

[Translation for Reference Purpose Only]



November 12, 2021

To All Concerned Parties

Company Name: Open House Co., Ltd.
Representative: Masaaki Arai, President and CEO
Securities code: 3288, First section of TSE
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Notice Regarding Information Disclosure Based on the TCFD Recommendations

OPEN HOUSE Co., Ltd. (the "Company") hereby announces that it has disclosed information related to climate change based on the Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations. Details are as follows.

The Company promotes sustainability that both contributes to the realization of a sustainable society through our business activities and strives for continuous corporate growth. In environmental conservation, which is one of our material issues, we recognize that responding to climate change is a matter of urgency. In January 2021, the Company declared its support for the TCFD recommendations. Since joining the TCFD Consortium, we have conducted a scenario analysis of the effects of climate change on the OPEN HOUSE Group's mainstay single-family homes related business.*1

We have established emission reduction targets for greenhouse gases ("GHG"), and disclosed information in the areas of governance, strategy, risk management, and metrics and targets recommended by the TCFD as provided in the attachment.

<Greenhouse gas (GHG) emission reduction targets>

2030	Scopes 1 and 2	46% reduction (base unit: vs FY2018)
2050	Scopes 1 and 2	Net zero

(*1) Single-family homes related business:

We conducted a scenario analysis of the single-family homes related business operated by Open House Co., Ltd. and Open House Development Co., Ltd.

(*2) Scopes 1 and 2

Scope 1: emissions from the business activities of covered companies (direct emissions)

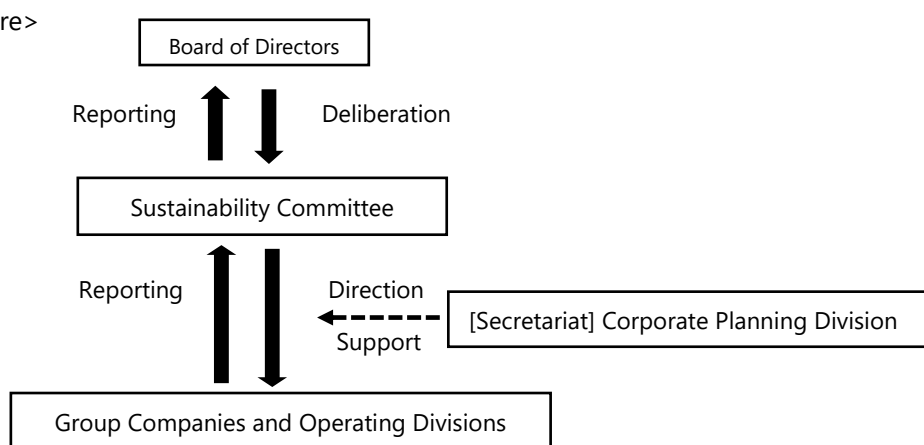
Scope 2: emissions produced from the use of energy provided by other companies (indirect emissions)



1. Governance

The Company recognizes climate change as one of the issues that have a material effect on its management. It positions the Sustainability Committee, chaired by the Managing Director who serves as Division Director of the Corporate Planning Division and composed of division heads, as the body responsible for climate change-related issues. The Sustainability Committee regularly evaluates the Company's response to various issues related to climate change. Furthermore, the Board of Directors monitors the Sustainability Committee, and reports and deliberates on important policies and matters.

<Operating structure>



2. Strategy

The OPEN HOUSE Group has identified risks and opportunities presented by climate change envisioned for 2030 for its mainstay single-family homes related business. It also analyzed the financial effects based on two scenarios envisioned by the Intergovernmental Panel on Climate Change ("IPCC") and considered future response policies as follows.

(1) Scenario analysis assumptions (definitions)

		(i) 1.5°C scenario	(ii) 4°C scenario
Transition risk	Risks and opportunities associated with changes in policies, rules, technologies, the market, customer preferences, etc. during the transition period to a low-carbon society.	Strict global climate change policies are thoroughly implemented, succeeding in limiting global warming. As a result, the average temperature in 2050 only rises by 1.5°C compared to before the Industrial Revolution in the 18th century.	Despite various calls for attention to global warming, the world's nations are unable to cooperate, and strict policies are not introduced. As a result, global warming progresses further, the average temperature rises by 4°C, and natural disasters become more severe and frequent.
Physical risk	The acute risk such as natural disasters becoming more severe and frequent due to climate change, and the chronic risk such as rising average temperatures and abnormal weather.		

(2) Results of scenario analysis

(i) 1.5°C scenario

In the 1.5°C scenario, the transition risk of introducing a carbon tax and mandating solar panels is seen as the main factor pressuring earnings. However, winning new customers by providing homes with a low environmental impact is an earnings opportunity. In terms of the physical risk, the risk from natural disasters, etc. is negligible. Overall, we have concluded that the financial effects in this scenario are limited.

(ii) 4°C scenario

In the 4°C scenario, we concluded that there is no significant transition risk. In terms of physical risk, the single-family homes related business operated by the OPEN HOUSE Group is a short-flow business. Because of this, by increasing our sensitivity to changes in the external environment such as intensifying natural disasters, we can reduce risks, and have concluded that there are no significant financial effects in this scenario.

<List of risks, opportunities, and financial effects>

Risks and opportunities/Items		Effects	Financial effects	
			1.5°C	4°C
Transition risk · Opportunity	[Risk] Carbon tax introduction	Rising procurement costs of materials, etc. from the introduction of the carbon tax (Rising construction contracting costs)	↓	—
		Rising fuel costs for company vehicles from the introduction of the carbon tax	↓	—
		Rising electricity usage costs from the introduction of the carbon tax	↓	—
	[Risk] Mandated installation of solar panels	Rising costs (0% pass-through rate to sale price) from the mandated installation of solar panels (60%)	↓	—
	[Opportunity] Rising demand for homes with a low environmental impact	Increased earnings with the provision of homes with a low environmental impact (ZEH Oriented)	↑	—
Physical risk	[Risk] Effects of intensifying typhoons and floods	Increased costs due to periods of suspended operations from intensifying typhoons and floods	—	—
		Decreased earnings from price decreases in homes under construction from intensifying typhoons and floods	↓	↓
	[Risk] Increased negative health effects from severe heat (heatstroke, etc.)	Increased costs due to reduced productivity of construction workers from severe heat	↓	↓
		Decreased earnings from reduced sales efficiency of sales staff from severe heat	↓	↓

[Financial effects key]

↑/↓: absolute value of ¥1 billion or more and less than ¥5 billion

Not applicable: absolute value of ¥100 million or more and less than ¥1 billion

↑ / ↓: absolute value of ¥10 million or more and less than ¥100 million

—: no financial effect, or an absolute value of less than ¥10 million

(3) Future response

As a result of the above analysis, we confirmed that reducing the cost of cutting GHG emissions and mandated solar panel installation is effective in reducing risk and that providing homes with a low environmental impact presents an earnings opportunity.

Furthermore, in reducing GHG emissions, in terms of Scopes 1 and 2*, we expect to achieve our targets mainly by sequentially converting company vehicles to vehicles with a low environmental impact, by reducing energy, and by using renewable energy in the medium to long term. However, the OPEN HOUSE Group has a high ratio of Scope 3* emissions to total emissions, and it recognizes that its response to Scope 3 is important. Scope 3 emissions are mainly made up of GHG emissions from the use of homes after sale and emissions in the supply chain for materials procurement. To reduce Scope 3 emissions in the future, we need to call for the understanding and cooperation of all relevant parties.

On the other hand, regarding the installation of solar panels, even if solar panels are installed in the single-family homes provided at low cost in good locations by the OPEN HOUSE Group's single-family homes related business, because the size of lots is limited, the amount of power produced by current solar panels will not cover the energy needs of an average home.

Furthermore, regarding the provision of homes with a low environmental impact, for locations that meet set conditions (locations in use districts subject to the north oblique line restriction [Category 1 and 2 low-rise exclusive residential districts and Category 1 and 2 medium-to-high-rise exclusive residential districts] with a total lot area of less than 85 m²), a "ZEH Oriented" category has been established for homes with a low environmental impact that do not require solar panel installation (cutting-edge ZEH-oriented homes with a high level of exterior thermal insulation and high-efficiency, energy-saving equipment). Certain regions in which the OPEN HOUSE Group is operating its single-family homes related business meet the above conditions. However, there are issues that must still be solved for commercialization, including the space and costs currently required to install high-efficiency, energy-saving equipment and the omission of certain heating equipment.

Therefore, while following the trends of government regulations, heightened customer awareness of carbon reduction, technological innovation in solar power generation equipment, etc., we will continue to consider said issues to choose the best methods for all our stakeholders, in view of economic rationality.

3. Risk management (system)

The Sustainability Committee of the Company formulates a basic policy on environmental issues and manages risks created by climate change. The Sustainability Committee identifies the issues facing the OPEN HOUSE Group by following trends in Japan and the world in response to climate change, including exchanging information with external experts. It also discusses the necessary policies with Group companies and operating divisions, and regularly monitors the progress of those policies. The Sustainability Committee also manages the progress of the established GHG emission reduction targets, and continuously considers raising the targets further. The Sustainability Committee regularly reports to the Board of Directors on the climate change issues and the progress of initiatives to address the issues. Through these efforts, the Company has developed a system to respond appropriately to the risks and opportunities presented by climate change, which is expected to further diversify, expand and intensify in the future.

4. Metrics and targets

Based on the results of the scenario analysis, to reduce the risks from climate change, the Company set the medium- to long-term GHG emission reduction targets. In addition to working to achieving Scope 1 and Scope 2 targets in the near term, we will continue to consider setting Scope 3 targets.

<Greenhouse gas (GHG) emission reduction targets>

2030 Scopes 1 and 2* 46% reduction (base unit: vs FY2018)

2050 Scopes 1 and 2 Net zero

(*) Scopes 1, 2, and 3

Scope 1: emissions from the business activities of covered companies (direct emissions)

Scope 2: emissions produced from the use of energy provided by other companies (indirect emissions)

Scope 3: emissions from other business activities (indirect emissions mainly from materials procurement and the use of homes after sale)

Please refer to the "Sustainability" section on our website for details on GHG emissions, etc.
<https://openhouse-group.co.jp/en/company/sustainability/environment/>

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