tenants, and the sustainable asset management of SHR.

Six Factors of Prime Property



Focus Points for Residences

Element	Focus Points
Economic Zones	<ul style="list-style-type: none"> • Areas where stable rental demand can be expected in terms of commuting distance, residential population, number of passengers who use nearby stations, etc.
Convenience	<ul style="list-style-type: none"> • Good access to major transport routes and major terminals, and adjacent to commercial stores, etc.
Livability	<ul style="list-style-type: none"> • Designed to be comfortable as a living space and installed with functional equipment • Installation of comfortable common spaces and functional equipment, and provision of services
Environmental Consideration	<ul style="list-style-type: none"> • Environmental performance is ensured by energy-saving equipment, etc. in common areas and exclusive areas • Biodiversity-friendly planting and landscape design
Safety	<ul style="list-style-type: none"> • Buildings with risk management considerations for disasters • Location with high safety, earthquake resistance of buildings, and disaster resilience
Brand	<ul style="list-style-type: none"> • Popularity as an area and recognition of properties • High quality in terms of building grade, design, etc.

Focus Points on Office Building

Element	Focus Points
Economic Zones	<ul style="list-style-type: none"> • Population of the commercial area, residential population, number of passengers who use nearby stations, and thickness as an economic zone
Convenience	<ul style="list-style-type: none"> • Good access from major transport routes • Convenience, commercial concentration, and prosperity that contribute to commuting and attracting customers
Functionality	<ul style="list-style-type: none"> • Functional design with comfort that leads to increased productivity for tenant companies • Sufficient standard floor space and comfortable spacious design, etc.
Environmental Consideration	<ul style="list-style-type: none"> • Environmental performance is ensured by energy saving, rooftop greening, etc.
BCP	<ul style="list-style-type: none"> • Provide important facilities as a foundation for “business continuity” • Resilience to disasters, in terms of both location and specifications
Brand	<ul style="list-style-type: none"> • Dignity of the area, sense of luxury and cleanliness of the building

Safety, Security, and Comfortability for Tenants

Measures against Earthquakes

SHR's investment criteria require that the company's domestic portfolio has a seismic PML (probable maximum loss) of 10% or less in principle and that the addition of earthquake insurance is considered for individual properties with a PML of 20% or more. The seismic PML of SHR's portfolio as of October 31, 2023, was 2.0%; there were no individual properties with a PML exceeding 20%.

Seismic PML of Top Five Properties based on Investment Ratio

(As of October 31, 2023)

Property Name	Investment Ratio (Acquisition Price Basis)	Seismic PML
Garden City Shinagawa Gotenyama	13.1%	0.7%
Akasaka Garden City	9.1%	4.3%
Gotenyama SH Building	8.4%	1.2%
Hommachi Minami Garden City	8.0%	1.0%
Hommachi Garden City (office building portion)	7.0%	3.1%

Measures against Flooding

SHR has a system for minimizing damage from natural disasters by investigating the risks of inland flooding, river flooding and storm surge for our owned properties to assess our portfolio's flood risk and use the findings to improve our business continuity plan (BCP).

As of October 31, 2023, properties with a flood depth of 0.5 meters or more account for 63.8% of our portfolio.

Flood Depth Classification of Owned Properties (Acquisition Price Basis)

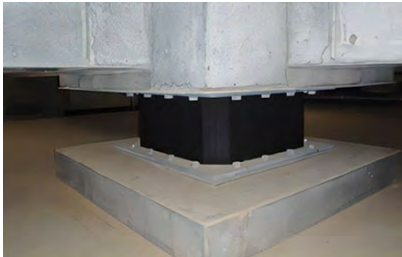
(As of October 31, 2023)

	Flood Depth		Total
	<0.5m	≥0.5m	
Office Building	8.4%	39.2%	47.7%
Greater Tokyo	8.4%	22.2%	30.7%
Osaka Area	-	15.9%	15.9%
Nagoya Area	-	1.2%	1.2%
Residence	27.7%	21.5%	49.2%
Greater Tokyo	21.9%	17.0%	38.9%
Osaka Area	0.5%	1.0%	1.5%
Nagoya Area	3.0%	0.7%	3.7%
Others	2.3%	2.7%	5.0%
Hotel	-	3.1%	3.1%
Osaka Area	-	3.1%	3.1%
Total	36.2%	63.8%	100.0%

Disaster-Resilient Office Buildings

Garden City Shinagawa Gotenyama was built with business continuity in mind. The building is located on an elevated terrain with low flood risk and has a quake-absorbing structure for improved seismic resilience. Its on-site emergency power generator can supply electricity to common areas during a disruptive event. In addition, a disaster prevention center has been established to respond rapidly to incidents 24 hours a day, 365 days a year.

Quake-absorbing structure



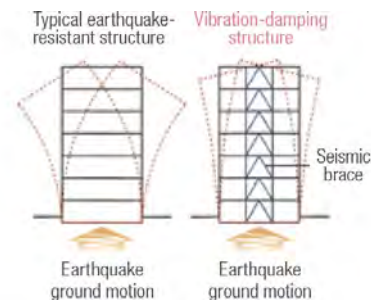
Emergency power facility



Disaster prevention center



Similarly, Hommachi Minami Garden City takes business continuity into account by installing seismic braces on each floor to absorb the forces that would act on the building in a major earthquake, and by situating its mechanical room on the 3rd floor, above flood level. Despite these features, it still offers over 1,300 square meters of column-less spaces and a ceiling height of 2.8 meters on standard floors.

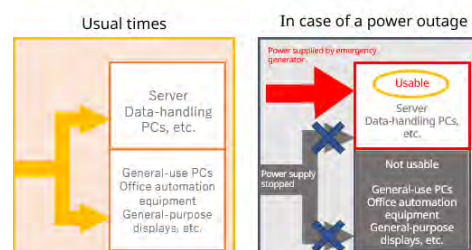


At HK Yodoyabashi Garden Avenue, the floor level of the first floor has been raised by 0.5 m from the front road on the north side to prevent flooding into the building, in readiness for flooding damage due to torrential rain, etc. Flooding countermeasures have also been implemented in the B1F parking lot, which is susceptible to damage due to rainwater flowing in from the road. Electrically operated waterproof panels that activate automatically when a sensor detects a certain amount of flowing water are installed at the entrances and exits of the roadway ramp to prevent possible flooding damage. We have also installed emergency generators for buildings that can supply power to both common and exclusive areas, and are able to supply power for up to 48 hours even when the supply of power from the power company is stopped, ensuring business continuity.

Electrically operated waterproof panel



Power supplied by emergency generators for buildings

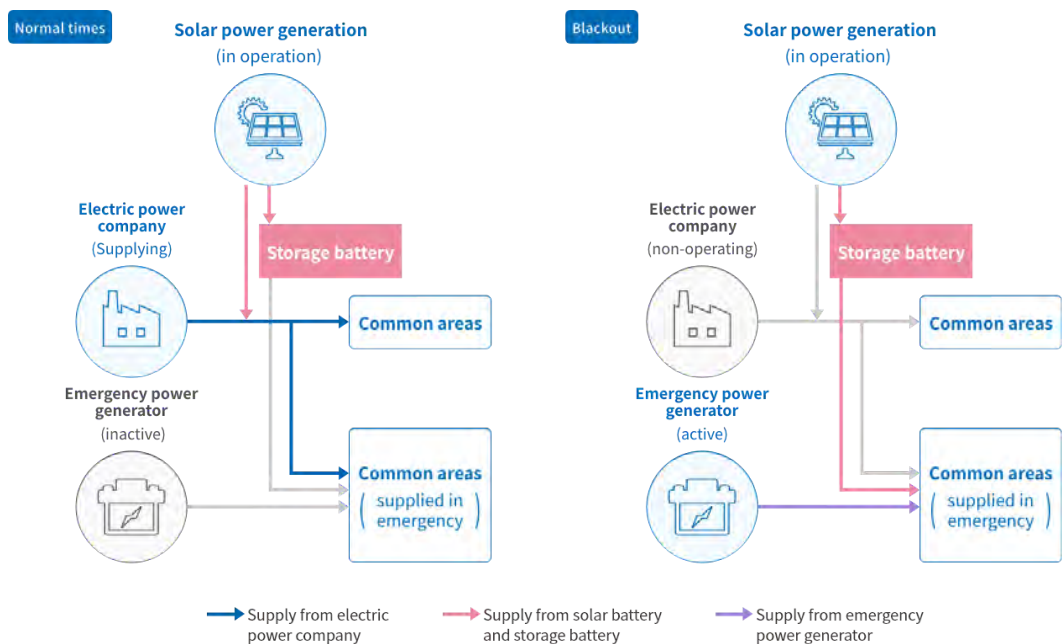


Residence in Preparation for Disasters

Prime Maison Shinagawa is a rental condominium developed by Sekisui House in response to rising concerns about power conservation and disaster prevention performance following the Great East Japan Earthquake, in addition to climate change. This property has an emergency power generator that was introduced to ensure a higher level of safety and security in the event of an emergency. The generator is connected to solar batteries and storage batteries, ready to serve as an emergency power supply system for use in the event of a blackout.



Conceptual Diagram of Emergency Power Supply System



When power is cut due to a natural disaster or similar event, the emergency power generator is activated and supplies power to common areas for approximately 19 hours. It can continue to supply power even longer when connected with solar batteries and storage batteries. As a result, some lights for common corridors and the entrance are illuminated, securing passageways and providing a sense of security even at night. In addition, the generator also supplies power to the electrical outlets in the entrance, where residents would gather, allowing them to charge mobile phones and other devices. The generator also permits the collection of information via the monitor in the control room. Power is also supplied to the feed-water pump. This means that water will be supplied to common areas and dwelling units as long as the water supply has not been cut off.

Examples of Disaster Prevention Equipment for Residences

Emergency cabinet for elevators



Prime Maison Gotenyama East and others

Distribution of stockpiled emergency supplies to tenants



Esty Maison Ojima and others

Stockpile of emergency toilets



Prime Maison Shinagawa

Bench with oven function



Esty Maison Kyobashi and others

AED (Automated External Defibrillator)



Prime Maison Yokohama Nihon-odori and others

Disaster relief vending machines



Prime Maison Ginza East and others

Conducting Tenant Satisfaction Surveys

SHR regularly conducts tenant satisfaction surveys with the aim not only to improve and stabilize leasing operations, but also to communicate with residents and tenants and build reliable relationships.

For the surveys conducted in fiscal year 2023, we incorporated questions asking about their initiative status of implementation and in-house discussions related to ESG and well-being into the survey items.

The survey results are shared with property management companies, building management companies and others, and measures will be developed to further improve services.

Summary of Fiscal Year 2023 Survey

Survey period	July to August 2023	
Respondents	Office building	62 tenants
	Residence	8,857 residents
Survey items	Office building	Overall satisfaction, items regarding ESG, well-being, etc.
	Residence	Items regarding rooms and common area's satisfaction, residents needs, management conditions, interest in environmental issues, etc.
Response rate	Office building	79.0%
	Residence	27.5%

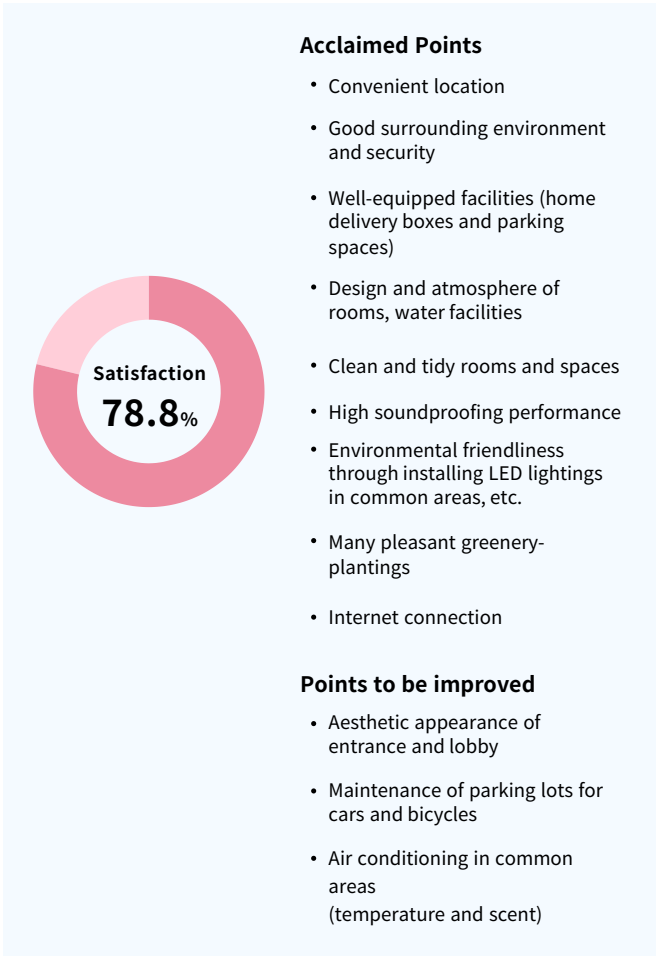
Office buildings

A total of 93.3% responded that they were "satisfied" or "highly satisfied".



Residence

A total of 78.8% responded that they were "satisfied" or "highly satisfied".

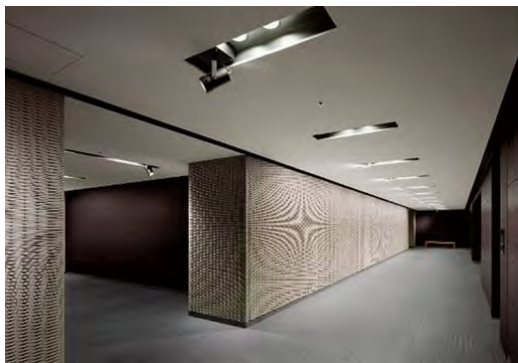


Introducing Barrier-Free Facilities

Hommachi Minami Garden City was designed based on the Building Movement Facilitation Guidance Standard required by the Act on Promotion of Smooth Transportation, etc. of Elderly Persons, Disabled Persons, etc. (known as Barrier-Free Act) and is the first office building in Osaka City to be designated as barrier-free under the law.

Key Features

- Two multipurpose restrooms accessible to ostomates and wheelchair users on each office floor
- Wheelchair-accessible elevators
- Wide hallways that allow two wheelchairs to pass
- Three wheelchair-accessible parking spaces in the parking garage



Acquisition of Certification for CASBEE Wellness Office

“Garden City Shinagawa Gotenyama” received the Certification for CASBEE Wellness Office for the first time as SHR, and certified as the highest evaluation rank, “S Rank”. Furthermore, the property has been received “S Rank” of the Certification for CASBEE for Real Estate so far, it has also been authorized “S Rank” of the Certification for CASBEE Smart Wellness Office which can be received by combining each certification.

Main Assessment Points

- Many efforts are taken to improve convenience, such as an accessible lounge, common corridors, a rooftop garden available to all tenants, and Elevator convenience
- Many security measures have been implemented, including high earthquake resistance, seismic isolation structures, and emergency power supply facilities that exceed legal standards
- Many award-winning designs are used in terms of flexibility and design for both layout and facilities
- Tenant meetings are held every month to inform and provide feedback on opinions




Overview of the Certification for CASBEE Wellness Office

Certification for CASBEE Wellness Office is a tool to evaluate the specifications, performance, and efforts of buildings that support the maintenance and promotion of the health and comfort for building users. In addition to factors that directly affect the health and comfort for the workers working in the building, factors that contribute to the improvement of intellectual productivity and performance related to safety and security are also evaluated. They are scored on the following five categories of evaluation items: "1. Health and Comfort", "2. Improved Convenience", "3. Security and Safety", "4. Operation and Management" and "5. Programs", and are then given ratings from "S Rank", "A Rank", "B+ Rank", "B- Rank" or "C Rank".



Sekisui House Group Philosophy and Guidelines for Contributing to Society

The Sekisui House Group, to which SHAM belongs, has positioned coexisting with local communities as a key issue in the social (S) area of ESG management, from the perspective of wishing for the happiness of local communities. We are working to address this issue from two directions: social contributions through our business, and social contribution activities in aspects not covered by business. SHR and SHAM also carry out initiatives and environmentally friendly activities in collaboration with tenants and local communities where properties are located.

Click [here](#)  for Contributing to Society of Sekisui House Group

Contribution to Local Communities

SHR takes initiatives to harmoniously co-exist with local communities by introducing equipment available to anyone, in addition to deepening communication with local residents through participation in events of local communities in which its owned properties are located.

Utilization of Common Space

In addition to opening the entrances, ground floor lobbies, building sites, and conference rooms of our properties to the public for use as event spaces, SHR has introduced Share Bikes and Food Trucks in some properties so that they can be used not only by tenants but also by local residents.

Participation in Midosuji Illumination Event



Hommachi Garden City

Introduction of Share Bikes



Garden City Shinagawa Gotenyama and others

Introduction of Food Trucks



Akasaka Garden City

Introduction of Electric Kickboards



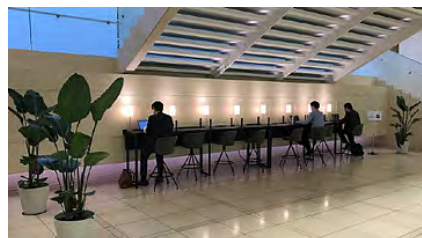
Esty Maison Minamiazabu and others

Introduction of Digital Signage



Garden City Shinagawa Gotenyama and others

Provision of Coworking Space



Garden City Shinagawa Gotenyama

Participation in the Minato-ku Adopt Program

SHAM has agreed with Minato-ku, Tokyo, where the office is located, and regularly conducts cleanup activities in the vicinity of the office through participation in the Minato-ku Adopt Program.

The Adopt Program refers to a series of activities involving the "adoption" of local roads, parks, etc. by deeming them as "foster children", and groups or citizens, etc. consisting of ward residents, etc. as "foster parents". The "foster parents" engage in beautification and cleaning activities of their "foster children". We will contribute to our cooperation with tenants and local communities through cleanup activities.



Activities along with the Government and Industrial Groups

Sekisui House Group believes that it bears a significant role and responsibility in the development of housing and the living environment in Japan, and thus participates in activities of many industry groups. As a full-member of The Investment Trusts Association, Japan as well as a regular member of The Association for Real Estate Securitization (ARES), SHAM takes action to further develop the industry.


Participation in “Sekisui House Matching Program”

The “Sekisui House Matching Program” is an employee-driven donation program that has been implemented by Sekisui House Group since fiscal year 2006 to support NPOs and other organizations. Under this system, the Group's employees set aside the amount they wish to donate, in units of 100 yen, and Sekisui House adds an equal amount as subsidies to make donations.

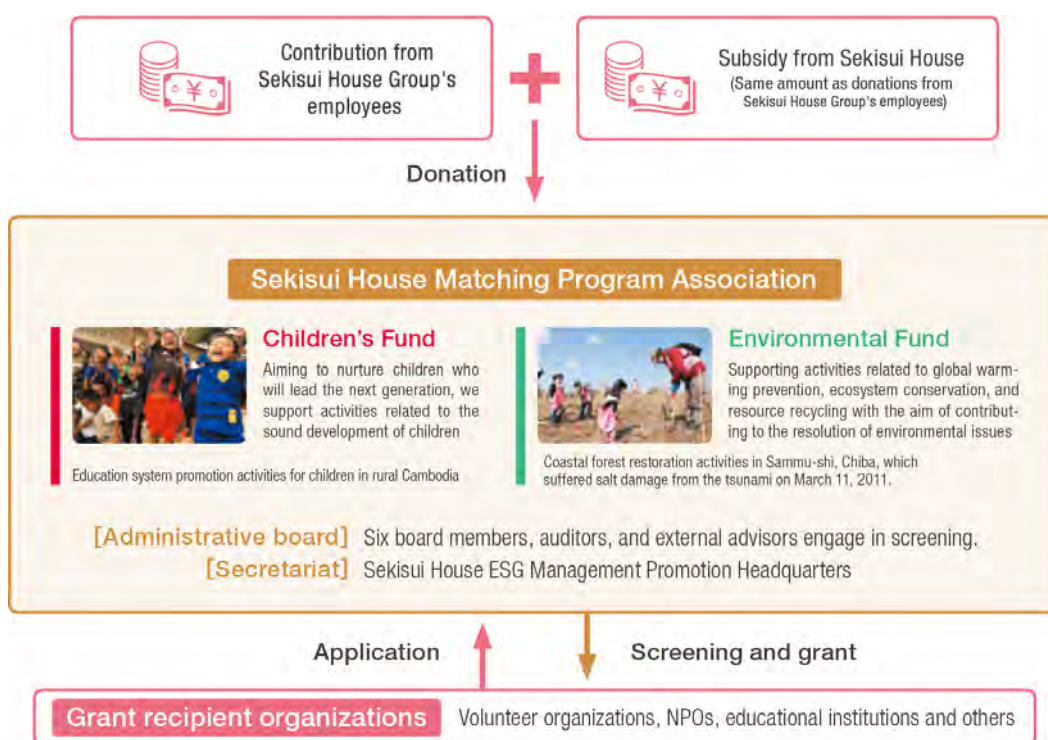


The “Children's Fund” and the “Environmental Fund” have been established, and employees can freely choose which one to donate to.

In fiscal year 2023, a total of approximately 50.54 million yen was raised and earmarked to support 94 civic groups from among those recommended by employees nationwide, focusing on activities that lead to coordination with our employees, collaborations and the SDGs.

Click [here](#)  for details on the "Sekisui House Matching Program".

Structure of Sekisui House Matching Program



| Other donations

SHAM makes donations through activities, such as collecting plastic bottle caps and used stamps, giving out unused calendars and notebooks for recycling.

Since 2019, through donating plastic bottle caps to a NPO, we have participated in activities to deliver vaccines to children around the world through UNICEF.

| Relief Donation

When large-scale natural disasters occur inside or outside Japan, SHAM offers relief donations to be used for rescue and restoration activities in the affected areas.

| Endorsing “COOL CHOICE”

SHAM supports “COOL CHOICE”, a national campaign promoted by the Ministry of the Environment as measures against global warming, and takes the following initiatives as environmental measures.



- Maintaining moderate temperature settings on air conditioners
- Promoting Cool Biz and Warm Biz
- Promoting a paper-free environment for internal materials by using smart devices and a shared server
- Stopped using paper cups in the company, making it a rule for individuals to bring their own cups



Respect for Human Rights

At the core of the Sekisui House Group's [corporate philosophy](#) is "love of humanity," and the principle of valuing human beings is the foundation of the Group's corporate management. In accordance with the "Sekisui House Group Human Rights Policy", established by Sekisui House in April, 2020, SHAM strives to ensure that there are no infringements of human rights, including harassment, to contribute to the creation of a workplace environment where all employees can work enthusiastically and lead to growth.

All Sekisui House Group officers and employees (including part-time and fixed-term employees) must comply with this policy, and the Sekisui House Group promotes awareness of the policy through training and other measures. The Group also publishes the policy on our website and expects all stakeholders inside and outside the Group to understand and support the Group's policies and initiatives for respecting human rights. In addition, to disclose information as stated in the Human Rights Policy, we publish a human rights report.

Sekisui House Group Human Rights Policy (excerpt)

We are committed to respecting human rights as stipulated in the International Bill of Human Rights and the ILO (International Labour Organization) Declaration on Fundamental Principles and Rights at Work. 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 in 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.

Click [here](#)  for all of Sekisui House Group Human Rights Policy.

Click [here](#)  for Sekisui House Group Human Right Report 2023.

Promoting Human Rights Policies

To raise awareness of human rights issues and foster a work environment in which employees can work comfortably, human relations training is held for all Group employees every year. This training is designed to improve employees' awareness around human rights and provides an opportunity for them to think about human rights as their own issues in their everyday work. The training style emphasizes dialogue among employees with the head of each organization acting as facilitator.

In addition, we solicit human rights slogans from all Group employees and their families for Human Rights Week, from December 4th to 10th every year. The slogans selected as outstanding works are displayed on posters in Group companies.

Human Rights Reporting System

The Sekisui House Group has established several reporting systems, including the Compliance Helpline, to identify concerns and potential negative human rights impacts associated with its business activities, and is working to enhance its consultation services through the appropriate operation of these systems. The "Sexual Harassment and Power Harassment Hotline" has been established as a consultation desk system for all human rights issues, including various types of harassment or any consultation for creating a comfortable working environment for employees with disabilities. Furthermore, inquiries regarding human rights may be made through our public website as well.

SHAM also has one male and one female personnel in charge of the consultation desk.



Fundamental policy for human resource development

To achieve the Sekisui House Group's global vision to make home the happiest place in the world, Sekisui House formulated the Group's fundamental policy for human resource development as, "maximize the value of human capital and drive business growth through diversity & inclusion of knowledge and experience." In order to provide happiness in the era of the 100-year lifespan, the Group aims to improve human capital value and social value and thereby further enhance corporate value. SHAM, as a member of Sekisui House Group, shares the Group's fundamental policy for human resource development and promotes our personnel system reform to maximize the value of human capital through employee autonomy and alignment of efforts.

Securing Talented Personnel

SHAM works to recruit and secure great talent in line with changes in the business environment and the organization, and implements job rotations to promote varied work experiences and skill development. In addition, by accepting specialized seconded personnel from the Sekisui House Group who have a wide range of experience and know-how in real estate investment and management, SHAM aims to utilize their capabilities to achieve advanced asset management.

Click [here](#) for Status of directors and employees.

Strategy for Developing Human Resources

Being a part of this philosophy as a Sekisui House Group member, SHAM supports our employees to think about their own careers and to proactively take on challenges to realize them.

Personnel evaluations are conducted including ESG initiatives and compliance status, based on the "ability and behavior evaluation", which assesses the degree of ability and behavior expected of each grade, and the "performance evaluation", which assesses the degree of achievement and the process. Performance reviews include multiple stages of discussion to foster understanding and motivation, thus tying the process to development. We also use multifaceted reviews for managers, with employees providing feedback on their observations with the goal of eliciting new understandings and behavior change.

Performance Review Process Using Discussions



Support for Acquiring and Retaining Qualifications

SHAM helps and encourages employees to enhance their expertise by acquiring qualifications such as the "Association for Real Estate Securitization (ARES) Certified Master", an educational program that provides systematic study in the fields of real estate and finance. SHAM aims to improve the professional abilities of employees by covering the cost of training, examinations, continuing education, and seminars for these qualifications.

Click [here](#) for the status of qualifications.

Training System

SHAM offers a comprehensive training program for all directors and employees to develop their skills. In addition, to develop human resources with expertise as real estate investment management professionals with a broader perspective and insight, SHAM also offers free voluntary training opportunities such as seminars. Furthermore, to bring more comfort and ease to the workplace, a human relations training (training on human rights, power harassment, and sexual harassment) is conducted every year.

In addition, SHAM has set the target (KPI) for the training system. The result is as follows.

KPI: Each employee to attend external training at least twice a year by FY 2023

Result for FY 2022 **2.4 courses**

KPI: Achieve 100% annual internal training participation rate by FY 2023

Result for FY 2022 **100%**

Click [here](#) for details on training attendance results.

Training System



General Training

This training is aimed at improving company-wide engagement and raising the level of business skills, human skills, and specialized skills for all directors and employees (including part-time employees, and other non-regular employees). Themes are selected with reference to the results of governance awareness surveys conducted by the Sekisui House Group, and in principle, once every two to three years, using an external organization.

Human Relations Training

This training is common to the Sekisui House Group and conducted every year for all employees of the Sekisui House Group, with one of the purposes being to raise awareness of human rights issues and foster a comfortable working environment. The human relations training includes "promotion committee training" for managers and "all employees training" for all employees, including managers, and is conducted annually to deepen understanding of human rights.

Compliance Training

This training is designed for all directors and employees (including part-time employees, etc.) to improve their knowledge and ability in compliance, which is fundamental to conducting business as a member of society, and to acquire the knowledge necessary to conduct the investment management business.

ESG Training

This training is meant to deepen the understanding of the latest ESG information of the Sekisui House Group and topics related to ESG in order for all directors and employees (including part-time employees, etc.) to share common awareness and knowledge.

| Tiered Training

This training utilizes external organizations and aims to improve various abilities (job posture, advanced expertise, collaboration ability, etc.) based on the skills and requirements required for each job level. It is intended for all directors and employees (including part-time employees, etc.)

| Multi-faceted Observational Investigation

In addition to self-evaluations, this investigation aims to clarify objective “strengths” and “challenges” by evaluating individuals from various perspectives, including superiors, subordinates, and colleagues, to create an open organization and workplace climate in which leaders and members can easily flourish. It is conducted once a year for managers using an external organization. By conducting the investigation every year, we carry out a cycle of understanding issues, verification/feedback, setting goals, and implementing them.

| Cafeteria Plan Training

From the perspective of personal activity planning and self-development, each employee is able to freely select and attend seminars by field, rank business skills, IT, etc. We recommend that all directors and employees (including part-time employees, etc.) attend at least one seminar per year.

Creating Comfortable Workplace Environment



Promoting Diversity

The Sekisui House Group set the diversity promotion policy and the three pillars of the policy are promoting the participation of women; utilizing diverse personnel; and promoting diverse workstyles. The Group is working to create an environment and structure where both employees and the group can achieve sustainable growth. As a member of the Group, SHAM also implements initiatives in accordance with this policy.

Click [here](#)  for more information on the Sekisui House Group's promotion of diversity.

Promoting of Active Participation by Women

The Sekisui House Group has formulated the goals of the “Sekisui House’s Action Plan for the Promotion of Active Participation by Women”, and is proceeding with initiatives to promote the appointment of female managers throughout the Sekisui House Group. SHAM has also set an increase in the ratio of female managers as a KPI, and not only promotes the active participation of female employees, but also supports diverse human resources so that they can receive fair opportunities.

KPI : Achieve a female manager percentage of 7% by fiscal year 2023

Result for FY 2022 **4.0%**

Supporting Active Participation of the Senior Employees

SHAM has introduced an age 65 mandatory retirement rule so that all individual employees can work more enthusiastically, capably and energetically for a longer period. In addition, in April 2021, we introduced a post-retirement re-employment system for employees aged 65 through 70 to support their active participation.

Supporting Active Participation of Persons with Disabilities

SHAM promotes the employment of persons with disabilities based on the Act to Facilitate the Employment of Persons with Disabilities. We support their activities by creating opportunities for conversation so that employees with disabilities, their supervisors and department members can communicate and consult with each other. We aim to create a workplace where every employee, with or without disabilities, can work for a long time.

Promoting Work-Life Balance

SHAM is working to realize a variety of work styles while stimulating communications in order to promote work-life balance of our employees. Utilizing telecommuting, staggered working hours, etc., to establish work styles that are compatible with changes in employee's live, SHAM will continue to emphasize the importance of work-life balance and make our employees feel fulfilled and happy.

Improvement of Employees' Benefits

SHAM strives to provide a workplace environment where employees can enhance their motivation to work and demonstrate their skills through various welfare programs for all employees.

Key Benefit Systems

System Name	Subject scope	Description
Childcare leave	All employees	Paid leave for raising children under three years of age (includes children of legal guardians, opposite-sex common-law spouses, and same-sex domestic partners)
Family-care leave	All employees	Paid leave for providing nursing care to a family member
Sick childcare leave	All employees	Paid leave for nursing a sick or injured child or taking them to receive medical services (vaccinations, checkups, etc.)
Child-support leave	All employees except part-time workers	Allows employees who are supporting children under eighteen years of age (Includes children of legal guardians, opposite-sex common-law spouses and same-sex domestic partners) to take leave
Short working hours	All employees	System for working shorter hours to raise a child
Congratulatory or condolence payment	All directors and employees except contract/part-time workers	One-time payment granted in the event of a marriage, childbirth, death, injury, illness, or damaging event experienced by employee or their family
Staggered working hours	All employees	Permits employees to move their daily start and finish times forward or back following designated patterns
By-the-hour annual leave	All employees except contract/ part-time workers	Allows up to five days of annual paid leave to be taken in hourly units
Accumulated annual leave	All employees who work without a fixed term *Including contract employees who have a contract for more than 3 years	Allows recipients to accumulate annual leave past the legal two-year limit and take as many as 100 days off in combination with standard annual leave
Qualification reward	All employees except temporary and part-time workers	Supporting funds granted to those who pass a national certifying exam or other eligible credentialing exam
Credentialing stipend	All employees except temporary, contract, and part-time workers	Payment granted to those who pass a national certifying exam or other eligible credentialing exam
Self-directed career development leave	All employees except temporary and part-time workers	Allows employees who are studying at their own expense to take leave for a certain period of time and provides them with a loan to support their studies
Advanced study support systems	All employees except temporary and part-time workers	Supports employees financially to acquire specialized knowledge at graduate schools, etc.
Employee stock ownership plan (with incentives)	All employees except temporary, contract, and part-time workers	Allows Sekisui House Group company employees to purchase Sekisui House, Ltd. Stock through payroll deductions and provides an incentive of 10% of the purchase price
Defined-contribution pension plan	All employees except part-time workers	Corporate pension plan in which future benefits are determined based on the total of contributed sum and investment earnings

Encouraging Male Employees to Take Childcare Leave

SHAM encourages male employees who have a child under three years of age to take at least one month of childcare leave. SHAM began its childcare leave system for working fathers in September 2018. The first month is paid, and leave can be taken in as many as four segments based on their respective situations. In April 2021, SHAM expanded the system into an eight-week postpartum benefit that can be used in one-day increments, to enable more choices and flexibility. SHAM has raised awareness of the importance of the father's presence during this period when new mothers are physically and emotionally taxed and at higher risk of postpartum depression.

KPI: Achieve childcare leave take-up rate for eligible male employees by

FY 2023: 100%

Result for FY 2022 **100%**

Commitment to Well-Being

Initiatives for Health and Safety

SHAM has formulated the Rules of the Health Committee and established the Health Committee to promote the safety and health management activities of employees. The committee includes an occupational physician and meets monthly to discuss the workplace environment and gain insights for preventing health issues in the workplace and promoting improvements in employee health.

The committee also set up working groups to discuss healthcare and hygiene management, held walking events to create opportunities for employees to communicate with each other and to eliminate lack of exercise brought by teleworking, as well as to inform employees about influenza vaccination.

SHAM also conducts stress checks for all employees to prevent the occurrence of any mental health issues. We encourage each employee to be aware of stress and provide consultation desk system from specialists (counselors). In this way, we provide support in dealing with stress and strive to improve the workplace environment.

Conducting employee satisfaction surveys and ESG interaction


SHAM gauges employee satisfaction using an annual governance awareness survey of all Sekisui House Group employees. Utilizing the survey, the company provides opportunities for all employees to share thoughts on topics such as corporate ethics and the workplace environment, encouraging more-active communication in the workplace.

Furthermore, as a member of the Sekisui House Group, we conduct a "Well-Being Survey" for all employees to analyze the correlation between individual and workplace happiness, as well as an "ESG Dialogue" every six months with the theme of making employees, customers and society happy through business. Through ESG dialogue, we also strive to create a workplace culture that ensures psychological safety for every employee, providing a calm atmosphere that enables them to feel confident in expressing what they really feel, irrespective of job rank or employment type.

Occupational Health and Safety



Labor Relations

SHAM does not have a labor union, but respects “the freedom of association and the right to collective bargaining” as stated in the [Sekisui House Group Human Rights Policy](#) .

In addition, SHAM complies with labor-related laws and regulations and labor-management agreements, and works to build constructive relationships through sincere dialogue and negotiation with employees (including workers with shorter working hours) or employee representatives, and our labor-management relations have been amicable.

Responding to Overwork

SHAM has set KPIs (targets) to reduce excessive working hours and overtime work, and is implementing the following initiatives.

KPI: Reduce the average monthly work hours per person to 162 hours or less by FY 2023

Result for FY 2022 **159.9 hours**

KPI: Achieve an annual paid leave take-up rate of 70% or more by FY 2023

Result for FY 2022 **75.6%**

Monitoring of working hours

When monthly overtime hours exceed 45 hours for more than three months throughout the year, notification to the supervisor and hearings with employees are conducted. When the working hours subject to health management exceed 60 hours, a warning notification is sent to the supervisor and the person in question. Furthermore, SHAM has set a KPI of 162 hours or less for the average monthly working hours per person (to achieve by fiscal year 2023), and is working to reduce overtime work throughout the company.

Encouragement of planned use of annual paid leave

We have set a KPI of an annual paid leave take-up rate of 70% or more (by fiscal year 2023), which exceeds the legally mandated annual paid leave utilization of five days, and encourage all employees to take their leave in a planned manner.

| Wage System and Compliance with Equal Pay for Equal Work

SHAM complies with the minimum wage provisions of labor-related laws and regulations for all employees, including part-time employees, etc., and pays wages that lead to maintaining and improving living standards, taking prices into consideration. In addition, we apply a remuneration system that complies with equal pay for equal work, and do not differentiate remuneration based on gender.

In addition, SHAM conducts evaluations for each evaluation item in personnel evaluations, and the results of the evaluations are appropriately reflected in employee promotions, salary increases, and bonuses. Bonuses are paid three times a year - June, December and March - of which the amount paid for June and December is determined according to attendance rate and individual performance, while the amount paid for March is determined by overall company performance along with individual performance.

| Labor-Related Violations and Accidents

There have been no serious labor-related violations of laws and regulations or accidents during the period from January 1 to December 31, 2022.

Click [here](#) for labor-related data.




SHR strives to disclose information that is appropriate and easy to understand for all investors through the enhancement of its website, timely disclosure, and the issuance of ESG reports, etc. In 2023, our information disclosure was rated highly according to the GRESB disclosure evaluation (five-level evaluation from A to E), which evaluates the degree of fulfillment of ESG information disclosure, and obtained the highest “A” rating for four consecutive years. In addition, we place importance on dialogue with investors, and are implementing the following initiatives.


Engagement with Institutional Investors

	13th FP ended Apr. 2021 and 14th FP ended Oct. 2021	15th FP ended Apr. 2022 and 16th FP ended Oct. 2022
Financial results briefing for domestic institutional investors, analysts, etc.	June/December	June/December
IR meetings for domestic institutional investors, analysts, etc.	126 times	136 times
IR meetings for overseas institutional investors, etc.	43 times	60 times

Engagement with Individual Investors

	13th FP ended Apr. 2021 and 14th FP ended Oct. 2021	15th FP ended Apr. 2022 and 16th FP ended Oct. 2022
Events for individual investors	3 times	4 times

Click [here](#)  for an archive of past events (Japanese only).

Click [here](#)  for a special website for individual investors (Japanese only).



(Note) Regarding the number of IR meetings held for domestic and overseas institutional investors, analysts, etc., as well as events held for individual investors, IR meetings and events held in 13th FP ended Apr. 2021 and 14th FP ended Oct. 2021 are counted as the number of IR meetings and events held in 2021, IR meetings and events held in 15th FP ended Apr. 2022 and 16th FP ended Oct. 2022 are counted as the number of IR meetings and events held in 2022.



Governance of SHR

SHR's governing bodies consist of a general meeting of unitholders, a board of directors with at least an executive director and a supervisory director, and an accounting auditor.

The executive director oversees SHR's operations and, as SHR's representative, has the authority to act in and out of court with respect to any and all of SHR's affairs. The supervisory directors supervise the executive director's execution of duties. The Board of Directors is held at least once every three months and makes important decisions regarding SHR's operations, including approval of the execution of important duties by the executive directors and financial statements. The supervisory directors supervise the executive director's work by means of reports provided by the executive director on the status of the management of SHR's assets as needed and on investigations results and other tasks requested by the supervisory directors.

The accounting auditor audits SHR's financial statements and also serves legally mandated roles, such as reporting to the supervisory auditors in the event that, in its auditing process, it discovers an illegal action or serious violation of any law or regulation, or of SHR's Articles of Incorporation in connection with the executive director's execution of duties.

Executive Director and Supervisory Directors

Position	Name	Reasons for Appointment	Attendance Status	
			FP ended Oct. 2022 (16th FP)	FP ended Apr. 2023 (17th FP)
Executive Director	Atsuhiko Kida	We have appointed him as the Executive Director because it is expected that he will be able to accurately execute operations of SHR, taking into account comprehensively his expertise in real estate, financial accounting and extensive experience in REIT operations.	8 times/8 times (100%)	8 times/8 times (100%)
Supervisory Director ^(Note)	Yu Yada	In addition to having his excellent character, insight, and ability, he is well versed in corporate management and other fields as an attorney-at-law. In light of his expertise and experience in each of these fields, we believe he is qualified to serve as a Supervisory Director of SHR, and have appointed him as a Supervisory Director.	8 times/8 times (100%)	8 times/8 times (100%)
	Rei Yamashita	In addition to having her excellent character, insight, and ability, she is well versed in corporate management and other fields as a certified public accountant. In light of her expertise and experience in each of these fields, we believe she is qualified to serve as a Supervisory Director of SHR, and have appointed her as a Supervisory Director.	8 times/8 times (100%)	8 times/8 times (100%)

(Note) Supervisory Directors of SHR are independent officers who have no special interest with SHR based on Article 100 of the Act on Investment Trusts and Investment Corporations (Investment Trust Act) as well as Article 164 of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations.

Click [here](#)  for biographies of current directors.

Promoting Diversity among Directors

Based on the belief that diversity is important to SHR, we promote diversity in the composition of directors. Since January 2022, the ratio of female directors has been 33.3%.

Restrictions on the Sale and Purchase of Investment Units, etc. by Directors

From the viewpoint of preventing insider trading, SHR's "Insider Trading Management Regulation" prohibits Directors of SHR from buying and selling investment units or investment corporation bonds issued by SHR. Thus, none of our Executive Director or Supervisory Directors holds the investment units or investment corporation bonds of SHR.

Director's Remuneration

The upper limit of remunerations for executive directors and supervisory directors is stipulated in the Articles of Incorporation and the amount is determined at the Board of Directors (however, the upper limit per person is 1,000,000 yen per month for an executive director, and 500,000 yen per month for a supervisory director).

Directors' compensation is as follows.

Position	Name	Remuneration Amount (Thousand yen)	
		FP ended Oct. 2022 (16th FP)	FP ended Apr. 2023 (17th FP)
Executive Director	Atsuhiko Kida	-	-
Supervisory Director	Yu Yada	1,800	1,800
	Rei Yamashita	1,800	1,800

Accounting Auditor

Accounting auditor

Name	Continuous Audit Period
Ernst & Young ShinNihon LLC	From September 2014 until present

Accounting Auditor's Compensation

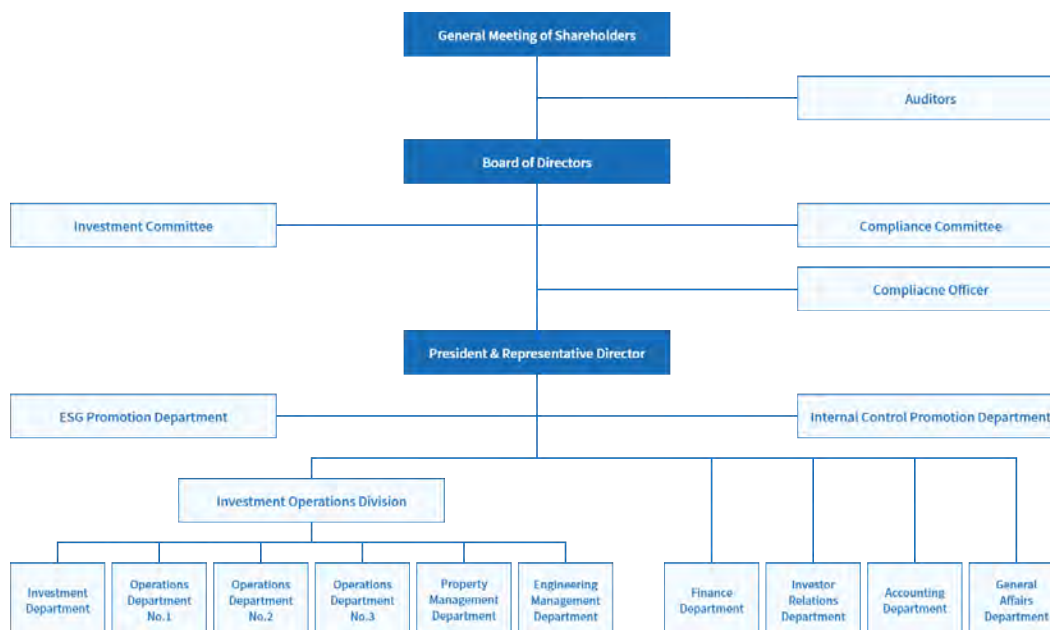
The compensation for the accounting auditor is set by the Investment Corporation's Board of Directors at a maximum of 25 million yen for each fiscal period covered by the audit.

Accounting auditor	Compensation Details	Compensation Amount (Thousand yen)	
		FP ended Oct. 2022 (16th FP)	FP ended Apr. 2023 (17th FP)
Ernst & Young ShinNihon LLC	Compensation based on audit attestation services	17,400	17,400
	Compensation for non-audit services	-	-

Organizational Structure

The organizational structure of SHAM, to which SHR entrusts the management of its assets, is as below.

Organization Chart of SHAM



< Overview of each organization >

Name	Overview
Board of Directors	<p>Composition</p> <p>Chair: President & Representative Director</p> <p>Members: All Directors and Auditors</p> <p>Frequency of meetings</p> <p>A meeting of the Board of Directors is held once a month.</p> <p>An extraordinary meeting of the Board of Directors is called as needed</p> <p>Requirements for Resolution</p> <p>Resolutions shall be adopted by a majority of the Directors present at a meeting where a majority of the Directors who are entitled to participate in the voting are present. Also, Directors who have a special interest in the proceedings of the Board of Directors cannot participate in voting.</p> <p>Resolutions</p> <p>In addition to matters stipulated in laws and regulations or the Articles of Incorporation, the Board of Directors decides the following matters;</p> <ul style="list-style-type: none"> • Matters relating to the general meeting of shareholders of SHAM • Matters relating to Directors, employees, etc. of SHAM • Matters relating to the assets or finances of SHAM • Important matters relating to the business operations of SHAM • Important matters relating to the asset management of SHR • Matters relating to compliance • Other important matters related to the execution of business operations

Name	Overview
Investment Committee	<p>Composition</p> <p>Committee Chairman: President & Representative Director</p> <p>Committee members: All full-time Directors, including the Compliance Officer who holds the position of Director; the Chief Manager of the ESG Promotion Dept.; the Chief Manager of the Internal Control Promotion Dept.; the Chief Manager of the Investment Operations Div.; the Chief Managers of the Finance Dept., IR Dept., Accounting Dept., and General Affairs Dept.; and external committee members</p> <p>For the current external committee members, a total of two people have been appointed: one real estate appraiser and one attorney who have no particular interest with SHAM or the directors and employees, or interested parties of SHAM ^(Note)</p> <p>Frequency of meetings</p> <p>In principle, held at least once every three months, and as needed</p> <p>Holding/Resolution requirements</p> <p>Established with the attendance of a majority of members of the committee who can participate in voting</p> <p>However, attendance of the following persons is required: the Committee Chairman, the Compliance Officer who holds the position of Director, the Chief Manager of the Investment Operations Div., and at least one of the external committee member with the qualification of a real estate appraiser</p> <p>Resolutions shall be adopted by all voting members present, including external committee members</p> <p>Contents of deliberation</p> <ul style="list-style-type: none"> • Development and revision of the investment policy and investment plan of SHR • Development and revision of SHR's management policy and management plan • Development and revision of the basic policy relating to the financing of SHR • Decision to acquire and sell the assets of SHR • Decision to lease, outsource management, or carry out construction work of SHR's assets (limited to those stipulated in SHAM's "Rules on Administrative Authorities") • Development and revision of long-term repair plans • Determination of matters relating to the financing of SHR • Determination of other transactions between SHR and interested parties as stipulated in the "Rules for Transactions with Interested Parties" • Important matters relating to the investment policy of SHR • Matters for which each committee member requested deliberation and resolution • Matters deemed necessary by the Committee Chairman and matters separately stipulated by the internal regulations of SHAM • Other incidental matters
Compliance Committee	<p>Composition</p> <p>Committee Chairman: Compliance Officer</p> <p>Committee members: All full-time Directors, including the President & Representative Director, and an external committee member</p>

Name	Overview
Compliance Committee	<p>For the current external committee member, one attorney who has no particular interest with SHAM or the directors and employees, or interested parties of SHAM has been appointed ^(Note)</p> <p>Frequency of meetings In principle, held at least once every three months, and as needed</p> <p>Holding/Resolution requirements Established with the attendance of a majority of members of the committee who can participate in voting However, attendance of the Committee Chairman and the external committee member is required Resolutions shall be adopted by the affirmative vote of the Committee Chairman and all voting members present, including the external committee member</p> <p>Contents of deliberation</p> <ul style="list-style-type: none"> • Determination of transactions between SHR and interested parties • Development and revision of compliance regulations, compliance manuals, and compliance programs • Development and revision of Internal Audit Regulations • Matters relating to the risk management of SHAM • Matters for which the Committee Chairman requested deliberation and resolution • Matters deemed necessary by the Committee Chairman and matters separately stipulated by the internal regulations of SHAM • Matters relating to the handling of complaints, etc. against SHAM and other matters relating to acts that are inappropriate or suspected to be inappropriate in terms of compliance • Decision to acquire and sell the assets of SHR • Other incidental matters

(Note) The appointment or dismissal of external committee members is carried out by resolution of the Board of Directors of SHAM, but it is necessary to obtain approval from the Board of Directors of SHR before or after the resolution of the Board of Directors of SHAM.

Asset Management Fee

Concerning the asset management fee paid by SHR to SHAM, the following management fee structure has been adopted from the viewpoint of emphasizing linkage with unitholder profits. Regarding the management fee ①, SHR introduced a mechanism of “fees linked to total assets and unit price performance”, in which the fee rate fluctuates by comparing the performance of the investment unit price of SHR with the performance of the Tokyo Stock Exchange REIT Index. Through this process, we are further strengthening the incentives to maximize the unitholder value of SHR by aligning the interests of SHAM and, consequently, Sekisui House, as a stockholder of SHAM, with the interests of unitholders of SHR.

	Compensation Amount (Thousand yen)	
	FP ended Oct. 2022 (16th FP)	FP ended Apr. 2023 (17th FP)
Management Fee ① (Fees linked to total assets and unit price performance) Total assets x 0.14% (annual rate) + Rates linked to the Tokyo Stock Exchange REIT Index) ^(Note2)	391,747	413,403
Management Fee ② (Fees linked to DPU and operating income) (Distributable amount per unit ^(Note3) × Operating income ^(Note4) × 0.002%) × 2 ^(Note5)	629,655	529,778
Management Fee ③ (Acquisition fees) Trading value related to the acquisition of real estate-related assets ^(Note6) × 0.3% (In the case of acquisition from interested parties, there is no acquisition fee)	1,440 ^(Note8)	660 ^(Note8)
Management Fee ④ (Disposition fees) Trading value related to the disposition of real estate-related assets ^(Note6) × 0.3% ^(Note7) (In the case of disposition from interested parties, there is no disposition fee)	-	-
Management Fee ⑤ (Merger fees) Value of real estate-related assets held by the merger counterparty at the time of the merger x 0.4%	-	-

- (Note1) With regard to rates, unless otherwise specified, applicable rates or expected rates are stated instead of maximum rates.
- (Note2) The upper and lower limits of rates linked to the Tokyo Stock Exchange REIT Index performance are +0.02% and -0.02% respectively. The rate fluctuates depending on the performance of the investment unit price of SHR in comparison with the Tokyo Stock Exchange REIT Index.
- (Note3) Calculated as the distributable amount before deduction of Management Fee ② divided by the total number of issued investment units.
- (Note4) Operating Income of before deduction of Management Fee ②.
- (Note5) As SHR implemented a 2-for-1 split of the investment units with May 1, 2018 as the effective date, Management Fee ② formula includes multiplication 2, which is the split ratio.
- (Note6) The trading value does not include consumption tax, etc. and expenses, etc.
- (Note7) In case of loss on disposition, the fee rate will be 0%.
- (Note8) Amounts of the asset management fees related to the silent partnership equity interest are included in the book value.

Evaluation of the Effectiveness of SHR's Board of Directors and SHAM's Board of Directors

SHR and SHAM set "Enhancing the Effectiveness of SHR's Board of Directors and SHAM's Board of Directors" as well as "Conducting effectiveness evaluation questionnaire" as KPIs, and conducted self-evaluation. With this self-evaluation, we do not only confirm whether the respective Boards of Directors fulfill their roles responsibly, but also enhance the effectiveness of the respective Boards of Directors.

Effectiveness evaluation questionnaire is conducted once a year so that Executive Director, Supervisory Directors, Directors, and Auditors can identify issues and make improvements based on the self-evaluation.

In the previous questionnaire, SHR's Board of Directors and SHAM's Board of Directors confirmed that their effectiveness was sufficiently ensured in terms of member composition, frequency of meetings, number of agenda items, and the status of deliberation methods and discussions. On the other hand, it is recognized that strengthening the foundations for formulating management policies and facilitating the management of meetings are issues to be addressed.

We will continue to strive to improve the effectiveness of SHR's Board of Directors and SHAM's Board of Directors by responding sincerely to issues recognized from the results of the questionnaire.



Compliance Policy

At SHAM, compliance means that directors and employees accurately understand the purpose and contents of laws and regulations, comply with them, and execute sincere and fair corporate activities that do not conflict with social norms. SHAM has established compliance rules to provide a system for directors and employees to comply with laws and regulations, properly manage the assets, and ensure proper business operations. Based on the basic policy described below, SHAM is working to ensure thorough compliance.

【 Basic Policies 】

- a. SHAM is fully aware that lack of compliance could undermine SHAM's management base, and has positioned thorough compliance as one of its most important management issues.
- b. As a company that conducts financial instruments business and manages the assets of registered investment corporations, SHAM recognizes its responsibility to strive to realize the value of the works of SHAM, which is socially demanded. To increase the value of the work of SHAM qualitatively and quantitatively, SHAM will actively and constantly engage in compliance.
- c. SHAM aims to contribute to the development of the economy and society by developing the above-mentioned compliance activities, thereby enhancing the reputation from investors and establishing the trust of society at large.

Sekisui House Group (the Group), to which SHAM belongs, regards compliance as a management issue that should be constantly addressed, and strives to ensure and promote thorough compliance. The Group operates the "Sekisui House Group Corporate Ethics Guidelines" as a set of matters concerning common corporate ethics observed by the company, directors, and employees. In addition, the Group distributes pamphlets containing the Corporate Philosophy and the Corporate Ethics Guidelines to all Group employees and conducts training sessions as part of thorough-going efforts to spread awareness. Furthermore, all directors and employees are obliged to submit "Written Pledge to Comply with the Corporate Ethics Principles" every year and strive to act in accordance with corporate ethics. The Group will continue to work together to thoroughly enforce corporate ethics.

[Sekisui House Group Corporate Ethics Guidelines](#) 

Compliance System

SHAM has established the following departments and institutions intending to ensure compliance.

[Compliance Officer and Internal Control Promotion Department]

SHAM has established the Internal Control Promotion Department which conducts work related to SHAM's risk management, monitors the status of compliance with legislation and regulations, and manages internal auditing. SHAM has also appointed a Compliance Officer as the person responsible for overseeing the compliance of SHR and SHAM in addition to the operations of the Internal Control Promotion Department. The Compliance Officer is appointed as personnel with sufficient screening and surveillance capabilities to observe compliance with legislation and norms, develop SHAM's compliance regulations and cultivate compliance awareness among directors and employees of SHAM.

[Compliance Committee]

SHAM has established the Compliance Committee as a body to deliberate and decide on compliance matters in the management of SHR's assets.

[Investment Committee]

SHAM has established the Investment Committee as an organization that deliberates and decides on the investment policy of SHR and other matters related to asset management. In making resolutions at the Investment Committee meetings, the Compliance Officer shall verify whether or not there is any problem from the perspective of compliance with laws, regulations, rules and other compliance issues. If Compliance Officer determines that there is a serious compliance problem, Compliance Officer shall order the Investment Committee to suspend its deliberations or return the proposal to the drafting department even during the deliberations of the Investment Committee.

Click [here](#) for the details of Compliance Committee and Investment Committee.

Compliance Training

SHAM has established its compliance and internal control system in accordance with "the Financial Instruments and Exchange Act", "the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." and "the Findings from Inspections". To gain the trust of stakeholders, SHAM recognizes that directors and employees must understand the importance of compliance and act in a compliant manner in their daily operations in addition to the establishment of the compliance system. Therefore, SHAM has set "Conducting compliance training by external experts for all directors and employees four times a year, and achieving 100% participation rate" as a KPI, and is working to create the organizational culture that emphasizes compliance, creating opportunities for all directors and employees to deepen the understanding of compliance and raise the awareness of compliance through compliance training.

Click [here](#) for the implementation status of compliance training.

Efforts to Prevent Bribery, Corruption, etc.

Sekisui House Group, to which SHAM belongs, has established and operates the “Sekisui House Group Corporate Ethics Guidelines” as a set of matters concerning common corporate ethics. This guideline stipulates entertainment and gift-giving for customers, business partners, and public officials, etc. from the viewpoint of preventing corruption. Based on this guideline, the Group established the Corruption Prevention Guidelines and is working to make them known.

In addition, this Ethics guidelines regulates the conducting of donations and political contributions, and stipulates that each contribution is required to comply with relevant laws and regulations and be approved in advance in accordance with internal rules.

Click [here](#)  for Sekisui House Group Corporate Ethics Guidelines.

SHAM monitors the appropriateness of the selection of outsources and expenditures such as expenses in internal audit, and reports the results of internal audits to SHAM's Board of Directors. In addition, compliance training is provided to all directors and employees to promote their understanding of the prevention of corruption by, for example, taking up topics related to anti-corruption.

Furthermore, SHAM has formulated the “Compliance Manual” as a specific guide for directors and employees to implement compliance, and has stipulated the prohibition of fraudulent acts, such as money laundering, insider trading, bribery, embezzlement for self-interest, etc. Directors and employees who engage in improper conduct are subject to strict punishment/disciplinary action following internal regulations. In addition, SHAM has set up a monitoring and consultation system, such as a whistleblower system, that allows directors and employees to anonymously consult or report, and by accepting consultations or reports on compliance issues such as acts that violate laws and corporate ethics, to minimize problems and prevent risks.

Internal Reporting System

To prevent compliance risks from happening and minimize the impacts of noncompliance occurred, SHAM established the system called "Compliance Hotline" (hereinafter referred to as the "Hotline") which directors and employees can consult with or report to about compliance issues related to violations of laws, regulations, and corporate ethics. The Hotline accepts and appropriately handles consultation or reporting of organizational or individual violations of laws and regulations in accordance with the Whistleblower Protection Act.

The Compliance Officer is selected as the person in charge of the Hotline. The Compliance Officer or the Internal Control Promotion Dept. functions as the contact point while the contact point may be entrusted to an external party (such as a law office) to protect whistleblowers from being exposed. Reports or consultations are accepted face-to-face, in writing, by email, telephone, etc. from all directors and employees including contract employees, part-time employees, temporary employees, and retirees who were employed within one year before the reported date. Anonymous reporting is also accepted. Once a report is accepted from a whistleblower, a person of the contact point conducts necessary investigations to confirm facts and promptly notifies the Compliance Officer with summarized details of the incident. If violations of laws or regulations are revealed as a result of the investigation, SHAM will promptly take corrective measures to prevent the same or similar incidents from happening, and carry out internal disciplinary actions to related parties as needed.

The protection of the privacy of whistleblowers and the prohibition of unfavorable treatments from a personnel, economic, daily life, or mental health standpoint, and other related matters are clearly stated on the "Compliance Hotline Rules". Even after reports are closed, SHAM continues to confirm that the whistleblowers are not being harassed but being protected.

Directors and employees of SHAM have the access to the Sekisui House Group Compliance Helpline (hereinafter referred to as the "Helpline") established by the Sekisui House Group. The Helpline is for directors and employees of the Sekisui House Group as well as those of the Group's business partners who have the ongoing business relationships with the Sekisui House Group, to consult on matters that are difficult to be resolved through normal reporting channels. A lawyer's office has been set up as an external contact point, and the Compliance Office in the Legal Department of Sekisui House has been established as an internal contact point. Anonymous reporting is also accepted.

Internal Audit System

Based on the concept of corporate ethics standards stipulated in the Sekisui House Group Corporate Ethics Guidelines, SHAM aims to improve operations and ensure sound management by conducting internal audits of all departments and their operations, twice a year in principle. Internal audits are conducted by the Compliance Officer and the Internal Control Promotion Department, headed by the Compliance Officer. For the implementation of internal audits, SHAM will formulate an internal audit plan for each business year based on the internal audit rules, and then verify whether the business is being carried out appropriately and efficiently in line with laws, regulations, internal regulations in addition to verifying whether the corporate ethics standards (including corruption, bribery and fraud) are complied. The results are then reported to the Compliance Committee, President & Representative Director, and the Board of Directors, and a policy is in place to provide recommendations and instructions for improvement to the relevant organizations and departments as necessary.

SHAM has also introduced an evaluation system from external perspectives by conducting audits by external specialist organizations as necessary.

Prevention Measures for Conflict-of-Interest Transactions

SHAM has stipulated the Rules for Transactions with Interested Parties concerning transactions between the Interested Parties of SHAM and SHR as an internal rule to exclude the adverse effect of conflicts of interest. An overview of Rules for Transactions with Interested Parties is as follows:

【Scope of Interested Parties】

From the viewpoint of preventing conflict of interest transactions, the scope of "Interested Parties" in SHAM has been expanded from the "interested persons, etc." under the Act on Investment Trusts and Investment Corporations (Investment Trust Act) as follows.

- a. "Interested Parties, etc." as defined in the Investment Trust Act
- b. Shareholder of SHAM
- c. Special Purpose Companies, etc. for which discretionary investment contracts are concluded by those stipulated in (a) or (b) above
- d. Special Purpose Companies, etc. in which the total amount of the contributions by those outlined in (a) or (b) above is a majority of the total contributions

Transaction Terms with Interested Parties

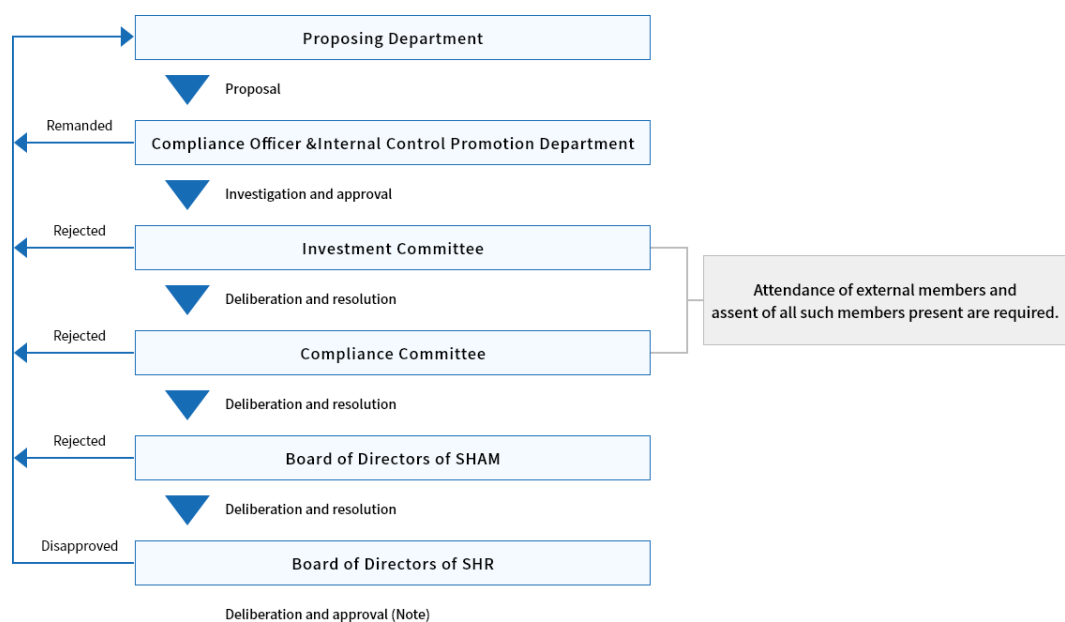
Acquisition of property from Interested Parties	The acquisition price (excluding taxes, cost of acquisition and others) must be no more than the amount of the appraisal value, etc. determined by a real estate appraiser who is a non-interested party appointed at the time of the acquisition. (However, in the event that a SPC is temporarily formed on the assumption that the property will be transferred to SHR, the acquisition price must be no more than the amount adding such cost.)
Disposition of property to Interested Parties	The disposition price (excluding taxes, cost of transfer and others) must be no less than the amount of the appraisal value determined by a real estate appraiser who is a non-interested party appointed at the time of the sale.
Payment of an agency fee to Interested Parties	The amount of agency fee to be paid must be within the range of remuneration set forth in the Building Lots and Buildings Transaction Business Act and decided based on the level of contract terms and the difficulty level of brokerage, etc.
Entrusting management, etc. of real estate and other assets to Interested Parties	Entrustment of management services, etc. for real estate and other assets must be based on conditions considered adequate upon comprehensive consideration of market levels of management consignment fees, the content of services to be provided, total workloads and so on. (The appropriateness of contractors is verified by independent external evaluation organizations which have no interest with SHAM once a year, in principle.)
Conclusion of leasing contract for real estate and other assets with Interested Parties	Lease contracts must be based on conditions considered adequate upon investigation of market rent levels and prices of similar transactions in surrounding areas, etc. and by reference to the opinions of third parties, who are non-interested parties, as needed.
Placing orders for construction work, etc. with Interested Parties	If the contract amount exceeds a certain amount, placement of orders with Interested Parties must be limited to cases in which the estimated price, content of services provided, etc. are not disadvantageous to SHR upon comparison with third parties.

To ensure that unitholder interests are not impaired due to conflicts of interest between SHR and interested parties of SHAM (including Sekisui House, etc.), SHR and SHAM have established the governance system that ensures arms-length principal as follows.

- Each decision to be made by Investment Committee and Compliance Committee must be conditional upon the attendance and affirmative votes of outside members appointed from among professionals who have no special interest with Sekisui House or other interested parties.
- Appointment and dismissal of compliance officers and external committee members requires the approval of the Board of Directors of SHR, which is supervised by professionals who have no interest in Sekisui House or other interested parties.

The flow of decision-making for transactions with stakeholders is as follows.

An Example of Decision Making Flow



(Note) Approval includes consent of SHR on said approval.

Sekisui House Ownership of SHR's Investment Units (Same Boat Investment)

SHR has accepted same boat investment from Sekisui House to align the interests of the investors and the sponsor Sekisui House.

Click [here](#) to see the number and percentage of units held by Sekisui House.

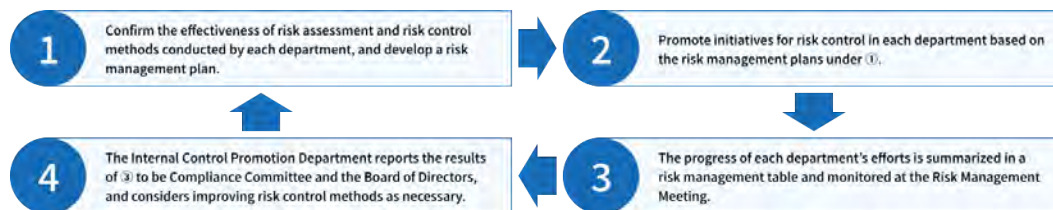


Risk Management System

SHAM has stipulated in its Risk Management Regulations the methods of risk management, monitoring the status of risk management, and how to respond in the event of unforeseen serious contingencies, etc.


As shown in the cycle below, under the supervision of the directors in charge, each department identifies and assesses the risks facing that department. Each department implements measures according to the risk management plan formulated based on the results for each business year.

The progress of the efforts is monitored semi-annually at the Risk Management Meeting, which is made up of all full-time directors and head of department, and improvement instructions and improvement policies are examined as necessary before reporting to the Compliance Committee and the Board of Directors.



Enhancement of Information Security

To minimize the risks of information leakage, operation shutdown caused by cyber attacks, and other risks that could hinder the continuation of business, the Sekisui House Group strives to strengthen Corporate Governance System about information security regarding the establishment of the group-wide information security governance system as a key initiative, based on "Information Security Policy" regarded as Sekisui House Group's Basic Policy and "Confidential Information Management Regulation".

Click [here](#)  for the Sekisui House Information Security Policy (Japanese Only).

In preparation for security information incidents such as opening targeted attack emails intended to infect SHAM's computer servers, mobile devices, etc. SHAM has established Response Procedures and conducts drills for directors as well as employees to be prepared for such occasions.

In addition, SHAM established "Information Management Regulations", "In-house Information System Management Manual" and "Mobile Device Operation Manual" as specific guidance for directors and employees, clearly stating information management in daily operations, the proper way to use mobile devices and what to do in case of an information security incident. SHAM strictly manages its information assets by ensuring that employees and directors perform their duties in accordance with these manuals.

Violations by employees or directors of any of the above regulations and manuals, he or she will be punished in accordance with the employment regulations.



Green Finance

SHR, which conducts asset management with due consideration given to the environment, society, and governance (collectively referred to as “ESG”), aims to contribute to the realization of a sustainable society. While utilizing the know-how on operation and management of real estate possessed by the sponsor, Sekisui House, Ltd., SHR promotes such initiatives as energy saving, environmental consideration, and ensuring living safety and business continuity to enhance the satisfaction of residents and tenants at owned properties. As part of such initiatives, SHR procures funds through green finance (green bonds and green loans) in order to further promote real estate investment management with considerations given to ESG and strengthen its financial base.

Green Finance Framework

SHR has formulated the Green Finance Framework as follows to implement green finance that conforms to the Green Bond Principles and other various principles and guidelines.

1. Use of funds

The funds procured through green finance are scheduled to be allotted to funds for the acquisition of existing or new assets which satisfy the following eligibility criteria (“Eligible Green Projects”), funds for the refinancing of borrowings required for the acquisition of Eligible Green Projects or funds for the redemption of outstanding investment corporation bonds required for the acquisition of Eligible Green Projects.

2. Eligibility criteria

At the borrowing or payment date of green finance, assets that have acquired or are scheduled to acquire any of the following evaluations in third-party certifications, shall be designated as Eligible Green Projects.

- a. DBJ Green Building Certification: 3 Stars, 4 Stars, 5 Stars
- b. Certification for CASBEE for Real Estate: B+ Rank, A Rank, S Rank
- c. BELS Certification: 3 Stars, 4 Stars, 5 Stars
- d. BELS Certification: following assessment of ZEH and ZEB
 - i . ZEH-M, Nearly ZEH-M, ZEH-M Ready, ZEH-M Oriented
 - ii . ZEB, Nearly ZEB, ZEB Ready, ZEB Oriented

3. Evaluation and selection process of Eligible Green Projects

Eligible Green Projects will be evaluated and selected by the Sustainability Committee, which is chaired by the president & representative director of Sekisui House Asset Management, Ltd., and participated by all full-time directors, in accordance with its management policy, the [Sustainability Policy](#) and eligibility criteria.

4. Management of procured funds

SHR intends to allot the funds procured through green finance towards Eligible Green Projects. As long as the green finance balance exists, SHR will manage to ensure that the green finance balance does not exceed the Eligible Green Liability ^(Note).

In addition, SHR will report that the total amount of funds procured through green finance has been fully allocated to Eligible Green Projects and as long as the green finance balance exists, the allocated funds will be tracked and managed internally on a portfolio basis.

In the event that all or part of the funds procured through green finance are not immediately allocated to Eligible Green Projects, SHR will identify unappropriated funds and manage all or part of the funds raised in cash or cash equivalents until the unappropriated funds are allocated to Eligible Green Projects.

(Note) Eligible Green Liability is calculated by multiplying total acquisition price of Eligible Green Projects by LTV (total asset basis) as of the end of the latest fiscal period. The same applies hereinafter.

5. Reporting

a. Reporting related to the status of allocation of funds

SHR will disclose that the funds procured through green finance has been fully allocated to Eligible Green Projects according to the Framework and the green finance balance does not exceed the Eligible Green Liability via SHR's website. As long as the green finance balance exists, SHR will report the amount of Eligible Green Liability and the green finance balance as of the end of March every year.


b. Impact reporting

As long as the green financing balance exists, SHR will disclose following environment-related indicators, etc., as of the end of March every year via SHR's website.

- i . The number of Eligible Green Projects and acquired evaluations in third-party certifications
- ii . Total floor area of Eligible Green Projects
- iii. Eligible Green Liability
- iv. The following quantitative indicators for Eligible Green Projects ^(Note)
 - (i) Energy consumption
 - (ii) CO₂ emissions
 - (iii) Water consumption

(Note) Only properties for which SHR has the energy management authority.

Third-party evaluation

SHR acquired “Green 1(F)”, the highest rating in “Green Finance Framework Evaluation” from Japan Credit Rating Agency, Ltd. (JCR) as a third-party evaluation of the Framework.
Click [here](#)  for details of the “Green Finance Framework Evaluation”.

The Latest Reporting



Click [here](#)  for Green Finance Reporting.


Click [here](#)  for Green Bond Reporting.

Green Finance Allocation Status


(As of December 21, 2023)

		Total Amount (Million yen)
Green Finance		62,950
	Green Bonds ^(Note 1)	23,500
	Green Loans ^(Note 2)	39,450

(Note 1) SHR formulated [the Green Bond Framework](#)  in 2018, and the third through ninth Investment Corporation Bonds have been issued in accordance with the Green Bond Framework. In addition, SHR has obtained a third-party opinion from [a third-party opinion from Sustainalytics](#) , an ESG rating agency, for the eligibility of its Green Bond Framework.

For details on Green Bonds, please refer to "Investment Corporation Bonds" in the "DATABOOK" posted under "Disclosure Materials" in the [IR Library](#) .

Click [here](#)  for the Green Bond Assertions issued under the Green Bond Framework.

(Note 2) For details on Green Loans, please refer to "Borrowings" in the "DATABOOK" posted under "Disclosure Materials" in the [IR Library](#) .




SHR received a loan under the Positive Impact Finance (“PIF”) scheme from the syndicate of lenders in which Sumitomo Mitsui Trust Bank, Ltd. (“Sumitomo Mitsui Trust Bank”) acts as an arranger in accordance with the "Principles" for PIF and the model framework of the Principles (Model Framework for financial products for corporates with unspecified use of funds and the Real Estate Investment Framework) issued by the United Nations Environment Programme Finance Initiative (“UNEP FI”).

PIF is a loan intended to continuously support corporations’ activities of which they comprehensively analyze and evaluate the impacts (both positive and negative) on the environment, society and economy. The most notable feature of PIF is that the degree of contribution from corporate activities, products, and services in achieving Sustainable Development Goals (“SDGs”) is used as an evaluation indicator and is monitored based on publicly disclosed information while supporting such corporate activities through engagement.

SHR has selected the themes among the materiality issues as activities that particularly have an impact on the achievement of SDGs, and received qualitative and quantitative evaluations from Sumitomo Mitsui Trust Bank. SHR has also obtained a third-party opinion from Japan Credit Rating Agency, Ltd. regarding the compliance of the procedures related to this evaluation with the Principles as well as the rationality of the evaluation indicators.

Loan amount	6,000 million yen
Applicable interest rate	0.665%
Drawdown date	May 31, 2022
Period	7 years

Click [here](#)  to view details about the PIF and the relevant press release.

ESG Library

ESG Report



ESG Report



An ESG report is issued once a year to engage with stakeholders and has readers understand the efforts made by SHR and SHAM toward realizing a sustainable society.

December 16, 2022 [ESG Report 2022](#) [PDF](#) (10.2MB) [Revised](#)

December 17, 2021 [ESG Report 2021](#) [PDF](#) (14.6MB)

December 16, 2020 [ESG Report 2020](#) [PDF](#) (410KB)

Sekisui House, Ltd. Integrated Report "Value Report 2023 - Our Engagement"



Sekisui House, Ltd. has released an integrated report, "Value Report 2023 - Our Engagement", intending to tell the story of our corporate value from business, financial, and non-financial perspectives.

"Value Report 2023" was produced with the primary purpose of helping readers understand our businesses and initiatives. This report lays out the corporate story of Sekisui House. It uses the process of determining material issues to help readers understand the corporate value and significance of the Sekisui House Group, and clearly expresses the Group's vision for itself through the value creation process. Since 2022, Sekisui House, Ltd. have published the Value Report, which incorporates the content formerly published in the Integrated Report and the Sustainability Report. By including a broad array of ESG information, this report is intended to serve as a unified tool for all stakeholders, including institutional investors and shareholders, that explains Sekisui House's corporate value from business, financial and non-financial perspectives.



Environment

CO₂

Entire Portfolio	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emission	t-CO ₂	15,253	18,318	15,892	14,833	8,939
Scope1		2,411	2,930	2,473	764	795
Scope2		12,842	15,389	13,420	4,362	1,734
Scope3		-	-	-	9,707	6,410
CO ₂ emission intensity	t-CO ₂ /m ²	0.064	0.063	0.052	0.048	0.027
Residence	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emission	t-CO ₂	3,955	3,959	2,897	2,326	433
CO ₂ emission intensity	t-CO ₂ /m ²	0.041	0.040	0.029	0.023	0.004
Office Building	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emission	t-CO ₂	7,362	10,039	9,719	8,684	5,842
CO ₂ emission intensity	t-CO ₂ /m ²	0.063	0.063	0.058	0.050	0.032
Hotel	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total CO ₂ emission	t-CO ₂	3,936	4,320	3,276	3,823	2,664
CO ₂ emission intensity	t-CO ₂ /m ²	0.147	0.125	0.089	0.104	0.106

Energy

Entire Portfolio		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total energy consumption		MWh	41,581	52,494	48,998	51,429	51,046
	Electricity		28,152	36,174	35,227	36,423	36,507
	Fuel		13,249	16,319	13,772	15,006	14,539
Energy consumption intensity		MWh/m ²	0.174	0.179	0.161	0.165	0.160
Residence		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total energy consumption		MWh	8,181	8,352	8,219	8,343	10,009
	Electricity		8,181	8,352	8,219	8,343	9,892
	Fuel		-	-	-	-	117
Energy consumption intensity		MWh/m ²	0.085	0.085	0.083	0.083	0.090
Office Building		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total energy consumption		MWh	20,459	28,180	28,041	29,138	30,157
	Electricity		13,657	19,388	19,865	20,388	21,212
	Fuel		6,801	8,792	8,176	8,750	8,945
Energy consumption intensity		MWh/m ²	0.176	0.176	0.166	0.167	0.164
Hotel		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total energy consumption		MWh	12,941	15,961	12,738	13,948	10,880
	Electricity		6,313	8,434	7,143	7,692	5,403
	Fuel		6,628	7,527	5,596	6,256	5,477
Energy consumption intensity		MWh/m ²	0.483	0.461	0.347	0.380	0.432

Waste

Entire Portfolio		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total waste emission		t	1,055	1,045	714	696	884
	Landfill		357	357	200	57	10
	Incineration		197	207	162	230	346
	Recycled		501	481	344	351	523
	Reuse		-	-	-	39	-
	Other		-	-	8	18	4
Waste emission intensity		kg/m ²	7.455	5.382	3.679	3.288	4.236
Office Building		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total waste emission		t	871	869	618	602	695
	Landfill		244	248	144	57	10
	Incineration		194	203	160	185	275
	Recycled		433	418	306	308	405
	Reuse		-	-	-	39	-
	Other		-	-	8	13	4
Waste emission intensity		kg/m ²	7.488	5.145	3.660	3,441	3.787
Hotel		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total waste emission		t	184	176	96	94	189
	Landfill		113	109	56	-	-
	Incineration		3	4	2	45	71
	Recycled		68	63	38	44	118
	Reuse		-	-	-	-	-
	Other		-	-	-	5	-
Waste emission intensity		kg/m ²	7.301	6.970	3.810	2.559	1.543

Water

Entire Portfolio		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total water use		m ³	780,360	876,419	845,551	819,330	866,107
	Rainwater		2,509	2,461	1,640	2,416	3,400
	City water		777,851	873,958	843,911	816,914	862,707
Water use intensity		m ³ /m ²	1.743	1.707	1.631	1.561	1.543
Residence		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total water use		m ³	601,691	638,837	677,399	637,167	689,477
	Rainwater		-	-	-	-	-
	City water		601,691	638,837	677,399	637,167	689,477
Water use intensity		m ³ /m ²	1.976	2.004	2.166	2.034	1.954
Office Building		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total water use		m ³	107,571	152,090	119,520	126,231	126,378
	Rainwater		2,509	2,461	1,640	2,416	3,400
	City water		105,062	149,629	117,880	123,815	122,978
Water use intensity		m ³ /m ²	0.925	0.950	0.708	0.721	0.689
Hotel		Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Total water use		m ³	71,098	85,493	48,632	55,932	50,253
	Rainwater		-	-	-	-	-
	City water		71,098	85,493	48,632	55,932	50,253
Water use intensity		m ³ /m ²	2.655	2.471	1.325	1.524	1.993

Renewable Energy

	Unit	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Renewable energy consumption	MWh	11	229	2,031	6,602	20,592
Generated		11	1	9	10	9
Purchased		-	228	2,022	6,592	20,582

Information Related to Calculation of Environmental Performance Data

Scope

Properties held as of the end of March every year for which SHR has energy management authority (excluding properties disposed of during the period and areas for which it is difficult to acquire data because tenants have management authority, among other reasons)

Data Coverage (FY 2022)

CO ₂	42.6%
Energy	45.1%
Waste	27.5%
Water	77.2%

(Note) Data coverage is calculated as total floor space of properties subject to data acquisition / total floor space.

Aggregation Period

From April of each year to the end of March of the following year

(For water, the data is aggregated from January of each year to the end of December, from fiscal year 2022 onward.)

Reference Guidelines

Ministry of the Environment “Greenhouse gas emission calculation / reporting / publication system”

Ministry of the Environment and Ministry of Economy, Trade and Industry “Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain (ver. 2.4)”

Classification	Item		Calculation Method
CO ₂	Amount of emissions	Scope1	Direct greenhouse gas emissions by the business operator itself where the amount of activity (amount of fuel use) in common areas × the emission factor
		Scope2	Indirect emissions associated with the use of electricity, heat, and steam supplied from other companies where the amount of activity in common areas (amount of energy purchased) × the emission factor Note that Scope 2 is calculated on a market basis from FY 2021
		Scope3	Leased assets (downstream) in category 13 where the amount of tenants' activity (amount of fuel use and amount of energy purchased) in exclusive area × the emission factor Note that Scope 3 is calculated separately from FY 2021
	Intensity		CO ₂ emissions/total floor area
Energy	Amount of consumption		Amount of fuel use and energy purchased × Energy conversion factor Note that for city gas, 45 MJ/m ³ applies uniformly, and for others factor under the reference guidelines apply
	Intensity		Energy consumption/total floor area
Water	Amount of usage		Total of rainwater and city water
	Intensity		Water usage/total floor area
Waste	Amount of emissions		Total amount of waste excluding valuables
	Intensity		Waste emissions/total floor area
Renewable Energy	Amount of usage		Total amount of renewable energy generated by solar power generation facilities at owned properties and purchased renewable energy

Third-Party Assurance (Verification Opinion)

In order to increase data reliability, SHR has acquired a third-party assurance for our environmental performance data from SGS Japan Inc. with the exception of some data.

[Verification Opinion](#) [PDF](#)

Status of Directors and Employees

			Unit	FY 2020	FY 2021	FY 2022
Total number of directors and employees			Persons	60	64	66
	Male			44	45	45
	Female			16	19	21
Directly hired employees		41		47	50	
	Male			30	33	34
	Female			11	14	16
Seconded employees		13		11	10	
	Male			8	6	5
	Female			5	5	5
Non-Japanese employees		1		0	0	
Employment rate of persons with disabilities			%	0	2.25	2.11
Age composition	Male	Under 30 years old	Persons	2	2	1
		30-50 years old		23	22	24
		50 years old and over		19	21	20
	Female	Under 30 years old		1	2	3
		30-50 years old		13	15	16
		50 years old and over		2	2	2
Percentage of female managers*			%	3.6	3.6	4.0
Average years of service			Years	6.1	6.5	6.5
	Male			8.5	8.0	7.9
	Female			2.7	3.0	3.5

			Unit	FY 2020	FY 2021	FY 2022
Number of newly hired employees			Persons	7	9	8
	Male	Under 30 years old		1	2	0
		30-50 years old		3	4	6
		50 years old and over		0	0	0
	Female	Under 30 years old		1	1	2
		30-50 years old		2	2	0
		50 years old and over		0	0	0
Number of employees who resigned			Persons	6	1	4
	Male	Under 30 years old		0	1	0
		30-50 years old		4	0	3
		50 years old and over		0	0	1
	Female	Under 30 years old		0	0	0
		30-50 years old		2	0	0
		50 years old and over		0	0	0
Turnover rate			%	10.5	1.7	6.9
	Voluntary turnover rate			10.5	1.7	6.9
Number of employees taking childcare leave			Persons	3	2	3
Take-up rate for male childcare leave*			%	0 (no applicable person)	0 (no applicable person)	100
Number of employees taking family care leave			Persons	0	0	0
Number of short-term workers				2	2	4

	Unit	FY 2020	FY 2021	FY 2022
Average monthly work hours per person*	Hours	166.3	164.9	159.9
Annual paid leave take-up rate*	%	40.5	52.0	75.6
Frequency rate of accidents resulting in lost worktime	%	0.0	0.0	0.0
Frequency rate of occupational illness in lost worktime	%	0.0	0.0	0.0

Number of Qualifications Holders

	Unit	As of Jan. 31, 2021	As of Jan. 31, 2022	As of Jan. 31, 2023
ARES Certified Master	Persons	27	27	28
Real Estate Notary		36	41	45
Real Estate Appraiser		1	1	1
First-Class Certified Architect		1	1	1
Chartered Member of the Securities Analysts Association of Japan		1	1	1
Certified Building Administrator		9	10	10
MBA		1	1	1
Attorney at-law		1	1	1
Real Estate Consulting Master		3	4	4
CASBEE Accredited Professional for Real Estate		5	5	3
Licensed Strata Management Consultant		2	2	2
Licensed Representative of Condominium Management Company		4	5	5
Labor and Social Security Attorney		1	1	1
Employment Counselor		0	0	1

(Note) Includes personnel who have passed the qualifying examination.

Training Achievements

		Unit	FY 2020	FY 2021	FY 2022
Average hours of training per person		Hours	16.9	14.5	12.6
Average costs of training per person		Yen	53,613	27,794	11,213
Annual internal training participation rate*		%	100	100	100
	Male		100	100	100
	Female		100	100	100
Number of annual external training courses attended per person*		Times	1.5	3.4	2.4

Training Implementation

		Unit	FY 2020	FY 2021	FY 2022
General training	Number of times	Times	1	-	2
	Participation rate	%	100	-	97.7
Human relations training	Number of times	Times	1	1	1
	Participation rate	%	100	100	100
Compliance training	Number of times	Times	3	6	4
	Participation rate	%	100	100	99.6
ESG training	Number of times	Times	1	1	1
	Participation rate	%	100	100	95.5
Tiered training	Number of times	Times	-	3	-
	Participation rate	%	-	100	-

Social Contribution Activities

	Unit	FY 2021	FY 2022
"Sekisui House Matching Program" (a joint donation system for employees and the company) participation rate*	%	41.9	44.6
Cash donation	Yen	43,200	80,000
Time donation		75,925	401,134

Information Related to Calculation of Social Performance Data

Aggregation Period

From February 1 of each year to the end of January 31 of the following year

(For the average monthly work hours per person, the data is aggregated from January 1 of each year to December 31. For the annual paid leave take-up rate, the data is aggregated from March 11 of each year to March 10 of the following year. For the annual internal training participation rate, the data is aggregated from April 1 of each year to March 31 of the following year.)

Calculation Standards

Employment rate of persons with disabilities	Number of employees with disabilities / employees (excluding seconded employees; part-time workers are converted to 0.5 employees) calculated on June 1 every year
Average years of service	Years of employee service from the date of hire prior to the merger/Number of employees (excluding seconded employees)
Number of newly hired employees, Number of employees taking childcare leave, Number of employees taking family care leave and Number of short-term workers	Calculated from February 1, the first day of the fiscal year of SHAM
Turnover rate	Number of employees who resigned during the fiscal year / number of employees at the beginning of the fiscal year $\times 100$
Average monthly work hours per person	Average of one year from January each year
Annual paid leave take-up rate	Total paid leave taken / total paid leave granted $\times 100$, during one year from March each year
Annual internal training participation rate	Number of training participants / number of directors and employees enrolled (excluding employees on maternity or childcare leave and seconded employees) as of the training date
Number of annual external training courses attended per person	Total number of external training courses attended during the fiscal year/Number of directors and employees (excluding employees on maternity or childcare leave and seconded employees) as of the end of the fiscal year
Time donations	Total amount paid to all employees (including seconded employees and excluding transportation expenses) / number of employees enrolled at the end of the fiscal year / number of business days per year / number of work hours per day / cumulative hours of social contribution activities
Frequency rate of accidents resulting in lost worktime	Number of fatalities and injuries due to lost worktime injuries / total working hours $\times 1,000,000$
Frequency rate of occupation illness in lost worktime	Number of occupational illnesses / total working hours $\times 1,000,000$

Third-Party Assurance (Verification Report)

In order to increase data reliability, SHR has acquired a third-party assurance from the Japan Quality Assurance Organization for the social data (marked *) set as materiality targets.

[Verification Report](#) [PDF](#)

Governance

Status of Use of Internal Reporting System

	Unit	FY 2020	FY 2021	FY 2022
Compliance Hotline	Cases	0	0	0

Status of Legal Compliance

	Unit	FY 2020	FY 2021	FY 2022
Number of serious violations of laws and voluntary standards	Cases	0	0	0
Fines for violations of various laws and regulations	Yen	0	0	0

Political Contribution

	Unit	FY 2020	FY 2021	FY 2022
Amount of political contribution	Yen	0	0	0



Status of Acquisition of Green Certifications

(As of December 21, 2023)

Property No.	Asset Type	Property Name	DBJ Green Building Certification	Certification for CASBEE for Real Estate
R-001	Residence	Esty Maison Ginza	★★★	
R-002	Residence	Esty Maison Azabunagasaka		A Rank
R-003	Residence	Esty Maison Ebisu II	★★★	
R-006	Residence	Esty Maison Kitashinjuku		A Rank
R-010	Residence	Esty Maison Kameido		A Rank
R-012	Residence	Esty Maison Sugamo		A Rank
R-013	Residence	Esty Maison Kyobashi	★★★	
R-018	Residence	Esty Maison Shinagawa Seaside		A Rank
R-021	Residence	Esty Maison Kawasaki II		A Rank
R-022	Residence	Esty Maison Azabujuban		A Rank
R-030	Residence	Esty Maison Hakatahigashi		A Rank
R-033	Residence	Prime Maison Musashinonomori	★★★	
R-034	Residence	Prime Maison Higashisakura	★★★	
R-035	Residence	Prime Maison Kayabakoen	★★★	
R-037	Residence	Esty Maison Itabashi C6		A Rank

Property No.	Asset Type	Property Name	DBJ Green Building Certification	Certification for CASBEE for Real Estate
R-038	Residence	Sha Maison Stage Hakata	★★★	
R-040	Residence	Esty Maison Musashikoganei		A Rank
R-041	Residence	Prime Maison Gokiso	★★★★★	
R-042	Residence	Prime Maison Yuhigaoka	★★★	
R-043	Residence	Prime Maison Kitatanabe	★★★	
R-044	Residence	Esty Maison Momochihama		A Rank
R-046	Residence	Esty Maison Sasazuka		A Rank
R-047	Residence	Prime Maison Ginza East	★★★★★	
R-048	Residence	Prime Maison Takami	★★★★★	
R-049	Residence	Prime Maison Yadaminami	★★★★★	
R-050	Residence	Prime Maison Teriha	★★★	
R-052	Residence	Esty Maison Sengoku		A Rank
R-053	Residence	Esty Maison Daizawa		A Rank
R-054	Residence	Esty Maison Togoshi		A Rank
R-055	Residence	Esty Maison Nishitemma	★★★	
R-056	Residence	Esty Maison Shirokanedai	★★★	
R-061	Residence	Esty Maison Nakano		A Rank
R-066	Residence	Esty Maison Oshiage		A Rank
R-067	Residence	Esty Maison Akabane	★★★	
R-069	Residence	Prime Maison Waseda	★★★	
R-070	Residence	Prime Maison Hatchobori	★★★	
R-071	Residence	Prime Maison Jimbocho	★★★	
R-072	Residence	Prime Maison Gotenyama East	★★★★★	

Property No.	Asset Type	Property Name	DBJ Green Building Certification	Certification for CASBEE for Real Estate
R-073	Residence	Sha Maison Stage Akihabara	★★	
R-076	Residence	Esty Maison Kinshicho II	★★★	
R-077	Residence	Esty Maison Ojima	★★★	
R-078	Residence	Prime Maison Fujimidai	★★★★	
R-079	Residence	Esty Maison Tsurumai		A Rank
R-080	Residence	Prime Maison Morishita	★★★	
R-081	Residence	Prime Maison Shinagawa	★★★★	
R-082	Residence	Prime Maison Odorikoen	★★★★	
R-083	Residence	Prime Maison Minami 2-jo	★★★	
R-084	Residence	Prime Maison Kamokamogawa	★★★	
R-085	Residence	Prime Maison Central Park	★★★★	
R-086	Residence	Sha Maison Stage Yahiro	★★★	
R-087	Residence	Prime Maison Ebisu	★★★	
R-091	Residence	Sha Maison Stage Hino	★★★	
R-092	Residence	Prime Maison Yokohama Nihon-odori	★★★	
R-093	Residence	Kobe Women's Student Housing	★★★★	
R-094	Residence	Prime Maison Shibuya	★★★	
R-095	Residence	Prime Maison Hatsudai	★★★	
R-096	Residence	Esty Maison Uemachidai		A Rank
R-098	Residence	Prime Maison Shirokane-takanawa	★★★	
R-099	Residence	Esty Maison Ichigayayamabushicho	★★★	
R-100	Residence	Esty Maison Morishita	★★★	
R-101	Residence	Prime Maison Shirokanedai Tower	★★★★	S Rank

Property No.	Asset Type	Property Name	DBJ Green Building Certification	Certification for CASBEE for Real Estate
R-102	Residence	Prime Maison Otsuka	★★★	
R-103	Residence	Prime Maison Asakusabashi	★★★★★	
R-104	Residence	Prime Maison Daikanyama	★★★	
R-105	Residence	Prime Maison Gotenyama West	★★★★★	
R-106	Residence	Esty Maison Toyosu Residence	★★★★★	
R-109	Residence	Prime Maison Mitatsunamachi	★★★★★	
R-110	Residence	Prime Maison Hongo	★★★★★	
R-111	Residence	Prime Maison Kuramae	★★★★★	
R-114	Residence	Sha Maison Stage Hirose-dori	★★★	
R-115	Residence	Esty Maison HIGASHIBETSUIN		B+ Rank
R-116	Residence	Esty Maison Kayaba		A Rank
R-118	Residence	Prime Maison Shimokitazawa	★★★★★	
R-119	Residence	Prime Maison Meguro	★★★★★★	
R-120	Residence	Prime Maison Ryogoku	★★★	
R-121	Residence	Prime Maison Nakameguro	★★★★★	
R-122	Residence	Prime Maison Itabashi	★★★★★	
R-123	Residence	Prime Maison EGOTANOMORI		S Rank
R-124	Residence	Prime Maison Waseda dori		S Rank
O-001	Office Building	Garden City Shinagawa Gotenyama		S Rank
O-003	Office Building	Hommachi Minami Garden City		S Rank
O-004	Office Building	Hommachi Garden City (Office building portion)		S Rank
O-005	Office Building	HK Yodoyabashi Garden Avenue		S Rank

Property No.	Asset Type	Property Name	DBJ Green Building Certification	Certification for CASBEE for Real Estate
O-006	Office Building	Hirokoji Garden Avenue		S Rank
O-007	Office Building	Akasaka Garden City		S Rank

Status of Acquisitions of Wellness Certifications

(As of December 21, 2023)

Property No.	Asset Type	Property Name	Certification for CASBEE Wellness Office
O-001	Office Building	Garden City Shinagawa Gotenyama	S Rank

GRI Standards Content Index






GRI Standards Content Index

Universal Standards

Disclosure Items		Response
GRI 2 : General Disclosures 2021		
1. The organization and its reporting practices		
2-1	Organizational details	Profile of SHR "Overview / History (Overview)"
2-2	Entities included in the organization's sustainability reporting	ESG Disclosure Policy and Reporting Framework
2-3	Reporting period, frequency and contact point	ESG Disclosure Policy and Reporting Framework
2-5	External assurance	ESG Data "Third-Party Assurance (Verification Statement)"
2. Activities and workers		
2-6	Activities, value chain and other business relationships	Profile of SHR "Structure of SHR"
2-7	Employees	ESG Data "Status of Directors and Employees"
3. Governance		
2-9	Governance structure and composition	Corporate Governance
2-10	Nomination and selection of the highest governance body	IR Library "Disclosure Materials (Securities Report)" (only in Japanese)
2-11	Chair of the highest governance body	Corporate Governance "Organizational Structure"
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Management "Sustainability Promotion System"
2-13	Delegation of responsibility for managing impacts	Sustainability Management "Sustainability Promotion System" Measures for Addressing Climate Change "Risk Management"

Disclosure Items			Response
2-14	Role of the highest governance body in sustainability reporting		Sustainability Management “Sustainability Promotion System” Measures for Addressing Climate Change “Risk Management”
2-15	Conflicts of interest		Compliance “Prevention Measures for Conflict-of-Interest Transactions”
2-16	Communication of critical concerns		Compliance “Compliance System” Compliance “Internal Reporting System” Compliance “Internal Audit System” Risk Management “Risk Management System” ESG Data “Status of Use of Internal Reporting System”
2-18	Evaluation of the performance of the highest governance body		Corporate Governance “Evaluation of the Effectiveness of SHR’s Board of Directors and SHAM’s Board of Directors”
2-19	Remuneration policies		Corporate Governance “Director's Remuneration”
2-20	Process to determine remuneration		Corporate Governance “Director's Remuneration”
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy		Message from Senior Management
2-23	Policy commitments		Sustainability Management “Sustainability Policy”
2-24	Embedding policy commitments		Sustainability Management “Sustainability Promotion System”
2-25	Processes to remediate negative impacts		Compliance “Internal Reporting System”
2-26	Mechanisms for seeking advice and raising concerns		Compliance “Internal Reporting System”
2-27	Compliance with laws and regulations		ESG Data “Status of Legal Compliance”
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement		Stakeholder Engagement
GRI 3: Material Topics 2021			
Disclosures on material topics			
3-1	Process to determine material topics		Materiality (Important Issues) “Materiality Identification Process”
3-2	List of material topics		Materiality (Important Issues) “Materiality”
3-3	Management of material topics		Materiality (Important Issues) “Materiality”

	Disclosure Items		Response
Economy	GRI 201: Economic Performance 2016		
	201-1	Direct economic value generated and distributed	Cash Distributions  IR Library "Disclosure Materials (Securities Report)" (only in Japanese)  ESG Data "Social Contribution Activities"
	201-2	Financial implications and other risks and opportunities due to climate change	Measures for Addressing Climate Change
	GRI 205: Anti-corruption 2016		
	205-2	Communication and training about anti-corruption policies and procedures	Compliance "Efforts to Prevent Bribery, Corruption, etc."
	205-3	Confirmed incidents of corruption and actions taken	Not Applicable
	GRI 206: Anti-competitive Behavior 2016		
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Data "Status of Legal Compliance"
	GRI 207: Tax 2019		
	207-1	Approach to tax	IR Library "Disclosure Materials (Securities Report)" (only in Japanese) 

	Disclosure Items		Response
Environ ment	GRI 302: Energy 2016		
	302-1	Energy consumption within the organization	ESG Data “Energy”
	302-3	Energy intensity	ESG Data “Energy” Our Approach to Environmental Considerations, Environmental Performance “Environmental Performance Data”
	302-4	Reduction of energy consumption	Our Approach to Environmental Considerations, Environmental Performance
	GRI 303: Water and Effluents 2018		
	303-1	Interactions with water as a shared resource	Environmental Performance Data
	303-5	Water consumption	ESG Data “Water”
	GRI 304: Biodiversity 2016		
	304-3	Habitats protected or restored	Coexistence of Humankind and Nature, and Initiatives for Environmental Resources
	GRI 305: Emissions 2016		
	305-1	Direct (Scope 1) GHG emissions	ESG Data “CO ₂ ”
	305-2	Energy indirect (Scope 2) GHG emissions	ESG Data “CO ₂ ”
	305-3	Other indirect (Scope 3) GHG emissions	ESG Data “CO ₂ ”
	305-4	GHG emissions intensity	ESG Data “CO ₂ ”
	305-5	Reduction of GHG emissions	Our Approach to Environmental Considerations, Environmental Performance
	GRI 306: Waste 2020		
	306-2	Management of significant waste-related impacts	Our Approach to Environmental Considerations, Environmental Performance Coexistence of Humankind and Nature, and Initiatives for Environmental Resources “Appropriate Waste Management”
	306-3	Waste generated	ESG Data “Waste”
	306-4	Waste diverted from disposal	ESG Data “Waste”
	306-5	Waste directed to disposal	ESG Data “Waste”

	Disclosure Items		Response
Society	GRI 401: Employment 2016		
	401-1	New employee hires and employee turnover	ESG Data “Status of Directors and Employees”
	401-3	Parental leave	ESG Data “Status of Directors and Employees”
	GRI 403: Occupational Health and Safety 2018		
	403-4	Worker participation, consultation, and communication on occupational health and safety	Creating Comfortable Workplace Environment
	403-6	Promotion of worker health	Creating Comfortable Workplace Environment
	403-9	Work-related injuries	ESG Data “Status of Directors and Employees”
	403-10	Work-related ill health	ESG Data “Status of Directors and Employees”
	GRI 404: Training and Education 2016		
	404-1	Average hours of training per year per employee	ESG Data “Training Achievements”
	404-2	Programs for upgrading employee skills and transition assistance programs	Human Resource Development “Training System”
	404-3	Percentage of employees receiving regular performance and career development reviews	Human Resource Development “Strategy for Developing Human Resources”
	GRI 405: Diversity and Equal Opportunity 2016		
	405-1	Diversity of governance bodies and employees	ESG Data “Status of Directors and Employees”
	GRI 406: Non-discrimination 2016		
	406-1	Incidents of discrimination and corrective actions taken	Not Applicable
	GRI 407: Freedom of Association and Collective Bargaining 2016		
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not Applicable
	GRI 408: Child Labor 2016		
	408-1	Operations and suppliers at significant risk for incidents of child labor	Not Applicable

	Disclosure Items		Response
Society	GRI 409: Forced or Compulsory Labor 2016		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not Applicable
	GRI 411: Rights of Indigenous Peoples 2016		
	411-1	Incidents of violations involving rights of indigenous peoples	Not Applicable
	GRI 415: Public Policy 2016		
	415-1	Political contributions	ESG Data “Political Contribution”
	GRI 416: Customer Health and Safety 2016		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not Applicable
	GRI 417: Marketing and Labeling 2016		
	417-2	Incidents of non-compliance concerning product and service information and labeling	Not Applicable
	417-3	Incidents of non-compliance concerning marketing communications	Not Applicable
	GRI 418: Customer Privacy 2016		
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not Applicable

SASB Standards Content Index





SASB Standards Content Index

Sustainability Disclosure Topics & Accounting Metrics

Topic	Accounting Metric	Code	Response, Relevant Content
Energy Management	Energy consumption data coverage as a percentage of total floor area, by property sector	IF-RE-130a.1.	ESG Data "Information Related to Calculation of Environmental Performance Data"
	(1) Total energy consumed by portfolio area with data coverage, (2) percentage grid electricity, and (3) percentage renewable, by property sector	IF-RE-130a.2.	ESG Data "Energy" ESG Data "Renewable Energy"
	Like-for-like percentage change in energy consumption for the portfolio area with data coverage, by property sector	IF-RE-130a.3.	ESG Data "Energy"
	Percentage of eligible portfolio that (1) has an energy rating and (2) is certified to ENERGY STAR, by property sector	IF-RE-130a.4.	9.3% (as of December 21, 2023) (Reference) Percentage of the Portfolio with Green Certification Investing in Real Estate with Excellent Environmental Performance
	Description of how building energy management considerations are integrated into property investment analysis and operational strategy	IF-RE-130a.5.	SHR's Sustainability Materiality (Important Issues) Stakeholder Engagement Collaboration with Tenants and Property Management Companies
Water Management	Water withdrawal data coverage as a percentage of (1) total floor area and (2) floor area in regions with High or Extremely High Baseline Water Stress, by property sector	IF-RE-140a.1.	-
	(1) Total water withdrawn by portfolio area with data coverage and (2) percentage in regions with High or Extremely High Baseline Water Stress, by property sector	IF-RE-140a.2.	-

Topic	Accounting Metric	Code	Response, Relevant Content
Water Management	Like-for-like percentage change in water withdrawn for portfolio area with data coverage, by property sector	IF-RE-140a.3.	-
	Description of water management risks and discussion of strategies and practices to mitigate those risks	IF-RE-140a.4.	Materiality (Important Issues) Coexistence of Humankind and Nature, and Initiatives for Environmental Resources "Installation of Water-Saving Equipment"
Management of Tenant Sustainability Impacts	(1) Percentage of new leases that contain a cost recovery clause for resource efficiency-related capital improvements and (2) associated leased floor area, by property sector	IF-RE-410a.1	-
	Percentage of tenants that are separately metered or submetered for (1) grid electricity consumption and (2) water withdrawals, by property sector	IF-RE-410a.2	-
	Discussion of approach to measuring, incentivizing, and improving sustainability impacts of tenants	IF-RE-410a.3	Collaboration with Tenants and Property Management Companies
Climate Change Adaptation	Area of properties located in 100-year flood zones, by property sector	IF-RE-450a.1	-
	Description of climate change risk exposure analysis, degree of systematic portfolio exposure, and strategies for mitigating risks	IF-RE-450a.2	Measures for Addressing Climate Change

Activity Metrics

Activity Metrics	Code	Response, Relevant Content
Number of assets, by property sector	IF-RE-000.A	Portfolio "Portfolio Data" 
Leasable floor area, by property sector	IF-RE-000.B	IR Library "Disclosure Materials (DATABOOK)" 
Percentage of indirectly managed assets, by property sector	IF-RE-000.C	-
Average occupancy rate, by property sector	IF-RE-000.D	IR Library "Disclosure Materials (DATABOOK)" 