

# Governance

Commitment to Governance	208
Corporate Governance	210
Message from the Chairperson of the Board of Directors	214
Message from the Chairperson of the Audit and Supervisory Board	216
Message from the Chairperson of the Personnel Affairs and Remuneration Committee	218
Promoting Compliance	226
Strengthening Risk Management	231
Indicators and Progress	235
Directors of the Board and Audit and Supervisory Board Members	236

## G Commitment to Governance



### Strengthening corporate governance through senior management and business management

#### Naoki Kawamura

Chairperson of the Environmental Subcommittee  
Executive Officer and Head of Legal Department

The Sekisui House Group views the enhancement of corporate governance as a key management issue to sustainably advance our business and secure the trust of all shareholders.

We designated 2018 as the first year of governance reforms, steadily enacting specific measures such as introducing mandatory retirement at age 70 for representative directors, establishing Management Meetings, defining the responsibilities of directors of the Board in terms of departmental supervision, and reforming of the remuneration system for officers and the executive officer system. These reforms allowed us to improve the sustainability of our operations and strengthen the effectiveness of our governance.

Integrity—sincerity and high moral values—is central to our governance reforms. Built upon our Corporate Philosophy, this concept resonates with

our philosophy of Love of Humanity, and with our stance of truth and trust. Whether it be the selection of prospective directors of the Board or in sales, production and construction operations, we place greatest importance on integrity in all corporate activities. Our commitment to becoming a leading company in ESG management remains steadfast.

Having begun in FY2023, our Sixth Mid-Term Management Plan aims to promote further improvements to governance in terms of both senior management and business management in order to facilitate the active innovation and communication that is the driving power behind the Sekisui House Group.

Regarding our business management, our Board of Directors has reached a stage where increased diversity enhances effectiveness, allowing us to further strengthen our governance. Outside directors and female

directors account for 50% and 30%, respectively, of its membership. With an outside director as its chair, the Board of Directors works to increase its effectiveness and, to this end, proactively utilizes periodic and objective evaluations undertaken by third-party agencies. With regard to business execution, the Board of Directors will advance the delegation of its authority to Management Meetings and other bodies. In these ways, we will invigorate discussions of medium- to long-term strategies based on the global vision while increasing the sophistication of our corporate governance via the strengthening of the Board of Directors' supervisory functions over business execution. To reinforce the effectiveness of the human resource pipeline for future senior management personnel, we have established a Succession Plan Council, a cross-departmental organization aimed at sharing information across all divisions regarding successors as well as discussing how to nurture candidates. Regarding information disclosure, we revised our structure for preparing the annual Securities Report by bringing in the expertise of external agencies while enhancing the content of non-financial information disclosed in this publication.

Regarding our business management, we train and optimally allocate governance specialists while developing and strengthening internal audit functions for all domestic and overseas Group companies. In these and other ways, we endeavor to strengthen our corporate functions and enhance the effectiveness of our Group-wide governance network. On the domestic side, we founded Sekisui House Construction Holdings in February 2024, increasing governance functions by defining responsibilities and delegating authority from the Sekisui House head office. In April 2024, M.D.C. Holdings, Inc. became a wholly owned subsidiary, helping us further promote the establishment of group governance in the United States. To foster human rights and compliance practices in all Company workplaces globally, we have expanded departments that specialize in these topics and enhanced our whistleblowing and counseling hotline systems. Additionally, we hold integrity and management training for new chief managers and general managers in order to establish a vibrant environment with a high degree of psychological safety, thereby fostering a corporate culture based on mutual trust achieved via robust communications.

## Commitment to Governance

### Establishing Our Governance System

#### Mid-Term Management Plan **Strengthening corporate governance through senior management and business management –Driving forces of innovation and communication–**

##### Senior Management Level

#### 1 Moving forward from the development of a corporate governance framework to the new stage of realizing its functional effectiveness

- The Board of Directors, now equipped with greater diversity than before, exercises its functions to the fullest. –
  - Facilitating lively Board room discussions in accordance with our global vision
    - Enhancing the Board of Directors’ functions via the third-party evaluation of its effectiveness
    - Delegating authority from the Board of Directors to Management Meetings and other bodies
  - Strengthening the effectiveness of our senior management candidate pipeline
    - Strengthening our pipeline by upgrading the selection process for executive officers and operations officers
    - The Personnel Affairs and Remuneration Committee monitors the effectiveness of the management pipeline

#### 2 Increasing the sophistication of stakeholder engagement

- Exercising spontaneous judgment for consistent information disclosure. –
  - Further upgrading our mode of information disclosure
    - Enhancing the content of information being disclosed about the current status of the linkage between tackling material issues and strengthening corporate governance
    - Securing consistency in information disclosure and reinforcing its effectiveness as messaging

##### Business Management Level

#### 1 Rolling out Group governance systems on a global basis

- Removing boundaries between domestic and overseas Group entities, with the aim of creating a network based on mutual trust. –
  - Establishing Group governance in the U.S.
    - Ensuring that our U.S. operations are supervised by clearly defined regional headquarters functions on an ongoing basis
    - Allocating human resources to local subsidiaries based on their functions
  - Promoting the development of a governance network
    - Stepping up the development of governance specialists and optimally allocating them to Group companies at home and abroad
    - Strengthening corporate functions in place at domestic and overseas Group companies
  - Enhancing our internal audit structure for global auditing
    - Developing internal audit functions aligned with the size of Group companies at home and abroad as well as risks specific to each

#### 2 Fostering a corporate culture based on mutual trust achieved via robust communications

- Aiming for the creation of a workplace that ensures psychological safety for employees and empowers them to work vibrantly. –
  - Developing an environment aimed at raising compliance awareness among employees
    - Promoting training for all employees while encouraging the active use of whistleblowing and counseling hotline systems
  - Strengthening our capabilities for autonomous organizational management
    - Securing a greater number of leaders equipped with robust integrity

### Topics for FY2023

#### – Strengthening the effectiveness of our senior management candidate pipeline A More Sophisticated Executive Officer Selection Process

We implemented the Succession Plan Council to visualize successors for employed executive officers and operating officers, sharing succession information among division officers (operating officers and higher) and general managers to enhance the management candidate pipeline.

#### – Enhancing the content of non-financial information publicized through legal disclosures Establishing a Disclosure System

To respond to enhanced reporting requirements for sustainability information following revisions to the Cabinet Office Ordinance on Disclosure of Corporate Affairs, we organized a cross-departmental task force from relevant departments to create the Securities Report. By coordinating this obligatory information disclosure with documents such as the Value Report (Integrated Report), our voluntary disclosure medium, we were able to guarantee consistency and improve our messaging.

#### – Strengthening Group governance Founding Sekisui House Construction Holdings, Ltd.

To enhance and expand our construction capabilities, which constitute an integral part of the Group’s core competencies, we decided to move the Sekisui House Construction Group to an intermediate holding company system. In February 2024, we conducted an absorption-type split between the Company and this intermediate holding company Sekisui House Construction Holdings, Ltd. We also plan to expand the business range handled by this company. To this end, we aim to fully leverage the locally-rooted customer bases possessed by each Sekisui House Construction company as we strive to ensure safe and high-quality construction work. In order to realize our growth strategies and strengthen governance, we will also enact flexible revisions to systems, including that of personnel, while clarifying the responsibilities and authority delegated to this intermediate holding company. In this way, we will enhance our built-to-order business.

#### – Establishing an environment to enhance compliance awareness

##### The Human Rights and Compliance Promotion Office

To facilitate the global implementation of Sekisui House’s policy on human rights and compliance, we have renamed our Legal Department’s Human Relations Office as the Human Rights and Compliance Promotion Office to clarify its function as a specialized organization while increasing its staff. This organization now centrally manages systems including the Sekisui House Group Compliance Helpline, our whistleblowing system, as well as the Sekisui House Global Helpline and the Sexual and Power Harassment Hotline, which receives consultations on sexual and power harassment and human rights related issues.

# G Corporate Governance

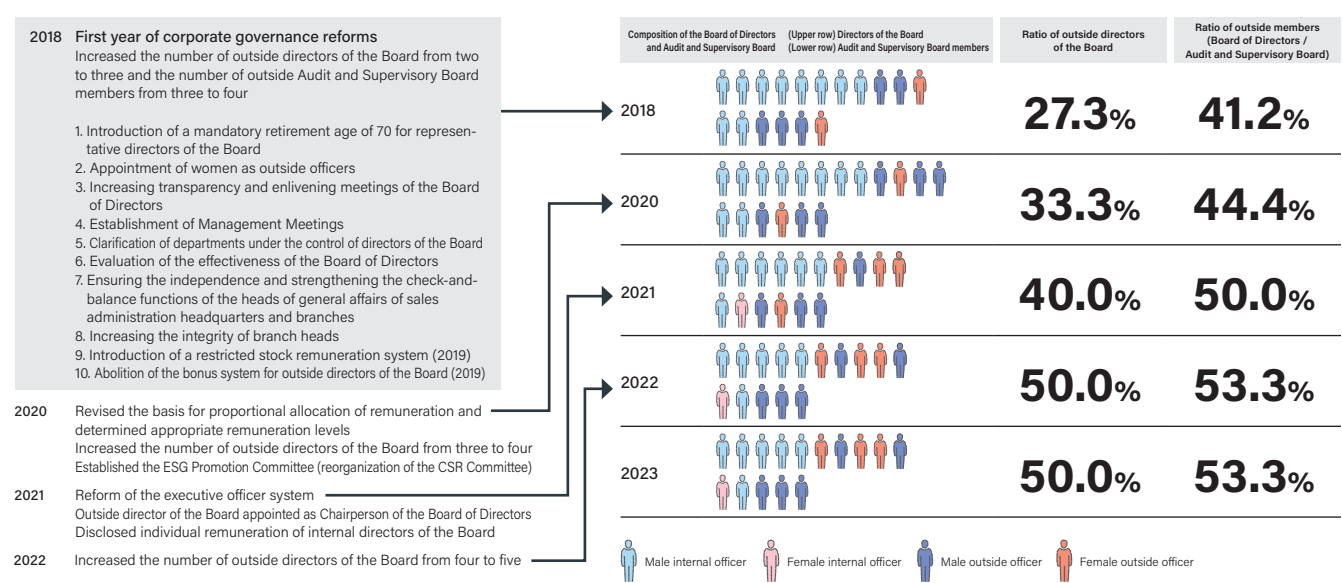
## Basic Approach

In accordance with Sekisui House Group's Corporate Philosophy, we position corporate governance as a key management challenge and a foundation for sustainably enhancing corporate value and creating shared value for stakeholders. The Sekisui House Group has improved the effectiveness of its corporate governance to increase corporate value and has put in place a system that enables speedy management marked by integrity. We disclose to stakeholders our Basic Policy<sup>1</sup> on Corporate Governance, which establishes the fundamental concept and framework of the Company's corporate governance. The Sekisui House Group positioned 2018 as the first year of governance reforms. We have steadily implemented each initiative to build a resilient management base for long-term sustained growth in corporate value. We will continue to widely disclose the concept and framework regarding our corporate governance to all stakeholders while continuously striving for improvements.

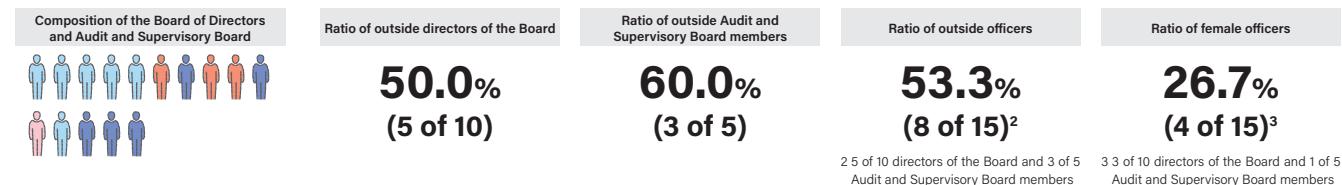
<sup>1</sup> Details regarding the Basic Policy on Corporate Governance are available on our website.

[Basic Policy on Corporate Governance](#)

## Changes in Governance



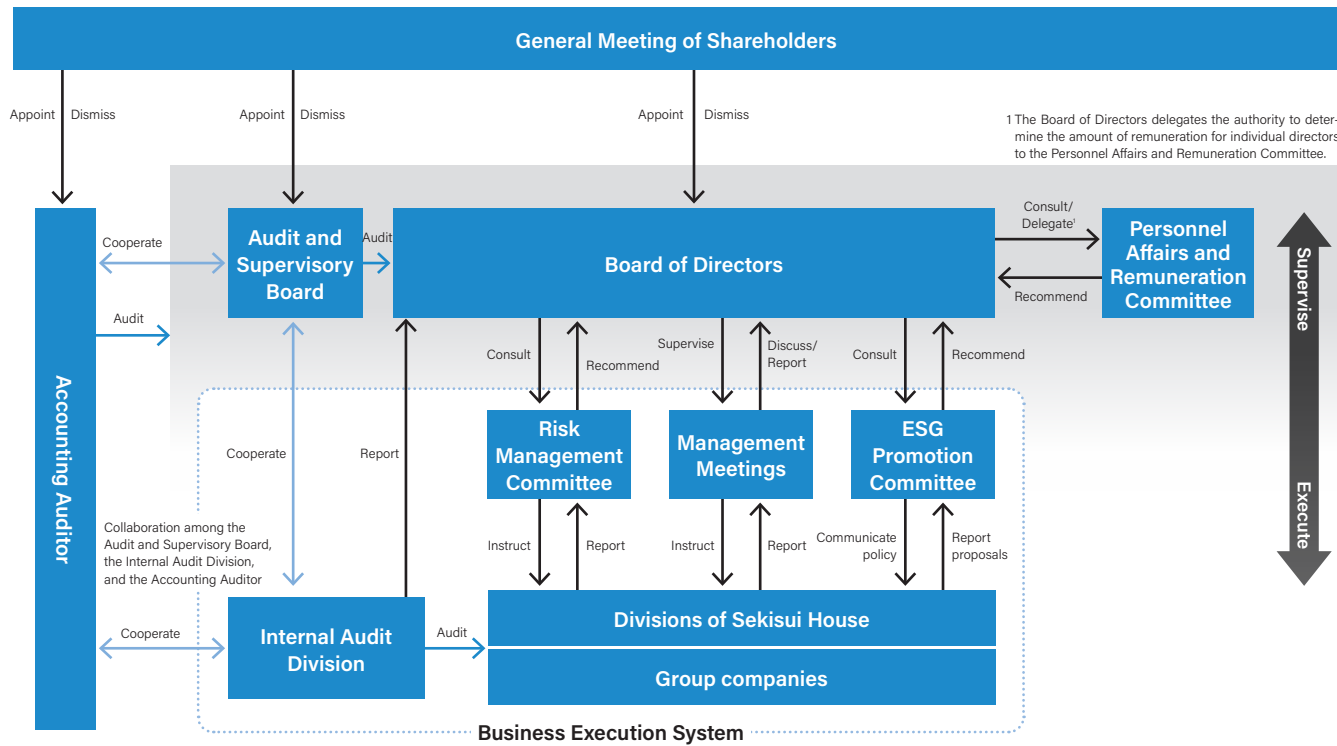
## Corporate Governance Highlights (As of April 26, 2024)



Corporate Governance

Corporate Governance System

Corporate Governance System (As of April 26, 2024)



- In accordance with the organizational design stipulated in the Companies Act, we have adopted an Audit and Supervisory Board system, in which the Audit and Supervisory Board and its members possess significant independence. In addition, to create a management system that speeds up management decisions and responds properly to rapidly changing economic and market conditions, we have established an executive officer system.
- In April 2021, we created four distinct tiers as part of reforms to the executive officer system: entrusted executive officers concurrently serving as directors of the Board (President, Vice Chairman, Vice President, Senior Managing Officer), entrusted executive officers who are director of the Board candidates (Senior Managing Officer, Managing Officer), employed executive officers who maintain their status of employee and therefore can be flexibly appointed, and operating officers who are candidates for the preceding position. We are strengthening the development of management personnel at each division and building a sustainable leadership pipeline through the clarification of roles, personnel requirements, and selection and dismissal processes.
- Also since April 2021, we have expanded the functions of the Management Meetings beyond deliberations on important agenda items to be brought up to the Board of Directors. Entrusted executive officers (managing officer and higher) share information and make decisions regarding individual business execution. Furthermore, outside directors of the Board and Audit and Supervisory Board members are welcome to attend as observers.
- The Board of Directors, including outside directors of the Board, comes equipped with a skill matrix of diverse knowledge, experience and ability to create business strategies, management policies and plans, and remains responsible for medium-to-long-term execution of important business. We adopt the above structure aiming to secure moderate separation between management supervision functions and business executive functions by delegating short-term and segment specific business execution functions to Management Meetings and other like conferences.

## Corporate Governance

### Organizations/Committees and Their Roles

#### Board of Directors

The Board of Directors consists of ten directors of the Board (seven men and three women) including five outside directors of the Board and meets once per month in principle. To improve corporate value over the medium-to-long term, the Board of Directors shall be responsible mainly for establishing management policies, strategies and plans, and making decisions on the execution of important operations, as well as for supervising and evaluating the execution of duties by directors of the Board and executive officers and for establishing systems, such as internal control and risk management, to ensure the soundness of management.

In addition, to promote the constructive exchange of opinions, we decided not to combine the positions of Chairperson of the Board of Directors and the convener. Therefore, from May 2021, an outside director of the Board, Toshifumi Kitazawa, has been appointed and currently serves as the Chairperson of the Board of Directors, while Representative Director of the Board, President, Executive Officer (Yoshihiro Nakai) currently serves as the convener.

The Board of Directors shall have the number of members that is considered appropriate for substantive deliberations, and independent outside directors of the Board shall be selected so that the ratio of independent outside directors on the Board of Directors is one-third or more. Moreover, we formulate a skill matrix based on business strategies and management plans to help ensure the Board of Directors shall have a well-balanced composition of members with full awareness of the skills required for the Board of Directors. Members shall include experts in finance, accounting, laws, compliance and other relevant areas, with consideration for knowledge, experiences, and ability; the number of years in office; and gender, ensuring both suitable diversity and proper headcount.

We have also established the Office of Directors of the Board as an organization for assisting outside directors of the Board in their duties, and assigned several employees to it, including full-time staff.

#### Number of agenda items and main contents for FY2023

84 Resolutions: Board of Directors effectiveness evaluations for the 72nd fiscal year as well as external disclosure and financial results, income plan for the 73rd fiscal year, disclosures regarding the Sixth Mid-Term Management Plan, partial revisions of rules for officer remuneration, partial revision of fundamental policies of the development of the internal control system, establishment of the Human Rights and Compliance

Promotion Office, partial revision regarding inclusion criteria for agenda items to be addressed by the Board of Directors (higher threshold for monetary amounts involved), organizational restructuring of Sekisui House Construction Group, etc. 68 Reports: Personnel Affairs and Remuneration Committee status of activities, Risk Management Committee status of activities, audit policies and plans, implementation of dialogue with institutional shareholders, implementation status of internal audits, initiatives aimed at improving the content of information disclosed via the Securities Report, verification of cross-shareholdings, status of initiatives regarding the Group's capital cost management, summaries of Management Meetings, etc.

#### Audit and Supervisory Board

The Audit and Supervisory Board has five members (four men and one woman), of whom three are outside members. It formulates audit plans and based on those plans it conducts hearings regarding risks and other issues pertaining to the assigned duties of directors, executive officers, key office heads, the directors of subsidiaries and others.

In addition, Audit and Supervisory Board members exchange opinions and work closely with the Internal Audit Division, hold regular meetings with the accounting auditor and engage in mutual cooperation to ensure that all audit activities are carried out efficiently and effectively.

Furthermore, we established the Office of Audit and Supervisory Board members as a dedicated organization to which several employees including full-time staff are assigned to assist in Audit and Supervisory Board operations. If said employees are concurrently assigned other duties, they must not be influenced by guidance or commands from the other division to which they are concurrently assigned and, with regard to human resource matters pertaining to these employees, the opinions of Audit and Supervisory Board members must be considered to ensure the independence of such employees with regard to Audit and Supervisory Board operations.

#### Personnel Affairs and Remuneration Committee

As a consultative body to the Board of Directors, the Personnel Affairs and Remuneration Committee provides opinions to the Board of Directors to ensure fairness and transparency with regard to the personnel affairs and remuneration of the directors and executive officers. In addition, the committee, based on delegation from the Board of Directors, determines the amount of remuneration for individual directors and entrusted executive officers.

The committee is chaired by an independent outside director and the majority of

its membership consists of independent outside directors. Currently, the committee members are comprised of two representative directors and three independent outside directors, with independent outside director (Yukiko Yoshimaru) serving as the chairperson.

#### Composition

Chairperson: Yukiko Yoshimaru (Outside Director of the Board)

Committee members: Toshifumi Kitazawa (Outside Director of the Board), Keiko Takegawa (Outside Director of the Board), Yoshihiro Nakai (Representative Director of the Board, President, Executive Officer and CEO), Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)

#### Main subjects discussed in FY2023

(related to nomination)

- Outside directors' meeting aimed at evaluating the performance of the CEO
- Selection of candidates for directors of the Board and entrusted executive officers
- Establishment of requirements for the next CEO
- Framework for nurturing CEO successors
- Inauguration of the CEO Succession Plan Council
- Partial revisions of skill matrices

(related to remuneration)

- Revision of rules for officer remuneration
- Comparative verifications of the remuneration amount, with the amount of remuneration paid at external companies used as benchmarks
- Evaluation of officer performance for the 72nd fiscal year and the determination of bonuses to be paid to individual recipients
- Inclusion of 73rd fiscal year performance-related bonuses and Performance Share Units (PSU) into deductible items for tax purposes
- Reference number of share units to be applied to PSU
- Determination of performance evaluation indicators (ESG-related items) for performance share units and target values for such indicators

#### Status of external advisors' involvement in the determination of remuneration

Remuneration advisors from Willis Towers Watson (WTW) were in attendance when comparative verifications of the remuneration amount were conducted using external benchmarks.

## Corporate Governance

### Management Meetings

This body was established to promote the active exchange of opinions among entrusted executive officers for the purposes of holding prior deliberations on important matters to be submitted to the Board of Directors, making decisions on the execution of certain operation matters based on management policies and strategies, and sharing information on business execution policies and issues.

The committee also welcomes the attendance of outside directors of the Board and Audit and Supervisory Board members who act as observers. Additionally, depending on the matter at hand, the attendance of employed executive officers and operating officers is requested for an active exchange of opinions.

#### Composition

Chairperson: Yoshihiro Nakai (Representative Director of the Board, President, Executive Officer and CEO)

Entrusted executive officers: Yoshihiro Nakai, Yosuke Horiuchi, Satoshi Tanaka, Toru Ishii, Hiroshi Shinozaki, Haruhiko Toyoda, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Osamu Minagawa, Kohei Joki, Takehisa Yanagi, Shinji Aoki, Yoshinori Kimura, Yasushi Omura, Takahiro Kondo, Toru Tsuji, Hiroaki Yoshida, Norio Adachi, Toru Fujita, Koya Matsumura

Note: Outside directors of the Board and Audit and Supervisory Board members may attend as observers

### ESG Promotion Committee

As a consultative body to the Board of Directors, the committee usually consists of at least two or more external committee members who bring specialist insight, internal directors of the Board, executive officers and others responsible for business execution. The committee thus enhances the effectiveness of ESG efforts through means such as exchanging opinions on the progress of ESG management initiatives and issues.

#### Composition

Chairperson: Yosuke Horiuchi (Representative Director of the Board, Vice Chairman, Executive Officer)

Outside members: Katsuhiko Kokubu (Dean and Professor, Graduate School of Business Administration, Kobe University), Hidemi Tomita (Representative Director, Institute for Sustainability Management)

Internal members: Yosuke Horiuchi, Hiroaki Oda, Haruhiko Toyoda, Toshiya Chikada, Yuki Isaka, Miwa Yamada, Naoki Kawamura, Hideaki Yasunobu, Hiroyuki Kawabata

Note: Directors of the Board, Audit and Supervisory Board members, executive officers and higher-ranking officers may attend as observers

### Risk Management Committee

As a consultative body to the Board of Directors, this committee strives to develop an appropriate risk management structure and secure the effectiveness of its operations. To this end, the Risk Management Committee gains an understanding of the risk management status of the entire Group and provides opinions to the Board of Directors as necessary. The committee's risk assessment process includes risk mapping on the two axes of the frequency of risk materialization and the magnitude of impact on the Group. By doing so, the committee identifies important risk items in such areas as "quality management," "information security," "compliance," "human rights," "crisis response," "the environment" and "labor laws and labor management." Every month, the committee holds meetings to monitor and verify these risk items.

Also, the Quality Management Committee and the Information Security Committee are placed under the Risk Management Committee to engage in discussions employing specialist viewpoints and periodically report their conclusions to the latter.

#### Composition

Chairperson: Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)

Vice Chairperson: Keizo Yoshimoto

Members: Satoshi Tanaka, Keizo Yoshimoto, Masaru Noma, Kohei Hirota, Osamu Minagawa, Toru Fujita, Takahiro Kishi, Naoki Kawamura, Hiroyuki Kitamura, Hitoshi Makiguchi

## Internal Control System

Based on the Companies Act and the Regulation for Enforcement of the Companies Act, the Company developed and manages an internal control system, with basic polices deliberated by the Board of Directors. The Auditing Department, a specialized internal audit division, conducts onsite audits to confirm whether internal controls and internal management are being conducted appropriately and properly based on laws and regulations and internal rules to ensure effective management, and when necessary suggests corrective actions. Results of these audits are reported to directors of the Board and Audit and Supervisory Board members as well as related departments, in addition to regular reports at meetings of the Board of Directors. Moreover, the Auditing Department and the accounting auditor cooperate to execute effective internal audits.

We dispatch directors of the Board and others to conduct internal control of Group companies, including those overseas, and receive reports on their management status and important work execution. In addition, the Company's internal audit division periodically audits Group companies and has strengthened the audit system for overseas Group companies by setting up an International Auditing Office within the Auditing Department.

## Policy for Selecting the Accounting Auditor

Our policy for deciding on the appointment and reappointment of the accounting auditor is to have the Audit and Supervisory Board set the selection criteria and comprehensively evaluate items including the quality control system, independence, expertise, audit plan, audit system and estimated audit remuneration of the accounting auditor.

# Message from the Chairperson of the Board of Directors

## Strengthening the effectiveness of Sekisui House's Board of Directors while striving to enhance corporate value over the medium-to-long-term



**Toshifumi Kitazawa**

Independent Outside Director of the Board  
(Chairperson of the Board of Directors)

Has held positions including President & Chief Executive Officer, and Vice Chairman & Director at Tokio Marine & Nichido Fire Insurance Co., Ltd. Appointed Independent Outside Director of the Company in April 2020 and Chairperson of the Board of Directors in May 2021.

### Responsibilities as Chairperson of the Board of Directors

Amidst an operating environment that's changing at a dizzying rate, businesses are called upon to further strengthen corporate governance while accurately understanding various challenges and risks confronting them in order to create and promote strategies that respond to changes properly and flexibly.

The Company's Board of Directors is made up of five internal directors of the Board and five outside directors of the Board (three of whom are women). It has been four years since I, an outside director of the Board, humbly accepted the position of Chairperson of the Board. In this role, I make efforts to enable each director to fully leverage their diverse experience and skillset when holding candid discussions aimed at helping the Sekisui House Group realize sustainable growth. The Company also works to ensure moderate separation of supervision and execution. To this end, the Board of Directors takes the lead in further enhancing the Group's overall supervisory functions through strengthened governance while empowering executives to promote growth-focused initiatives without overlooking opportunities to enhance the business and achieve healthy growth. This is why the Board of

Directors strives to operate with a high level of neutrality and transparency.

It is imperative that outside directors of the Board and outside Audit and Supervisory Board members all have an accurate understanding of business activities undertaken by the Sekisui House Group because Board room discussions aimed at addressing a variety of management issues need to be realistic, constructive and based on actual conditions. To this end, outside directors of the Board, with the support of the Office of Directors, meet individually with internal directors of the Board, visit construction and production sites, exchange opinions and ideas with local management of overseas businesses in the course of touring their work sites, and participate actively in various seminars and internal events.

### FY2023 achievements due to outside directors of the Board's engagement

- Australia site visit and exchange of ideas with representatives of a local subsidiary
- Participation in seminar for directors of the Board and Audit and Supervisory Board members featuring institutional investor guest lecturers
- Participation as lecturers in next generation leader management training program *Keiei-juku* as well as training at Sekisui House Women's College aimed at nurturing female candidates for managerial positions
- Attendance at SHIP and WAZA as observers final selection for Sekisui House Innovation and Performance (SHIP) Awards Program and attendance at the Sekisui House Carpentry Championship Tournament WAZA as observers, etc.

Furthermore, the Company provides an open environment in which outside officers can observe important internal meetings including Management Meetings. Through observing these meetings, they are able to understand important issues to be discussed by the Board of Directors and can learn firsthand about the state of the Company and its employees. These experiences spur on the Board of Directors to engage in realistic and constructive discussions and are therefore useful in strengthening its effectiveness.

The Group's global vision is to make home the happiest place in the world. To achieve this goal, we are promoting business aimed at providing homes worldwide where customers can live happily and with peace of mind through the utilization of housing technologies developed over many years. As the Chairperson of the Board of Directors, I will exert every effort to improve the functioning of the Board of Directors to achieve this goal in every part of the world.

### Objective Evaluation of the Board of Directors' Effectiveness Done by Third-Party Verification Agencies

For the Board of Directors to function properly, it must operate in a way that is highly effective and qualitatively well-balanced. Therefore, objective assessments from third-party agencies are useful in determining whether it is operating appropriately. Since 2018, the Company has conducted effectiveness evaluations of the Board of Directors' overall operations, including the development status of systems for supporting directors of the Board as well as Audit and Supervisory Board members. This third-party evaluation confirms the strength of our Board of Directors, challenges it is currently confronting, and the status of improvement in connection with issues identified in the course of the evaluation undertaken in the preceding fiscal year, while providing reports on the future direction for the Board's operation and other matters. The Board of Directors also receives detailed reports on assessment results and discusses specific initiatives aimed at improving effectiveness all in order to strengthen corporate governance.

### Further Improving the Board of Directors' Effectiveness Through Evaluations

Initiatives aimed at making improvements and further strengthening supervisory and decision-making functions are conducted by the Board of Directors in response to issues identified through the third-party effectiveness evaluations. Especially in recent years, our Group companies have become responsible for a growing scope of business activities as the Company's business domain has expanded both domestically and overseas. This has increased the importance of strengthening Group governance. It is also increasingly necessary for the Board of Directors to hold in-depth discussions regarding various business and financial strategies, with a focus on improving capital efficiency.

We have already received FY2023 third-party evaluations regarding the operations of the Board of Directors and the results are as follows. Based on these results, in FY2024, we will strive to increase the Board of Director's effectiveness and enable it to deepen discussions on Group-wide domestic and overseas strategies. In doing this, we will realize more sophisticated and stronger Group governance so that the entire Group can achieve healthy and sustainable growth as well as enhancement of corporate value.

## Evaluation of the Effectiveness of the Board of Directors

### Evaluation methods

- Questionnaires for all directors of the Board as well as all Audit and Supervisory Board members (prepared, distributed and collected by the third-party evaluation agency)
- Interviews conducted by the third-party evaluation agency targeting all directors of the Board as well as all Audit and Supervisory Board members (around one hour per individual)
- Reviews of materials used in Board of Directors meetings and minutes of meetings

### Main questionnaire items

- Overall evaluation of the Board of Directors
- Composition of the Board of Directors
- Preparatory measures undertaken prior to meetings
- Operations of the Board of Directors
- Quality of discussions
- Effectiveness of the Personnel Affairs and Remuneration Committee
- Supervision over business execution
- Significance of each agenda item and the level of meaningfulness of relevant discussions

The results of questionnaires and interviews were evaluated and examined by a third-party agency and summarized into a report. Based on this report, the Board of Directors held discussions at its February 2024 meeting after receiving explanations from said agency.

## Summary of the results of the third-party evaluation of the Board of Directors' effectiveness for FY2023

### 1. Conclusions

The evaluation concluded that the Board of Directors' overall operations were highly effective. In addition, it was confirmed that general progress was made concerning initiatives to address issues identified in the course of the previous fiscal year's evaluation of the Board of Directors' effectiveness.

Issues for FY2023	Initiatives and issues confirmed through the Board of Directors evaluation of FY2023	Progress
1 Discussion of strategy from a Group-wide perspective	<ul style="list-style-type: none"> <li>• Compared to the previous fiscal year, more specific and thorough deliberations were conducted, and significant progress aimed at expanding Group-wide discussions was confirmed.</li> <li>• To strengthen CFO functions, discussions were conducted regarding the ideal candidate, outside hires were made, and preparations have begun for a framework that will contribute to having discussions regarding more sophisticated financial strategies. Furthermore, opportunities for Group-wide financial strategy discussions have increased through expanded overseas investment projects.</li> <li>• The Personnel Affairs and Remuneration Committee discussed candidate options and engaged in constructive discussions where candid views and opinions were exchanged.</li> <li>• Moving forward, financial strategy discussions are expected to include areas of equity.</li> <li>• Moving forward, discussions regarding DX, IT and information security are expected to expand and be more focused on investment effectiveness.</li> </ul>	Improvement now under way
2 Supervision over the execution of risk management and Group governance	<ul style="list-style-type: none"> <li>• Several specific actions regarding issues pointed out last fiscal year were observed and progress confirmed.</li> <li>• Created a series of processes, such as creating risk maps for each company within the Group and sharing said maps with the Risk Management Committee as well as the quantitative and qualitative analyses of the risk levels of each company. These processes were established as part of a Group-level framework. We have also created a supervision system aimed at making sure new measures reach everyone in the Group and are properly implemented.</li> <li>• To strengthen Group governance, we have established a system that supports in-depth discussions of matters such as officer remuneration targets and conducts progress reports as needed.</li> <li>• Through the strengthening of three-way auditing coordination, we have increased the frequency of reporting by internal audit divisions from once a year to twice a year. Moving forward, through such a reporting system, we expect that matters reported to the Board of Directors will be thoroughly discussed and examined Group-wide.</li> <li>• In the future, more in-depth initiatives are expected regarding strengthening the skills of governance specialists capable of supporting the Group governance system, particularly at overseas subsidiaries and their subsidiaries.</li> </ul>	Improvement now under way
3 Advance the "moderate separation of supervision and execution"	<ul style="list-style-type: none"> <li>• The division of roles between the Board of Directors and the Management Meetings has become more clear since last fiscal year, with noticeable "advancement" confirmed.</li> <li>• The Management Meetings have been utilized more effectively than last year, with everyone clearly understanding the purpose of each meeting (Management Meetings and Board of Directors meetings) and conducting discussions accordingly.</li> <li>• The revisions of criteria and thresholds for delegation of authority (ex: monetary approval amount) and revision regarding inclusion criteria for agenda items to be addressed by the Board of Directors are conducted in a timely manner. Supervisory and execution functions have become even more visible and clearly separated when compared with last year.</li> <li>• It is expected that revisions regarding inclusion criteria for agenda items to be addressed by the Board of Directors will be implemented as needed.</li> </ul>	Improvement now under way

### 2. Strengths supporting the effectiveness of the Board of Directors

Based on results of evaluation by the third-party agency, the Board of Directors confirmed that its effectiveness has been supported by the strengths outlined below in 1 to 3.

Strengths	Details (observations by the third-party agency)
1 Strong will to strengthen governance among executives	<ul style="list-style-type: none"> <li>• The firm will to further strengthen Sekisui House.</li> <li>• The strong problem-solving determination to take feedback seriously and find solutions without leaving anything out.</li> </ul>
2 Commitment of independent outside directors of the Board	<ul style="list-style-type: none"> <li>• Outside directors of the Board have fulfilled the time commitment by proactively engaging in both formal and informal events, aimed at making new discoveries.</li> </ul>
3 Commitment of the Board of Directors secretariat	<ul style="list-style-type: none"> <li>• The secretariat ensures thorough and swift preparations and responses, fostering a mutual relationship of trust with the Board of Directors.</li> <li>• The executive in charge shows leadership that enables the above actions.</li> </ul>

### 3. Issues for further enhancing the effectiveness of the Board of Directors

As listed below, the Board of Directors identified issues to be addressed in FY2024 based on the findings and proposals of the third-party agency. The Board also confirmed that it will consider the following initiatives going forward.

Issues for FY2024	Details (observations by the third-party agency)	Initiatives to be considered
1 Further enhancement of strategic discussions	<ul style="list-style-type: none"> <li>• Along with the enhancement of personnel responsible for governance and growth strategies at domestic and overseas Group companies, global business strategy discussions are also expected to increase.</li> <li>• Financial strategies are being addressed but serious discussions are yet to come.</li> <li>• Self-assessments find that discussions regarding DX, IT and information security are less than robust.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening Group and global governance</li> <li>• Financial strategy discussions regarding both debt and equity (including investment effectiveness monitoring)</li> <li>• Expansion of discussions regarding DX, IT and information security</li> </ul>
2 Further strengthening of secretariat functions	<ul style="list-style-type: none"> <li>• Although discrepancies in the appearance and format of documents between different departments are acceptable, there are concerns regarding discrepancies in executive summaries and matters requiring approval.</li> <li>• It would be beneficial for the secretariat to provide more proactive feedback to departments submitting proposals to improve document quality.</li> </ul>	<ul style="list-style-type: none"> <li>• Standardization of some document formats and the formulation of guidelines for document preparation, etc.</li> <li>• Increased feedback from the secretariat to each department</li> </ul>

# Message from the Chairperson of the Audit and Supervisory Board

## Strengthening the effectiveness of Sekisui House's Audit and Supervisory Board while striving to improve corporate value over the medium-to-long-term



### Ryuichi Tsuruta

Outside Standing Audit and Supervisory Board Member (Chairperson of the Audit and Supervisory Board)

Previously, Mr. Tsuruta served as manager of the IR Office of the Panasonic Corporation and Representative Director of its U.K. subsidiary, as well as chief manager of the Office of Audit & Supervisory Board and a Corporate Advisor. Subsequently, after serving as an outside Audit and Supervisory Board member for publicly listed companies, he was appointed as an outside Audit and Supervisory Board member of the Company in April 2019 and then as standing Audit and Supervisory Board member (external) and Audit and Supervisory Board Chairperson in April 2022. Concurrently working as a Representative of CG Consulting and as a Special Instructor of The Graduate School of Project Design.

## Responsibilities as Chairperson of the Audit and Supervisory Board

Amidst the daily changes in the business environment and growing uncertainty around international affairs, including the situations in Ukraine and the Middle East, the Company has seen an increase in the proportion of its overseas businesses, focused mainly in the United States and Australia. Even in an era that strives for "Internationalization at Home," the Company has things that they must change and things that they must not. As a result, we recognize the importance of practicing *fueki ryukou*, a principle of honoring both continuity and change.

Sekisui House Group conducts business based on its Corporate Philosophy of love of humanity. As such, the practice of integrity is imperative to the Company and is a value that cannot be changed. Based on these principles, we have created a relationship of trust with all stakeholders by providing happiness to customers and society through housebuilding. To achieve the realization of happiness in the era of the 100-year lifespan, a company must be operated soundly and efficiently to remain long-lasting. To that end, Audit and Supervisory Board members will fulfill their responsibilities to establish governance systems that enable the sound and sustainable development of each Group company tasked with handling an even broader and more diverse range of business operations.

As Audit and Supervisory Board members, we work together with the Board

of Directors to perform a supervisory role for the Company and, as a legally independent organization being entrusted by shareholders, we audit the execution of duties by directors of the Board. Additionally, we ensure that the Company makes transparent and fair decisions by fulfilling our responsibility of establishing good corporate governance. We also strive to create an environment that enables the Board of Directors and other such entities to make prompt and resolute decisions. To that end, we spontaneously and proactively express our opinions at Board of Directors meetings and other like meetings.

Specifically, this includes attending Board of Director's meetings and other such important meetings, listening to reports from directors of the Board and others at Audit and Supervisory Board meetings, conducting site visits of all Sekisui House departments and Group companies domestically and overseas, fostering communication with persons in charge and making recommendations for improvement. In particular, outside Audit and Supervisory Board members participate in site visits to overseas subsidiaries, which now have growing importance, and thereby spot issues they are confronting in a timely and accurate manner, with the aim of strengthening governance.

In addition, we also support the soundness and longevity of corporate management through effective auditing conducted in close cooperation with the accounting auditor and the internal audit division. In order to properly fulfill our role as Audit and Supervisory Board members, it is imperative to closely share information with the accounting auditor and these departments, which together serve as our third line of defense. The Audit and Supervisory Board is taking the initiative to strengthen three-way auditing coordination among the internal audit division, accounting auditor and the Audit and Supervisory Board members, under shared recognition of the increased need to closely share information among these three entities.

The Company's Audit and Supervisory Board consists of five members with unique and diverse backgrounds: two are internal (one of whom is female) and three are outside. Particularly, the three outside Audit and Supervisory Board members are chosen for their respective knowledge in legal affairs, finance and accounting, and corporate management. We have also established guidelines in agreement with executives to prevent the activities of the Audit and Supervisory Board becoming formulaic and ineffectual. These guidelines state that Audit and Supervisory members may only serve two terms of eight years and must meet age limits at the time of appointment.

I, as Chairperson of the Audit and Supervisory Board, a representative of an independent organization responsible for corporate governance, will focus on preventive audits amidst our rapidly expanding business overseas. Additionally, I will work to monitor and verify the maintenance and operation of internal control systems as it brings me happiness to know I'm contributing to the sound and sustainable growth of the Sekisui House Group. The Audit and Supervisory

Board considers the interests of various stakeholders and strives to engage in straightforward and serious discussions. As the Audit and Supervisory Board, we are all committed to conducting effective audits to realize Sekisui House's global vision of making home the happiest place in the world, and by extension, to enhancing the corporate value of the Sekisui House Group.

## Objective Evaluation of the Audit and Supervisory Board's Effectiveness Done by Third-Party Agencies

The Audit and Supervisory Board has implemented various improvement measures as well as Company-wide governance reforms since 2018. We have been especially focused on the steady improvement of the Audit and Supervisory Board's activities by correcting information disparities between internal and outside Audit and Supervisory members which tend to be asymmetrical, reforming the three-way auditing system, and conducting discussions that are in line with social norms and perspectives. Along with these endeavors, we have expanded the scope of audits. That being said, reforms up to now have been solely based on views of Audit and Supervisory Board members and have not involved third-party comparisons with other companies. Therefore, the Audit and Supervisory Board, holding itself to strict standards, began conducting third-party evaluations in FY2023 to assess the effectiveness of its operations as well as each member's audit activities, with the goal of improving audit quality and updating its mode of operations. Using the following methods and through a highly objective third-party evaluation, we are able to confirm the strengths of the Audit and Supervisory Board and issues it is now confronting, as well as identify measures it should implement to achieve improvements and the direction it should move in. We will implement specific measures to further strengthen the effectiveness of the Audit and Supervisory Board.

## Promoting Further Improvements Through the Evaluation of the Audit and Supervisory Board's Effectiveness

In FY2023, we took on various initiatives to strengthen internal control systems. Some of these initiatives are as follows: confirming the maintenance and operation status of internal control systems and information security of each Sekisui House Group company (including overseas), strengthening three-way auditing coordination, and implementing joint audits by the Audit and Supervisory Board and the accounting auditor, targeting overseas subsidiaries. The results of the FY2023 evaluation of the Audit and Supervisory Board's effectiveness regarding these initiatives are stated below.

## Audit and Supervisory Board effectiveness evaluation

### Evaluation methods

- Questionnaire for all Audit and Supervisory Board members (prepared, distributed and collected by a third-party evaluation agency)
- Interview of all Audit and Supervisory Board members, general manager of the Auditing Department and the accounting auditor, conducted by a third-party agency (around one hour per individual)
- Review of Audit and Supervisory Board meeting materials, minutes, etc.

### Main questionnaire items

- Audit policies and plans
- Recommendations to senior management and auditing of business execution
- Internal audit system
- Subsidiary audit system
- Fraud detection system
- Accounting auditor system
- Three-way auditing coordination
- Creation and auditing of the operations of the internal control system
- Management, etc. of the Audit and Supervisory Board

The results were evaluated, reviewed, summarized in a report and explained by a third-party agency. The findings were deliberated over and resolved at the Audit and Supervisory Board meeting in February 2024 and were then presented to the Board of Directors in March.

## Summary of the results of the third-party evaluation of the Audit and Supervisory Board's effectiveness for FY2023

### 1. Conclusions

Based on the analysis of results from the third-party questionnaire and interview as well as recommendations made, it was confirmed that the Audit and Supervisory Board's operations were highly effective, as were audit activities undertaken by each member. Additionally, the evaluation suggested that general progress was made concerning initiatives to address important issues identified last fiscal year as well as on existing auditing operations.

Initiatives for FY2023	Initiatives and status of issues
<b>1 Confirmation of the status of operation and maintenance of the Group's internal control system</b>	<ul style="list-style-type: none"> <li>• Progress was confirmed regarding individual and specific initiatives.</li> <li>• Audit and Supervisory Board members attended Risk Management Committee, Personnel Affairs and Remuneration Committee and similar meetings, and discussed the meeting contents at the Audit and Supervisory Board meetings.</li> <li>• In addition to confirming the maintenance status of the Group-wide internal reporting system, monthly operational status confirmations have also been conducted since August.</li> <li>• Confirmation of the appointment process for subsidiary audit and supervisory board members and enhancement of the Group Audit and Supervisory Board Collaborative Meeting, attended by members of the Company's Audit and Supervisory Board and their peers from subsidiaries.</li> </ul>
<b>2 Strengthening of three-way auditing coordination</b>	<ul style="list-style-type: none"> <li>• Through initiatives such as the regularly held Three-Way Auditing Collaboration Meeting attended by Audit and Supervisory Board members, the internal audit division, and the accounting auditor, the frequency of three-way cooperation and the encouragement to make improvements has increased through better communication.</li> <li>• Three-Way Auditing Collaboration Meeting held four times.</li> <li>• The Audit and Supervisory Board received monthly internal audit reports and regular internal audit reports from main subsidiaries.</li> <li>• The Audit and Supervisory Board members and the accounting auditor conducted joint audits of U.S. subsidiaries.</li> <li>• Moving forward, it is expected that the information shared during the Three-Way Auditing Collaboration Meeting will be effectively used for further improvements in each audit activity.</li> </ul>
<b>3 Confirmation of the status of operation and maintenance of the information security system</b>	<ul style="list-style-type: none"> <li>• Progress was confirmed regarding individual and specific initiatives.</li> <li>• Standing Audit and Supervisory Board members attended Information Security Committee meetings and promptly reported back to the Audit and Supervisory Board.</li> <li>• Regular interviews conducted with the Chairperson of the Information Security Committee and the Information Security Department.</li> <li>• Confirmed the status of operation and maintenance of IT security systems of all Group business bases both domestic and overseas during site audits.</li> <li>• Moving forward, information security, including in the supply chain, is expected to be further strengthened, and the operation and maintenance system further enhanced.</li> </ul>

### 2. Strengths supporting the effectiveness of the Audit and Supervisory Board

Based on the evaluation by a third-party agency, the Audit and Supervisory Board confirmed that its effectiveness has been supported by the strengths outlined below.

Strengths	Details (based on evaluations by a third-party agency)
<b>1 Exchange of opinions and ideas with senior management</b>	<ul style="list-style-type: none"> <li>• Based on a relationship of trust, a straightforward exchange of opinions is conducted between senior management and the Audit and Supervisory Board and, taking heed of unreserved recommendations from the latter, senior management earnestly engages in problem-solving efforts.</li> <li>• All members of the Audit and Supervisory Board have ample opportunity to grasp the Company's situation through proactive participation in both formal and informal events.</li> </ul>
<b>2 Mutual information sharing among members of the Audit and Supervisory Board and swift responses</b>	<ul style="list-style-type: none"> <li>• An outside standing Audit and Supervisory Board member serves as Chairperson, proactively incorporating outside perspectives and knowledge in the operations of the Audit and Supervisory Board as well as the audit activities of its members.</li> <li>• Outside Audit and Supervisory Board members propose improvements, not only at meetings of the Audit and Supervisory Board, but elsewhere as well regarding the structure and actions of the Audit and Supervisory Board.</li> <li>• Mutual trust among Audit and Supervisory Board members is reinforced by prompt responses to Audit and Supervisory Board resolutions.</li> <li>• Standing Audit and Supervisory Board members present thorough information regarding audit activities to the Audit and Supervisory Board and work to mitigate informational asymmetries between outside and internal members.</li> </ul>
<b>3 Commitment of the Board of Directors secretariat</b>	<ul style="list-style-type: none"> <li>• At the regularly held Three-Way Auditing Collaboration Meeting, the Audit and Supervisory Board, internal audit departments and accounting auditor engage in proactive information disclosure with each other. Through the implementation of these candid discussions, they are able to respond more swiftly to issues.</li> <li>• The Audit and Supervisory Board members show leadership that enables the above actions.</li> </ul>

### 3. Issues that must be addressed to further enhance the effectiveness of the Audit and Supervisory Board

As listed below, the Audit and Supervisory Board identified issues to be addressed in FY2024 based on the findings and proposal of a third-party agency. The Board also confirms that it will consider the following initiatives going forward.

Issues for FY2024	Details	Initiatives to be considered
<b>1 Strengthening the Group-wide auditing system</b>	<ul style="list-style-type: none"> <li>• Given the current situation where internal audit functions are being maintained and strengthened in accordance with the business scale and risks identified by domestic and overseas Group companies, it is crucial to enhance the status confirmations by the Audit and Supervisory Board members in order to further improve the maintenance and operation of each company's auditing system and the internal control system.</li> <li>• In particular, to keep up with the speed of overseas business expansion, we are in the process of creating and strengthening governance systems and internal auditing systems. It is important for the internal audit department to enhance its auditing through means such as risk analysis and visualization, and equally important for the Audit and Supervisory Board members to support this enhancement and strengthening.</li> </ul>	<ul style="list-style-type: none"> <li>• In collaboration with the internal audit department and other departments, members of the Audit and Supervisory Board confirm the status of strengthening Group-wide auditing systems while also assessing the robustness of each subsidiary's audit functions.</li> <li>• In collaboration with the internal audit department and other departments, the Audit and Supervisory Board works to analyze audit-related risks and supports risk visualization efforts, with the aim of strengthening internal auditing systems at overseas subsidiaries in a manner that aligns with circumstances surrounding each.</li> </ul>
<b>2 Strengthening cooperation with outside directors of the Board</b>	<ul style="list-style-type: none"> <li>• While there is collaboration between the Audit and Supervisory Board and outside directors of the Board, this collaboration has been focused on dealing with agenda items submitted to the Board of Directors. Therefore, it is crucial to discuss issues from a broader perspective encompassing the entire Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit and Supervisory Board members exchange opinions with outside directors of the Board on broad themes not limited to agenda items discussed by the Board of Directors in order to work more closely with them, with the aim of speeding up and enhancing the sharing of information related to issues the Company is now confronting.</li> </ul>

# Message from the Chairperson of the Personnel Affairs and Remuneration Committee

## A more transparent evaluation and selection process of the CEO as well as strengthening the efficacy of the management human resources pipeline



**Yukiko Yoshimaru**

Outside Director of the Board Personnel Affairs and Remuneration Committee  
Has held positions including Head of New York Office of Oki Electric Industry Co., Ltd., chief manager of Diversity Development Office of Nissan Motor Co., Ltd., and executive officer of Nifco Inc. She was appointed the Company in April 2018 as an outside director of the Board, and was appointed Chairperson of the Personnel Affairs and Remuneration Committee of the Company in May 2020.

## Responsibilities as Chairperson of the Personnel Affairs and Remuneration Committee

I was appointed to be an outside director of the Board in 2018, which coincided with the first year of governance reforms launched by the Company to further deepen the high trust we receive from our stakeholders and thereby accelerate sustainable growth. Because of my strong commitment to corporate governance, in 2020 I was appointed to be the Chairperson of the Personnel Affairs and Remuneration Committee, which one could say is the core of all governance reforms. This committee serves as a consultative body to the Board of Directors, with outside directors of the Board making up the majority of its lean membership. Thus, we conduct dense discussions with fairness and objectivity, making reports not only to the Board of Directors but also fulfilling accountability to investors and shareholders, customers, employees, and all other stakeholders in order to guarantee transparency in the management of personnel affairs and remuneration of our officers.

## CEO Evaluation Meeting by Outside Members

To heighten the transparency of CEO evaluations and selection process, we hold an annual CEO Evaluation Meeting to assess our current CEO. This is attended by the three outside directors of the Board who serve as members of the Personnel Affairs and Remuneration Committee and the CEO, where we evaluate the latter's performance during the target financial year along the lines of the key points of the CEO evaluation that we share publicly with stakeholders. Opinions regarding the CEO's understanding of current issues, his self-evaluation, management vision and other items are also shared and subsequently reported to the Board along with next term's appointment plan for directors. The key points of CEO evaluation are being reviewed annually to determine whether they need to be updated.

### Key Points of CEO Evaluation

Qualification requirements	Embodies our Corporate Philosophy and possesses a broad perspective	Whether they extensively promote specific measures based on our Corporate Philosophy to achieve our global vision
Competence requirements	Conceives solutions to problems confronting society	Whether they accurately understand social issues and clearly envision how to resolve them as they develop business models
	Innovates to create new markets	Whether they properly delegate authority to foster a creative corporate culture that can respond to new markets
	Cooperates with various stakeholders	Whether they are constantly continuing to build and strengthen relationships with customers, employees, suppliers, investors and other stakeholders
Motivation and health	Develops organizations that enhance the Group's comprehensive power	Whether they, as the leader of the entire Group, are at the forefront of evolution and development of organizational systems, including those supporting global operations
	Stability of mid-term management	Whether they pay attention to their health, and are motivated to complete their duties as the head of management

## Establishment of the Human Resource Requirements for the Next CEO and the Education Framework for CEO Successors

To improve the efficiency of the management human resources pipeline as stipulated in the Sixth Mid-Term Management Plan, we conducted five rounds of discussions in FY2023 at the Personnel Affairs and Remuneration Committee. Through these discussions, we introduced the human resource requirements for the next CEO and the education framework for CEO successors to the Board of Directors and codified them. Their contents show the objectiveness and transparency of the selection process for the next CEO, as, in the words of the CEO himself in a statement made to all our employees, "I want as many leaders as possible to understand that educating human resources to inherit your responsibilities is the duty of a leader." The Personnel Affairs and Remuneration Committee continuously holds discussions on the human resource requirements for the next CEO and what the ideal CEO for our current management environment would be, making revisions when necessary.

Additionally, as a part of the education framework for CEO successors, the Personnel Affairs and Remuneration Committee established the CEO Succession Plan Council, which is a separate council specializing in CEO succession that creates a list of CEO successor candidates and monitors educational conditions involving difficult assignments, personnel rotation and others.

### Human Resource Requirements for the Next CEO

Qualification requirements	Capable of carrying out the Sekisui House Group's social duties and, to this end, personifying our corporate philosophy	
Competence requirements	Conceptualization	Understands new issues caused by social change, conceives of future plans to realize happiness through housing, and develops business models accordingly
	Innovativeness	Elicits diverse ideas in conversations, uses a flexible way of thinking to take appropriate opportunities to promote rapid innovation
	Cooperation	Accepts a variety of people, can create strong and trusting relationships with various stakeholders
Mindset	Organizational development ability	Fosters a highly autonomous global organizational culture, increases the value of the Sekisui House Group's human resources
	<ul style="list-style-type: none"> <li>Has a strong determination to lead the entire Sekisui House Group based on their personal responsibility</li> <li>Is dedicated and continuously passionate towards realizing our global vision</li> </ul>	

Corporate Governance

Stance on and Procedures for Selection of Prospective Directors of the Board

(As of May 1, 2024)

The Company shall select prospective directors from among individuals with high integrity (individuals who are sincere, earnest and highly ethical), high management capabilities, a nature suited to practicing the Group's corporate philosophy, interest in the Group's business, deep insight, and a keen sense of contribution to creating corporate value and improving business performance.

The stance on the selection of prospective directors of the Board shall be discussed at the Personnel Affairs and Remuneration Committee, a consultative body to the Board of Directors chaired by an independent outside director of the Board and comprising a majority of independent outside directors of the Board, and determined by the Board of Directors based on the recommendations of the committee.

Proposals on specific prospective directors of the Board shall be discussed at the Personnel Affairs and Remuneration Committee and determined by the Board of Directors based on the recommendations of the committee.

The selection of prospective internal directors of the Board shall be performed with consideration for the specified qualification requirements (i.e., individuals embodying the corporate philosophy and possessing broad perspective) and competence requirements (i.e., having the ability to conceive solutions to external problems, innovativeness for creating new markets, the ability to cooperate with various stakeholders, and the ability to develop organizations that enhance the Group's comprehensive power), and shall be discussed at the Personnel Affairs and Remuneration Committee based on requirements for human resources and a performance evaluation.

Division	Personnel Affairs and Remuneration Committee supervises the selection and dismissal process.		Human Resource Promotion Council (largely composed of internal directors) deliberates on selection and dismissal, personnel allocation and training.	
	Directors of the Board who also serve as entrusted executive officers (5 total officers)	Entrusted executive officers (16 total officers)	Employed executive officers (21 total officers)	Operating officers (31 total officers)
	Ensuring moderate separation of supervision and execution, supervise the divisions for which they are responsible to achieve the goals of the Mid-Term Management Plan while taking responsibility for those divisions' execution of operations.	As director of the Board candidates, responsible for key areas of their divisions and for those areas' execution of operations to achieve the goals of the Mid-Term Management Plan.	As entrusted executive officer candidates, responsible for business units and for those business units' execution of operations to achieve the Mid-Term Management Plan.	As employed executive officer candidates, responsible for business units and for those business units' execution of operations to achieve the goals of the Mid-Term Management Plan.
	Yoshihiro Nakai (Representative Director of the Board)			
Division of Built-to-Order Business	Hiroshi Shinozaki (Senior Managing Officer)	Shinji Aoki (Managing Officer) Yoshinori Kimura (Managing Officer) Takahiro Kondo (Managing Officer)	Yuji Yoshiyasu / Takumi Nukanobu / Yoshitaka Iwata / Ken Miyakoshi	Kenichi Kanazawa / Tetsuya Takabatake / Kaoru Sasaki / Yuichi Ihara / Yasuyuki Tsukada / Motohiro Kikkawa / Kazuhiro Imaru / Junji Takeuchi / Tomoaki Minobe / Hiroshi Asada / Motomichi Shozu / Hidekazu Haramoto
Division of Development Business	Toru Ishii (Senior Managing Officer)	Takehisa Yanagi (Managing Officer) Toru Tsuji (Managing Officer)	Hiroaki Takahama / Naoki Tamori	Kenichi Kumemoto / Kazuhito Miyajima
Business Strategy Division		Kohei Hirota (Managing Officer) Hiroaki Yoshida (Managing Officer) Norio Adachi (Managing Officer)	Yoshiyuki Kamiya / Naoya Matsui / Yoichi Komatsu	Yuta Nakano / Kayo Kitada' / Tsuguya Yakura
Division of Finance and ESG	Yosuke Horiuchi (Representative Director of the Board, Vice Chairman, Executive Officer)	Haruhiko Toyoda (Senior Managing Officer) Toru Fujita (Managing Officer)	Atsushi Yoshida / Masahiro Kikuchi / Toshiya Chikada / Miwa Yamada'	Hirokazu Kishimoto / Hiroyuki Kawabata / Yuki Isaka'
Division of Administration and Human Resources	Satoshi Tanaka (Representative Director of the Board, Executive Vice President, Executive Officer)	Keizo Yoshimoto (Senior Managing Officer) Osamu Minagawa (Managing Officer)	Takahiro Kishi / Hideaki Yasunobu / Naoki Kawamura	Hiroyuki Kitamura
Division of Technology and Production		Masaru Noma (Senior Managing Officer) Kohei Joki (Managing Officer) Koya Matsumura (Managing Officer)	Hidehiko Nakayama / Hideaki Kono / Kenji Okazawa	Yasuyo Sawabe' / Naoko Yano' / Masayoshi Ota / Atsushi Nakata / Masashi Kotani / Hideo Saito / Yoshiyuki Ueno
Affiliated Companies		Yasushi Omura (Managing Officer)	Kenji Konishi / Kazunori Ito	Ichiro Otaka / Takanobu Haruki / Eiichi Matsushita

1 Indicates female members

Corporate Governance

Skill Matrix and Reasons for Selection of Each Skill Category

Name	● Male ● Female	Number of years in office as director of the Board (at the close of the Ordinary General Meeting of Shareholders held on April 25, 2024)	Particular knowledge, experience and abilities expected					
			Corporate management Business strategy	Overseas business International knowledge	Financial strategy and accounting	Technology and environment Innovation	Improvement of social value Human resource development Diversity	Governance Risk management Compliance
Yoshihiro Nakai	●	8	●		●		●	●
Yosuke Horiuichi	●	8	●		●		●	
Satoshi Tanaka	●	4	●	●			●	●
Toru Ishii	●	4	●	●			●	
Hiroshi Shinozaki	●	1	●			●		●
Yukiko Yoshimaru <sup>1</sup>	●	6	●	●			●	●
Toshifumi Kitazawa <sup>1</sup>	●	4	●	●	●			●
Yoshimi Nakajima <sup>1</sup>	●	3	●	●	●		●	
Keiko Takegawa <sup>1</sup>	●	3				●	●	●
Shinichi Abe <sup>1</sup>	●	2	●	●		●	●	

Note: The above table lists the particular knowledge, experience and abilities expected of each candidate, and is not an exhaustive list of the candidates' expertise  
<sup>1</sup> Outside directors

Skill Category	Reasons for Selection
<b>Corporate management Business strategy</b>	We are a leading company in the housing industry and have constructed a cumulative total of more than 2.6 million dwellings. In order to formulate sustainable growth strategies in a drastically changing business environment, we need directors with management experience and a proven track record in housing, construction and urban redevelopment. Additionally, to realize one of the tenets of our global vision—to promote proposals for happiness through the integration of technologies, lifestyle design and services—the Company needs directors of the Board with experience in different industries, especially management experience and a proven track record in the field of consumer services for health, connectedness and learning as well as knowledge and experience that contribute to the transformation of business models through the use of digital technology.
<b>Overseas business International knowledge</b>	In order to formulate growth strategies and provide management supervision for our overseas business, which is a growth segment, we need directors of the Board with extensive knowledge of and experience in overseas business management, living, culture and business environments.
<b>Financial strategy and accounting</b>	In order to formulate financial strategies that will not only ensure accurate financial reporting, but also build a strong financial foundation, promote growth investments including M&A to sustainably enhance corporate value, and strengthen shareholder returns, we need directors of the Board with solid knowledge and experience in finance and accounting.
<b>Technology and environment Innovation</b>	In order to realize the supply of high-quality housing that combines safety, peace of mind and comfort with advanced technology, and to further advance and develop our advanced environmental technology and solid construction capabilities, the Company needs directors of the Board who have a track record of diverse innovation along with the knowledge and experience to enable proactive efforts to address global environmental issues from a corporate management perspective.
<b>Improvement of social value Human resource development Diversity</b>	In order to provide homes that make our customers feel more content and address various social challenges through its business activities, the Company needs to develop human resource strategies that enable each employee to maximize their potential, and the Company needs directors of the Board with solid knowledge and experience in the field of human resources development, including the promotion of diversity, equity and inclusion.
<b>Governance Risk management Compliance</b>	Establishing an appropriate governance system is fundamental for sustainably enhancing corporate value. In order to improve the effectiveness of management supervision by the Board of Directors, we need directors of the Board with solid knowledge and experience in corporate governance, risk management and compliance.

Office of Directors of the Board

The Company has established the Office of Directors of the Board as an organization for assisting outside directors of the Board in their duties, and assigned several employees to it. The office enhances the provision of information to outside directors, including advance explanations of the agenda of Board of Directors meetings, business inspection tours and monthly issuance of the Sekisui House Report and other materials that provide an overview of Company and industry trends. The office's other initiatives include creating opportunities for outside directors to communicate with the representative directors and Audit and Supervisory Board members. Outside officers have acknowledged that these initiatives contribute to lively discussions at Board of Directors meetings. The Company will enhance its efforts to further deploy the functions of its outside directors.

Training for directors of the Board and Audit and Supervisory members

We regularly provide training for directors of the Board and Audit and Supervisory Board members to deepen knowledge of compliance and other issues that are necessary or useful for management, inviting experts from various fields to give lectures. In addition, we schedule sufficient time to provide explanation to newly appointed outside directors of the Board and outside Audit and Supervisory Board members to ensure that they understand the Sekisui House Group's businesses, management strategy, business strategy and financial status.

## Corporate Governance

### A More Sophisticated Executive Officer Selection Process

#### Selection of entrusted executive officers: Implementation of Senior Management Assessment

##### (Senior Management Assessment)

- Newly appointed candidates undergo performance evaluation, multi-rater evaluation, as well as Senior Management Assessment conducted by an external organization.
- A variety of information from sources including extended interviews and multiple psychological tests is used to comprehensively evaluate current and future potential.
- The Personnel Affairs and Remuneration Committee deliberates on appointments based on the external organization's report on assessment results.
- Assessment results are shared with candidates and used in formulating future training plans.

#### Selection of employed executive officers: Conducting Succession Plan Council Meetings and Human Resource Promotion Council Meetings

##### (Succession Plan Council Meetings)

- We implemented meetings to visualize successors for employed executive officers and operating officers, and to share succession information among division officers (operating officers and higher) and general managers.
- We enhance the management candidate pipeline with discussions about sharing successor information and training plans.

#### Human Resource Promotion Council

- Entrusted executive officers (managing officer and higher) recommend candidates for employed executive officer and operating officer.
- Internal directors of the Board and officers participate in Human Resource Promotion Council meetings, where each director of the Board discusses the selection of candidates, upon which the President and Executive Officer determines the appointment plan and submits it to the Board of Directors for approval.

### Officer Remuneration

#### Basic remuneration policies

- (1) To be fair to shareholders, investors, customers, employees and all other stakeholders in accordance with our philosophy of love of humanity, a high degree of governance shall be applied in deciding remuneration to ensure objectivity, transparency and full accountability.
- (2) In order to become a leading company in ESG management, we shall focus on social significance and make a clear commitment to consistently executing innovative growth strategies, and our remuneration system shall provide sound incentives for consistently increasing corporate value over the long term.

- (3) We shall emphasize the link between remuneration and the development and evaluation of the senior management team, motivate the next generation of managers to grow, and increase the organizational vitality of the Sekisui House Group over the long term.

#### Remuneration governance

To improve the objectivity and independent nature of the remuneration determination process, the Board of Directors, by its resolution, delegates the authority to determine the amount of remuneration for individual directors of the Board to the Personnel Affairs and Remuneration Committee.

#### Remuneration and Incentive Framework for Directors of the Board (Including the CEO and Excluding Outside Directors of the Board)

Type of remuneration		KPI	Outline and reasons for selection of indicators for performance-related remuneration
Fixed	Basic remuneration		— The amount shall be determined according to criteria including representation rights and position, and shall be paid on a monthly basis.
	Short-term	Performance related bonuses	Consolidated ordinary profit
	Medium-term	Performance-related stock remuneration (PSU) <sup>1</sup>	
Variable	Long-term	Restricted stock remuneration (RS) <sup>2</sup>	— Shares of Sekisui House, Ltd. common stock (with transfer restrictions) shall be granted corresponding to the predetermined basic amount set by position for each director (including the CEO and excluding outside directors). The transfer restrictions shall be lifted in the event that a director of the Board or executive officer stops serving in his or her position.
	Medium-term	Performance-related stock remuneration (PSU) <sup>1</sup>	ROE and ESG The amount to be paid shall be calculated by multiplying consolidated ordinary profit, which is a key management indicator, by a predetermined bonus coefficient for the position of each director (including the CEO and excluding outside directors of the Board). The bonuses shall not be paid if profit attributable to owners of parent is less than ¥120 billion. ROE (a key financial indicator for the medium term) and a non-financial ESG management indicator are used as performance indicators. The Reference Number of Share Units corresponding to predetermined standards for each director of the Board (including the CEO and excluding outside directors) position shall be granted. The number of units to be granted shall depend on the degree of achievement of ROE and ESG management indicators during the evaluation period spanning three consecutive fiscal years. At the end of the evaluation period, the number of units to be granted shall be determined within the range of 0% to 150%. Half of the units granted shall be issued as shares and half in cash for tax payment. ROE and ESG management indicators shall have an 80:20 weighting in the evaluation, and ESG management indicators will be rigorously reviewed by the Personnel Affairs and Remuneration Committee to enhance the objectivity and transparency of the process of goal setting and evaluation.

<sup>1</sup> PSU: Performance Share Unit  
<sup>2</sup> RS: Restricted Stock

## Corporate Governance

### Officer Remuneration (Including the CEO and Excluding Outside Directors of the Board)

#### Remuneration level

Using objective remuneration market survey data from an external specialist organization, we select a group of companies to serve as a benchmark for remuneration and set the amount of remuneration at an appropriate level commensurate with the size of operations and financial results of the Sekisui House Group. **Overview of Remuneration Systems and Incentive Systems**

Remuneration for directors of the Board (including the CEO and excluding outside directors of the Board) consists of basic remuneration (fixed amount) and incentive remuneration (variable amount). The latter consists of three components: Performance-related bonuses (linked with short term operating results).

Performance Share Units (PSU: linked with medium-term operating results) and restricted stock remuneration (linked with long-term operating results). The proportion of performance-related bonuses within overall remuneration has been reduced, while the proportion of share-based remuneration has been increased with the aim of providing sound incentives to pursue long-term, sustainable improvement of corporate value, in addition to single-year operating results targets. The specific ratio for each director of the Board is set in line with their position-based roles and responsibilities. Based on this policy,

the ratio of basic remuneration, performance-related bonuses and share-based remuneration for representative directors of the Board is set at about 1:1:1 (provided that the Company achieves base performance).

#### Remuneration, etc., to be Paid to Outside Directors of the Board

Remuneration, etc., to be paid to outside directors of the Board consists of basic remuneration (fixed amount) along with various allowances. The latter are determined based on job responsibilities borne by each recipient as Chairperson or other membership at the Board of Directors and the Personnel Affairs and Remuneration Committee in light of their supervisory roles over the Company's management that require an objective and independent standpoint. The level of basic remuneration and various allowances is being set in reference to data acquired by external specialist organizations via objective market surveys of similar remuneration.

#### Remuneration, etc., to be Paid to Audit and Supervisory Board members

Remuneration, etc., to be paid to Audit and Supervisory Board members consists solely of basic remuneration (fixed amount) in light of their supervisory roles over the Company's management that require an objective and independent standpoint. The level of basic remuneration is set based on job

responsibilities borne by each recipient in reference to data acquired by external specialist organizations via objective market surveys of similar remuneration.

The fundamental policy on the remuneration system for the Company's Audit and Supervisory Board members, the content of the remuneration system and the amounts received by individual recipients are determined by the Audit and Supervisory Board within the maximum limit approved at the General Meeting of Shareholders.

#### Introduction of Shareholding Guidelines

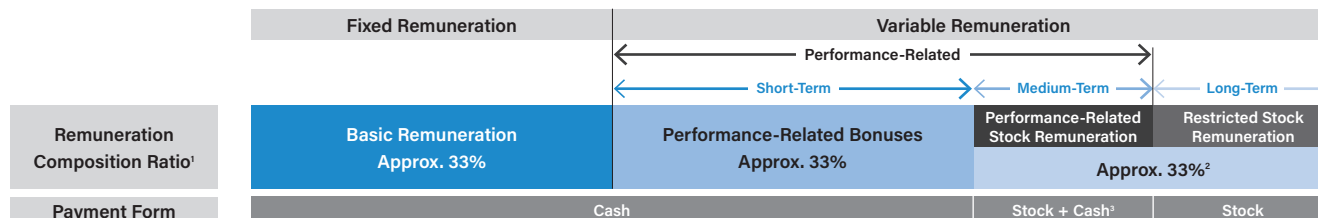
For the Company to become a leader in ESG management, we believe that in addition to setting a portion of the PSUs that reflect appraisals by ESG management indicators, it is important to guarantee that director remuneration remains consistently aligned with shareholder value over the long term. To do this, we established shareholding guidelines, and directors of the Board who supervise business execution are, during their term in office as a part of Sekisui House, obliged to maintain ownership of Company shares equivalent to baseline monetary values (based on current share prices). In order to strengthen ownership of such shares among directors of the Board, after reaching the minimum baseline, we will require continuous ownership of Company shares over the monetary baseline.

The baseline monetary value is twice annual basic remuneration for representative directors of the Board and equal to annual basic remuneration for other eligible directors (excluding outside directors of the Board).

#### Stock Remuneration Return (Malus and Clawback Provisions)

In order to control excessive risk-taking by directors of the Board who supervise business execution and to ensure sound management, we established malus and clawback provisions in the rules for officer remuneration. These provisions enable the Company to acquire shares or PSU allotted to such directors in the form of share-based remuneration free of charge, confiscate such remuneration or demand the return of it in full or in part (or the amount of money commensurate with share-based remuneration paid) if the recipient was found to be involved in such serious events as illicit conduct and legal violations, in the course of, or in connection with, the execution of his/her duties or other actions. The invocation of these provisions requires a resolution of the Board of Directors following deliberations by the Personnel Affairs and Remuneration Committee.

Image of Remuneration Composition Ratio for Representative Directors of the Board (including the CEO) at Base Performance



<sup>1</sup> The remuneration composition ratio will vary depending on position, the Company's performance and the achievement of KPIs. The remuneration composition ratio for representative directors (including the CEO) at base performance is presented.

<sup>2</sup> The composition ratio of performance-related stock remuneration to restricted stock remuneration is approximately 1:1 (at base performance).

<sup>3</sup> 50% of the performance-related stock remuneration will be paid in cash for the purpose of appropriation to funds for tax payments.

## Corporate Governance

### ESG Management KPI and Target Value for Performance-Related Stock Remuneration (PSU3) for FY2022 through FY2024

ESG Management Indicators		Numerical Target (January 31, 2025)	Weighting
Environment	Ratio of detached house ZEH <sup>1</sup>	90%	40%
	Ratio of ZEH units for rent <sup>1</sup>	70%	
Social	Number of female managers <sup>2</sup>	310	30%
	Take-up rate for eligible male employee childcare leave <sup>2</sup>	98%	
	Monthly average working hours per person <sup>3</sup>	175 per month	
Governance	Responding to Corporate Governance Code according to reviews by evaluation organizations and others	Improve the mode of information disclosure through third-party reviews (comparison of TOPIX100 companies)	30%
	Establishment of governance systems by clarifying Group company administrative regulations and the development and appropriate allocation of governance specialists	Implement Group company administrative regulations and governance specialist development and assignment	

Note: Monthly average working hours per person is an indicator related to occupational health and safety

### ESG Management Indicators and Target Values for Performance Share Units (PSU4) for FY2023 through FY2025

ESG Management Indicators		Numerical Target (January 31, 2026)	Weighting
Environment	Rate of reduced CO <sub>2</sub> emissions from business activities (Scope 1-2) <sup>4</sup>	59%	40%
	Ratio of detached ZEH homes <sup>1</sup>	92%	
	Number of ZEH units for rent <sup>1</sup>	75%	
Social	Number of female managers <sup>2</sup>	350	30%
	Take-up rate for eligible male employee childcare leave <sup>2</sup>	98%	
	Take-up rate for annual paid leave <sup>3</sup>	70%	
Governance	Strengthening information security systems	Group-wide business will be properly operated following requirements and rules for security	30%
	Establishment of Group governance in the U.S.	U.S. subsidiaries establish unified business supervisory functions	

Note: Take-up rate for annual paid leave is an indicator related to occupational health and safety

1 Total is for the Company.

2 Total is for the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House noie, Sekisui House Remodeling, Ltd.

3 Total is for the Company, Sekisui House Real Estate Group, Sekisui House Remodeling, Ltd.

4 Total is for the Group

### Officer remuneration for FY2023

#### Total Remuneration for Parent Company Officers by Category, Type of Remuneration, and Number of Eligible Officers

Officer Category	Total Remuneration, etc. (Millions of yen)	Total Remuneration by Type (Millions of yen)				Number of Eligible Officers
		Basic Remuneration	Performance-Related Bonuses	Performance Share Units (PSU)	Restricted Stock Remuneration	
Directors of the Board (Excluding Outside Directors of the Board)	1,091	267	255	444	123	6
Audit and Supervisory Board Members (Excluding Outside Members)	81	81	—	—	—	2
<b>Outside Officers</b>	<b>201</b>	<b>201</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>8</b>

Note: The above-listed amount of basic remuneration, performance share units and restricted stock remuneration includes remuneration paid to three directors of the Board who stepped aside from their office as of the close of the 70th Ordinary General Meeting of Shareholders held on April 27, 2021, one director of the Board who stepped aside from his office as of the close of the 71st Ordinary General Meeting of Shareholders held on April 26, 2022, and one director of the Board who stepped aside from his office as of the close of the 72nd Ordinary General Meeting of Shareholders held on April 25, 2023.

#### Target Value and Results Basis for Performance-Related Stock Remuneration (PSU2) Paid for FY2021 through FY2023

KPI	Weighting	Changes in payment ratio	Target value		Results	Payment ratio by indicator
ROE (average for three years)	80%	0% to 150%	Maximum	12.00%	11.60%	140%
			Standard	10.00%		
			Minimum	8.00%		
<b>ESG management indicator</b>	<b>20%</b>	<b>0% to 150%</b>	Note			<b>138%</b>

Note: The ESG management indicator used in the determination of the amount of PSU consists of targets determined for the following items; E (Environment): (1) Ratio of detached house ZEH; (2) Number of Sha Maison ZEH units; S (Social): (3) Number of female managers; (4) Take-up rate for eligible male employee childcare leave; (5) Monthly average working hours; G (Governance): (6)Enhancing response to the Corporate Governance Code; (7)Clarifying authority and responsibilities of the parent company and subsidiaries and strengthening the development of governance specialists as well as ensuring their appropriate deployment within the Group. The degree of achievement in items named above was evaluated by the Personnel Affairs and Remuneration Committee. As a result, the payment ratio vis-à-vis ESG management indicator was set at 138%.

#### Total Consolidated Remuneration for Directors of the Board (Excluding Outside Directors of the Board) (Millions of yen)

Name	Remuneration by Type				Total Remuneration
	Basic Remuneration	Performance-Related Bonuses	Performance Share Units (PSU)	Restricted Stock Remuneration	
Yoshihiro Nakai	80	82	126	41	330
Yosuke Horiuchi	56	57	88	29	230
Satoshi Tanaka	49	50	72	26	198
Toru Ishii	41	33	41	12	128
Hiroshi Shinozaki	31	33	13	10	87

Note: The above figures are only for individuals receiving total consolidated remuneration of ¥100 million or more and officers who were directors of the Board (excluding outside directors of the Board) of Sekisui House as of January 31, 2024.

## Corporate Governance

### Enhancing the Group Governance System

#### Enhanced Group Company Administrative Systems

The Company has designated administrative departments responsible for the segment-based management and supervision of business activities undertaken by Group companies. In addition, specialized departments at the head office of Sekisui House provide functional assistance and management leadership for particularly specialized operations. In these ways, the Company develops and operates a two-tier administrative system.

Administrative departments require reporting from each subsidiary regarding the status of business execution on a periodic or ad-hoc basis while acting in collaboration with the Company's head office departments in such endeavors as the development of operational standards. Furthermore, the head office

departments provide subsidiaries with guidance and supervision over their operations in line with missions assigned to each. For some subsidiaries, the Company dispatches personnel to serve as directors of their boards or members of their Audit and Supervisory Boards to exercise supervision over or conduct audits of business execution.

#### Start of operations at Sekisui House Construction Holdings, an intermediate holding company

Sekisui House Construction Holdings Co., Ltd., a holding company for Sekisui House Construction companies, initiated operations in February 2024. In addition to delegating authority from the head office of Sekisui House to this intermediate holding company, we have created specialized departments within the latter and allocated human resources to promote the strengthening of corporate governance.

Main objectives of the intermediate holding company system:

1. Promote planned expansion of business range of the Sekisui House Construction Group
2. Leverage locally-rooted customer bases possessed by each Sekisui House Construction Group company while ensuring safe and high-quality construction work
3. Enact flexible revisions to personnel systems
4. Expand our built-to-order business through the realization of growth strategies and improved governance

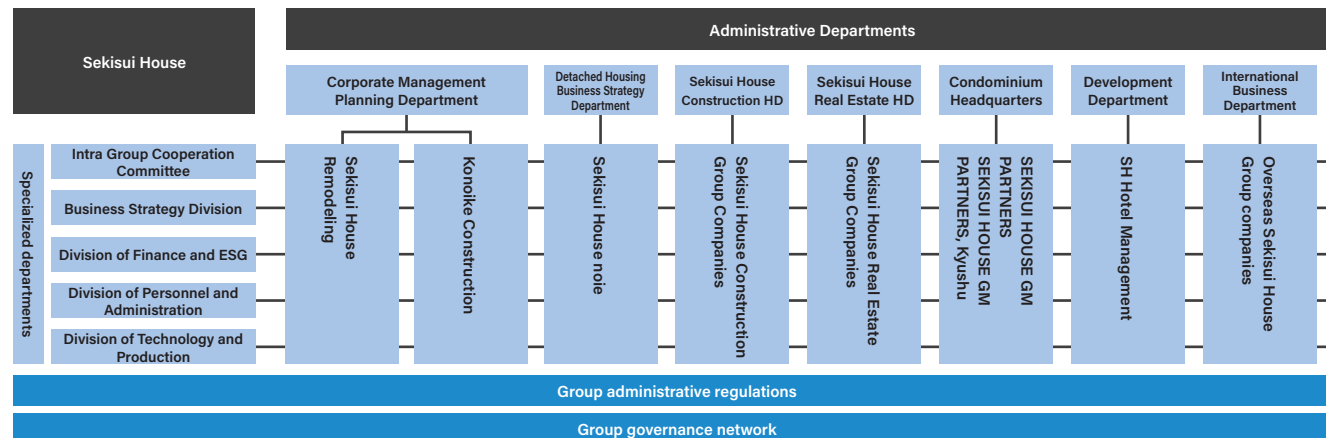
#### Promoting networking for governance

Currently, we are promoting the optimal allocation of human resources charged with corporate governance based on the close assessment of their status at main business subsidiaries (all Sekisui House Real Estate Group companies, all Sekisui House Construction Group companies, Sekisui House Remodeling, Sekisui House noie and Konoike Construction) as well as issues they are now confronting. Also, we periodically hold global governance meetings and area governance meetings to provide a place for discussions among Sekisui House Group members, including those overseas, to strengthen corporate governance.

#### Risk maps developed at Group companies

Risk maps are being developed at main business subsidiaries (all Sekisui House Real Estate Group companies, all Sekisui House Construction Group companies, Sekisui House Remodeling, Sekisui House noie and Konoike Construction), with the Risk Management Committee receiving reporting based on these risk maps from each company and engaging in periodic discussion regarding risk recognition.

Management Framework for Main Group Companies (as of May 1, 2024)



## Corporate Governance

### Cross-Shareholdings

#### Basic stance on cross-shareholdings

1. The Company shall not enter into cross-shareholdings with business partners unless it judges that it will be helpful to medium- and long-term increases in the corporate value through the stable maintenance and strengthening of relationships with them. In addition, the Company shall comprehensively verify the economic rationality of transactions with parties that own cross-shareholdings to determine if it will continue these transactions.
2. The Company shall analyze the appropriateness of cross-shareholdings at a meeting of the Board of Directors based on the minimum holdings required from a perspective of increasing capital and asset efficiency each year. At the meeting of the Board of Directors, members shall comprehensively analyze the medium- and long-term economic rationality of each individual stock based on holding objectives and risk and return. As a result, the Company shall sell any stock which is no longer meaningful to continue holding after considering the market environment. Even for stocks considered appropriate to hold, the Company may sell all or some shares after considering its capital policies and the market environment.
3. An overview of the analysis at the meeting of the Board of Directors regarding cross-shareholding shall be disclosed as appropriate in the reports related to corporate governance.
4. When companies holding the Company stock as cross-shareholdings express an intention to sell such shares, the Company shall not prevent the sale in any way by, for example, insinuating a reduction in their business relationship.
5. Criteria for exercising voting rights  
The Company exercises its voting rights after comprehensive determinations for or against each agenda item based on reasonable criteria. In doing this, we consider both the management policies of the companies in which we have cross-shareholdings as well as how best to increase medium-and long-term corporate value of these companies and Sekisui House.

For proposals deemed to require careful consideration after a thorough review of their contents (acquisition defense strategies, corporate reorganization plans, etc.), we conduct discussions with relevant departments as well as dialogues with the issuing company to determine whether to accept or reject said proposals. Additionally, we reject proposals that we believe will damage shareholder value.

#### Overview of the verification with regard to cross-shareholdings

At the meeting of the Board of Directors held in October 2023, the Company analyzed all listed stocks it holds as cross-shareholding (for 16 different companies, excluding Sekisui House Reit, Inc. and companies to which the equity method of accounting is applied) in terms of overall significance of owning them based on the status of shareholding, risk and return (stock price divergence, dividend yields, ROE, credit rating, etc.) and importance of transactions.

Furthermore, from the perspective of increasing capital efficiency, the Company has adopted a policy to reduce cross-shareholdings in phases. Based on this policy, the Company has set a target of reducing the ratio<sup>1</sup> of cross-shareholdings to consolidated net assets to 3% or less during the period of the Sixth Mid-Term Management Plan (by January 31, 2026).

<sup>1</sup> Refers to the ratio of the balance sheet amount of stocks for investment held for purposes other than pure investment (including unlisted stocks), stated in the annual securities report, to consolidated net assets.

Stocks sold during FY2023: Of the 16 companies examined, the Company sold all shares of two companies and a portion of shares of five companies.

Ratio of cross-shareholdings to consolidated net assets for FY2023: The ratio on January 31, 2024 was 4.3%.

# G Promoting Compliance

## 1. Governance

### Group-wide compliance promotion structure

With the aim of maintaining compliance across the Group, administrative departments are in place and tasked with the consolidated management of each business division. Moreover, specialized departments responsible for various regulatory areas act in collaboration with administrative departments in their respective field of specialty in order to promote cross-sectional compliance management encompassing the entire Group. The status of compliance management is reported to and verified by the Risk Management Committee, which is established as a consultative body to the Board of Directors, as part of efforts toward ongoing improvement.

### Sekisui House Group Corporate Ethics Guidelines

The Sekisui House Group established Sekisui House Group Corporate Ethics Guidelines, which provide specific guidance regarding compliance with laws, regulations, the Articles of Incorporation and other corporate ethics principles. We strive to ensure that these guidelines are upheld and practiced by all officers and employees across the Group.

[📄 Sekisui House Group Corporate Ethics Guidelines](#)

### Training to enhance compliance awareness

We implement Compliance Training targeting all Group employees in order to foster a robust compliance awareness among the entire workforce of the Group.

### Internal reporting system

The Sekisui House Group maintains an internal reporting system (the Sekisui House Group Compliance Helpline), which accepts reports and requests for consultation from its officers and employees, as well as those at partner building constructors in ongoing transactional relationships with the Group. This system is equipped with in-house contact desks (operated by the Human Rights and Compliance Promotion Office in the Legal Department) along with external contacts operated by a law office. In addition, the Sekisui House Global Helpline is also in place, operating through the same entities as above and serving as the contact point for officers and employees at overseas Group companies. The Company's Board of Directors is periodically briefed on the status of its internal reporting system to exercise appropriate supervision over it.

### Internal audit

The Company has established the Auditing Department as an organization tasked with conducting internal audits, including of Group companies, to help optimize their operations. Employees equipped with robust knowledge and skills are assigned to this department as dedicated staff charged with internal auditing. In this way, we strive to develop a global auditing structure encompassing Group companies domestically and overseas.

Sekisui House's Auditing Department consists of 55 employees (as of January 31, 2024; including 10 employees at the International Auditing Office) and is engaged in audits of the Company itself as well as domestic Group companies without internal auditing departments and overseas Group companies.

Internal auditing departments are also in place at Sekisui House Real Estate

Holdings, Ltd., Sekisui House Remodeling, Ltd. and Konoike Construction Co., Ltd. These departments conduct internal audits even as they share the status of audits with and otherwise act in collaboration with the Auditing Department of Sekisui House, Ltd.

In addition, Sekisui House, Ltd. is dispatching staff from the Auditing Department to the United States in line with its aim of "Enhancing our internal auditing structure for global auditing," as part of ESG strategies under the Sixth Mid-Term Management Plan.

As of January 31, 2024, a total of 114 employees are assigned to internal auditing departments at the Group.

The Company's Auditing Department conducts internal audits, once every two years in principle, in accordance with Internal Audit Guidelines and annual audit plans, targeting the Company's sales offices and other bases as well as domestic Group companies. Moreover, the department audits overseas Group companies every year in principle.

## 2. Strategy

### ■ Sekisui House Group Corporate Ethics Guidelines

In October 2003, the Group formulated the Sekisui House Corporate Ethics Guidelines and put them into effect as the standards to be followed by the Company, its officers and employees. The content of these guidelines is revised as necessary in line with changes in the business environment. We distribute pamphlets containing the Corporate Philosophy and Corporate Ethics Guidelines to all Group employees as part of thoroughgoing efforts to spread awareness, and we have executives and employees submit a Pledge of Compliance with the Corporate Ethics Guidelines every year. From the viewpoint of anti-corruption, we have also stipulated a provision regarding entertainment and gifts in these guidelines with respect to customers, suppliers, public officials and other individuals. Based on that provision, we have established Anti-Corruption Guidelines and are disseminating information on them within the Company.

[📄 Sekisui House Group Corporate Ethics Guidelines](#)

## Promoting Compliance

### Compliance Training implementation

Until FY2021, we provided all Group employees with annual legal training addressing laws, regulations, legal risks and other subjects determined as part of ongoing efforts to foster compliance awareness. In FY2022, we changed the name of this training to Compliance Training, and began implementing programs centered on small-group discussions aimed at addressing case studies of compliance violations, including the violation of corporate ethics. Through this training, we provide employees with opportunities to spontaneously think about compliance and develop robust awareness regarding relevant issues. In this way, we are fostering broader compliance awareness that extends beyond laws and regulations.

In order to promote compliance at business bases, we also provide their senior managers with risk management training to develop their compliance awareness as leaders. In FY2023, this training was focused on such subjects as the strengthening of worksite information security and the prevention of alcohol-related incidents, and consisted mainly of discussions among participants to enable them to educate one another on these topics. Even after training, participants are engaged in ongoing discussions with their peers while operating in their respective worksites in order to ensure that each remains immensely conscious of their leading role in terms of promoting compliance throughout the entirety of the worksites under their supervision. In FY2023, we expanded the scope of this training to include senior managers at Group companies to strengthen our overall Group-wide structure for promoting compliance.

### Implementing the Governance Awareness Survey

Every year, we conduct the Governance Awareness Survey targeting all Group employees. These anonymous surveys are conducted by distributing questionnaires regarding employee awareness of corporate ethics, the Corporate Code of Conduct, conditions of workplace environments, compliance and other matters that we aim to periodically verify. As part of these efforts, the Board of Directors evaluates survey results by focusing on better ingraining our Corporate Philosophy, the Corporate Code of Conduct and other principles. Meanwhile, each business unit assesses the current status of our workplaces based on survey results while creating opportunities for the exchange of

opinions among them. In these ways, we foster a workplace culture supportive of unfettered communications.

### Promoting active use of internal reporting systems and consultation services

In accordance with the Whistleblower Protection Act, we have in place an internal reporting system through which the Human Rights and Compliance Promotion Office in the Legal Department accepts requests for consultation or reports regarding any conduct that violates or may violate laws or corporate ethics. This system is dubbed the Sekisui House Group Compliance Helpline<sup>1</sup> and is available to all Group employees. We have also commissioned a law office to serve as an external point of contact for the same purpose. Moreover, the Human Rights and Compliance Promotion Office operates the Sexual and Power Harassment Hotline to accept requests for consultation regarding human rights-related issues, including various forms of harassment. Similarly, this hotline is available to all Group employees.

In addition, the Sekisui House Group Compliance Helpline accepts requests for consultation from officers and employees at partner building constructors and suppliers in ongoing transactional relationships with the Group. This helpline handles reporting on cases that violate or possibly violate laws or corporate ethics in connection with transactional relationships with the Group.

Furthermore, the Sekisui House Global Helpline was established in June 2020 for employees at overseas subsidiaries operating in English-speaking regions, with the Human Rights and Compliance Promotion Office in the Legal Department and an external law office serving as the contact point. (For employees at our subsidiaries in China, we established a separate contact point capable of accommodating inquiries in Chinese.)

Prior to the June 2022 enforcement of the revised Whistleblower Protection Act, we established internal regulations regarding the whistleblowing system in May 2022 to secure compliance with said act. Since then, we have operated this system in accordance with these rules, which we will update in June 2024. These rules stipulate that the system must accept anonymous requests for consultation or reporting while mandating the protection of whistleblowers by, for example, prohibiting detrimental treatment on the grounds of whistleblowing, banning any attempts to specify their identities and outlining secrecy obligations to be borne by those handling the system.

Although it is desirable that any issue that arises is first addressed by the workplace involved, we also believe that ensuring that our whistleblowing system is known by all employees and available to them without any barriers is essential. Accordingly, we continuously strive to spread awareness of this system through annual Compliance Training and other various training in which all employees participate.

<sup>1</sup> This system handles a broad range of issues, including bribery.

#### Overview of the Sekisui House Group's Whistleblowing and Counseling Hotline Systems

	Point of contact	Consultation methods	Content of report
<b>Sekisui House Group Compliance Helpline</b>	In-house contact point: Human Rights and Compliance Promotion Office, Legal Department  External contact point: Law office	Phone Letter Email	This includes all cases that violate or could potentially violate laws, regulations, or corporate ethics for businesses and business activities for Group officers and employees, as well as business partners that the Group has an ongoing relationship with.
<b>Sexual and Power Harassment Hotline</b>			Consultation pertaining to sexual harassment, power harassment and other forms of harassment and human rights issues, including those associated with pregnancy, childbirth, childcare leave and nursing care leave, with the hotline available to Group officers and employees, as well as business partners that the Group has an ongoing relationship with.
<b>Sekisui House Global Helpline</b>		Email (English language support is available)	Cases involving officers and employees at overseas subsidiaries, including those pertaining to sexual harassment, bullying or human rights violations as well as actual or alleged violations of laws and regulations and corporate ethics in relation to their businesses and business activities.

## Promoting Compliance

### Tax transparency

The Sekisui House Group is committed to complying with tax laws and upholding fairness in its tax affairs in every country in which it operates. We disclose matters related to transparency in tax affairs in the following article.

[☑ Tax transparency](#)

### Breakdown of taxes paid in each country

The breakdown of taxes paid by the Sekisui House Group (FY2023) by country is as follows.

Country	Amount (millions of yen)
Japan	61,463
The United States	6,191
Australia	-251
China	-1,475

## 3. Risk Management

### Initiatives for compliance with laws and regulations

The Group obtains permits and licenses based on laws and regulations, such as the Real Estate Brokerage Act, the Construction Business Act, the Act on Architects and Building Engineers, and the Housing Quality Assurance Act. At the same time, we conduct business activities based on administrative regulations, as well as laws and other regulations related to construction, labor, the environment and other matters involved in executing business. Our overseas operations are similarly subject to laws and regulations enforced in each country. Violation of laws and regulations related to construction in particular could incur significant expenses for remediation or administrative sanctions, such as suspension of business that could affect the Group's business performance.

In the domestic contracting business, measures to prevent compliance violations include a legal and regulatory check system to verify mistakes and omissions of procedures for design, according to the Building Standard Law, and we have structured a double check system for business bases and the head office to prevent the occurrence of mistakes for type approval. In addition, to ensure the effective assignment of full-time supervising technicians under the Construction Business Act, specialized departments are checking their assignment status and are continuing to secure qualified personnel and improve their skills. Also, each specialized department is engaged in information gathering and analysis to stay up-to-date with latest trends in legal regulations both domestic and overseas and, if necessary, relays its insight to relevant departments within the Group in order to support appropriate responses to such trends.

### Marketing and advertising policy

As stipulated in the Sekisui House Group Corporate Code of Conduct, we provide appropriate and accurate information on products and services to consumers and customers. We comply with the laws and regulations associated with our operations, including Japan's Construction Business Act and the Real Estate Brokerage Act, while striving to ensure the appropriateness of sales and advertising activities. To that end, we develop in-house rules, manuals and other documents in addition to providing training to employees involved in real estate advertisement. Moreover, internal auditing departments conduct periodic audits of these activities, while the head office departments in charge of supervising sales offices carry out periodic inspections of their operations. In addition, we develop and maintain a structure for regularly checking the content of our corporate websites.

### ■ Sekisui House Group Corporate Code of Conduct (excerpt)

Relationship of trust with consumers and customers

5. Provide consumers and customers with appropriate and accurate information regarding our products and services, engage in sincere communications with them, and secure their satisfaction and trust.

[☑ The Sekisui House Group Corporate Code of Conduct \(Japanese only\)](#)

### Overview of internal audits of business activities

We conduct periodic audits to confirm whether our internal control and internal management systems are operating appropriately and effectively to maintain compliance with relevant laws and regulations, such as the Construction Business Act and the Real Estate Brokerage Act, and in-house rules. Specifically, domestic sales offices and Group companies are audited every other year by internal auditing departments while overseas Group companies are audited each year. These audits are aimed at monitoring and assessing the content of customer contracts and the status of advertising activities. When necessary, the internal auditing departments issue recommendations for improvement.

In addition, internal auditing departments carry out monthly compliance inspections targeting important matters related to laws and regulations as well as financial statements based on data gleaned from in-house systems.

Audit results are reported in the form of audit reports to update directors of the Board, Audit and Supervisory Board members and relevant departments in a timely manner. Moreover, the Board of Directors and the Audit and Supervisory Board receive reports on audit results on a semi-annual and annual basis, respectively.

Matters considered to bear particular importance or require urgent response are swiftly relayed to relevant departments to support the early formulation of improvement measures and the cross-divisional sharing of knowledge of these matters in order to prevent recurrence.

In addition, based on internal auditing standards, each sales office independently conducts periodic inspections of its operations (on a semi-annual basis or more frequently), while the head office departments in charge of supervising sales offices carry out similar inspections on an annual basis.

## Promoting Compliance

### Personal information protection initiatives

To follow the amendments to the Personal Information Protection Law enacted on April 1, 2022, we have revised the Rules for Handling Personal Information. We have also designated the executive officer in charge of legal affairs as the person in charge of handling personal information, and are working to manage personal information with effective systems. Our Privacy Policy and Information Security Policy are disclosed on our website.

We handle customers' personal information at Sekisui House Group worksites, such as housing exhibitions and land sales offices. In accordance with the Personal Information Protection Law and the Rules for Handling Personal Information, we have implemented ongoing e-learning and educational training for employees. We are striving to instill robust knowledge of personal information protection among employees by, for example, educating them about in-house guidelines regarding compliance with the Personal Information Protection Law. In addition, we have set up a specialized Customer Information Service Office within the CS Promoting Department, and have established a system that supports compliance with the Personal Information Protection Law for the entire Group.

Among various options, customers may request disclosure, correction, suspension of use or deletion of their own personal data by lodging a Contact for Inquiries About Customer Information application with the Customer Information Service Office. In the event of the loss or theft of customers' personal information, in addition to informing customers about the issue immediately, we shall post necessary notices on our website concerning what information was lost or stolen, as well as notices regarding our subsequent handling of the situation. At the same time, we shall make every attempt to recover this information.

Additionally, in view of the fact that personal information protection laws are being put in place in various countries around the world, we are making efforts to protect personal information in our international businesses as well, by developing systems, providing training and other means in accordance with the businesses we operate in each country to comply with local laws and regulations.

[Global Website Privacy Policy](#)  
[Sekisui House, Ltd. Information Security Policy \(Japanese only\)](#)

### Anti-corruption initiatives

Sekisui House strives to maintain a sound and healthy corporate presence. To this end, we believe that we must eliminate any inappropriate relationships with government officials or politicians and promote appropriate business activities. To ensure fair business practices, improper relationships with government officials and politicians are expressly forbidden in the Sekisui House Group Corporate Code of Conduct and Sekisui House Group Corporate Ethics Guidelines.

Furthermore, we have established the Policy on the Prevention of Bribery and Other Corrupt Conduct as well as other internal anti-corruption guidelines. These guidelines concretely define conduct that is generally prohibited in order to prevent improper relationships or transactions involving government officials and our officers (directors of the Board, Audit & Supervisory Board members, executive officers and operations officers) or employees (including contract employees and part-time employees).

A single improper action can become a major problem; in light of this danger, when in doubt, we recommend that employees consult with their supervisors, managers responsible for general affairs, or the Head Office Legal Department before taking action and always maintain appropriate records.

Prior to conducting periodic (once every two years) audits targeting domestic operations, internal auditing departments confirm the results of Governance Awareness Surveys undertaken at targeted business units to inform their auditing activities.

In the course of periodic (annual) audits targeting overseas Group companies, these departments focus on auditing activities like those listed below in order to monitor and assess the status of compliance with corporate ethics and the prevention of corruption.

- Confirming the availability of local language-versions of the Corporate Philosophy, Sekisui House Group Corporate Code of Conduct and Sekisui House Group Corporate Ethics Guidelines as well as methods being used to ensure that these principles are understood by employees
- Confirming important legal risks each company is now confronting (e.g., those associated with bribery, human resource and labor management, environmental protection) and the development status of in-house rules and manuals in accordance with applicable laws and regulations

- Confirming methods being used to educate employees about the prevention of corruption and the content of periodic reports being prepared to this end

### Sekisui House Group Corporate Code of Conduct (excerpt)

Fair business practices

2. We will engage in fair and free competition, appropriate transactions, and sustainable and responsible procurement. We will maintain sound relationships with political and governmental entities.

[Sekisui House Group Corporate Code of Conduct \(Japanese only\)](#)

### Sekisui House Group Corporate Ethics Guidelines (excerpts)

2–4 Restrictions on Donations and Political Contributions

- (1) Upon donating to various organizations, etc., recognize the roles of companies in society, proactively judge the need for donations, comply with related laws and regulations, and follow proper methods.
- (2) Upon making political donations, comply with related laws and regulations including the Public Offices Election Act and the Political Funds Control Act, carefully avoid any and all action that can be misunderstood as colluding with politicians or public officials by bribery and payoffs, and strive to create healthy and transparent relationship with all parties.
- (3) Receive prior authorization according to internal rules upon making various donations and contributions.

3–6 Entertaining and Presenting Gifts

- (1) Do not entertain nor present gifts to public officials or any equivalent individuals.
- (2) Upon entertaining or presenting gifts to business partners, operate within the range of generally and socially acceptable common sense.
- (3) In principle, do not accept entertainment nor gifts from customers or business partners.

[Sekisui House Group Corporate Ethics Guidelines](#)

## Promoting Compliance

### Anti-Bribery and Corruption Policy (excerpts)

#### 3. Adherence to Laws and Regulations

The Group will strictly comply with all laws, regulations, and guidelines of government agencies regarding the matters set forth in the Policy. In the case that some countries have stricter regulations than the Policy, or content not defined in the Policy, we will comply with the regulations of the relevant countries in addition to the Policy.

#### 4. Prohibition of Bribery, Etc.

The Group prohibits bribery and facilitation payments in any form to public officials or their equivalents (collectively, "Public Officials, etc."), whether in or outside of Japan.

#### 7. Political Contributions

The Group will make political contributions only after obtaining prior approval in accordance with the prescribed internal procedures and in compliance with applicable laws and regulations.

 Anti-Bribery and Corruption Policy

## 4. Metrics and Targets

In FY2023, there were no serious violations of laws, regulations or voluntary norms related to bribery or corruption within the Group.

### Legal compliance status

#### Penalties for non-compliance with the anti-corruption policy

In FY2023, no disciplinary action or dismissal took place against any employee for non-compliance with the anti-corruption policy. To the best of our knowledge, no cost was incurred on payments for penalties, surcharges or settlements related to corruption.

### Infractions and penalties related to the environment

There were no major infractions or penalties of environmental laws or regulations in FY2023. There were no accidental spills or other incidents impacting the environment surrounding our factories. Although we are aware of the need of allowances to secure our preparedness for a major environmental accident or other incident arising from our operations, we recorded no allowances for ESG-related issues, including environmental issues, in said fiscal year.

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

In FY2023, there were no legal or regulatory infractions or penalties paid as a result of violations of laws or regulations related to the provision and use of our products and services. There were also no infractions of health and safety related regulations or voluntary standards. If an important incident related to our products or services is revealed, we will conduct investigations, confirm its occurrence and then swiftly disclose the factual details, as well as our policies in response.

### Infractions and penalties related to customer privacy

In FY2023, there were no substantiated petitions for redress related to customer privacy infringements or customer data loss.

### Legal action related to monopolistic practices

In FY2023, the Group faced no legal action, substantial fines or punitive measures in connection with anticompetition, antitrust or monopolistic practices, or violations of relevant laws and regulations.

## Number of Consultations Received by the Whistle Blowing System and the Internal Consultation Services

	(FY)		
	2021	2022	2023
Sekisui House Compliance Helpline	17	32	63
Sexual and power harassment hotline	169	213	253

 Sekisui House Group Corporate Ethics Guidelines  
 Sekisui House Group Policy on the Prevention of Corruption



## Strengthening Risk Management

If an incident that could impact overall operations of the Company occurs, the head office administrative department reports to the Risk Management Committee in accordance with the Crisis Response Manual. As soon as such reports are delivered, the Risk Management Committee determines the crisis level of said incident based on standards set forth in the manual. When the incident is considered to entail a degree of seriousness that exceeds the crisis level threshold defined by the manual, the Crisis Countermeasure Headquarters will, upon judgment by the chairperson of the Risk Management Committee, be launched. The headquarters will act as a dedicated team responsible for preventing any additional fallout from the incident and developing a structure aimed at formulating specific countermeasures in order to ensure early resolution. In addition, crisis response drills are periodically conducted to verify the manual and improve its content.

## 3. Risk Management

### Strategic risks/Financial and market risks

#### Changes in the housing market environment

##### Risk scenario

The Sekisui House Group is engaged in business activities centered on the provision of housing at home and abroad. Accordingly, the Group's business performance is highly susceptible to changes in personal consumption, interest rates, land prices, housing-related government policies and tax systems as well as rent prices that may fluctuate due to the aforementioned factors, along with regional economic trends. Going forward, if the business environment evolves upon these changes, the Group's operating results could be materially affected.

##### Countermeasures

To counter the risks described above, the Group pursues the flexible implementation of various measures aimed at adapting to changes in the market environment. To that end, meeting bodies led by heads of business and administration headquarters help ensure that all relevant individuals are on the same page about the status of progress in measures undertaken to counter market trends as well as issues identified in the course of frontline operations, while formulating fresh measures aligned with the evolving situation based on conclusions from their discussions. In addition, measures considered to bear particular importance are also discussed robustly at the

Management Meetings.

We also maintain ongoing informational coordination between each overseas business base and the Company's head office to update the latter about the market environment in countries in which we pursue business expansion. Based on input afforded by this coordination, specialized departments engage in market analysis and strategic planning.

#### Corporate acquisition and business reorganization

##### Risk scenario

Based on its strategies for domestic and overseas operations, the Group is expanding the scale of its business by, for example, acquiring corporations and businesses and reorganizing its corporate structure. However, if these measures fail to yield expected outcomes in the course of or following the execution of organizational integration procedures, or if profit arising from these measures falls short of the estimate due to unpredictable changes in the business environment, the Group's operating results and financial position could be materially affected.

##### Countermeasures

When considering acquisition, reorganization and other similar measures, specialized departments conduct preliminary due diligence and stock price evaluation in collaboration with external experts in order to appropriately assess such matters as the corporate value of the potential acquiree and the feasibility of its business plans. To inform judgment on an acquisition, the potential deal is then discussed at Management Meetings and by the Board of Directors, as well as by other meeting bodies. Then, after an acquisition is completed, each specialized department promotes post-merger-integration (PMI) to ensure that the acquired business is smoothly integrated into the Group while maximizing synergies. After the objective of the PMI is fulfilled, administrative departments take the lead in pursuing synergies as part of efforts to realize sustainable improvement in corporate value for the entire Group.

#### Assets held by the Group

##### Risk scenario

The Sekisui House Group holds real estate for sale, non-current assets, investment securities and other business assets in Japan and overseas. The Group may record impairment losses or valuation losses in connection with these assets due to plunges in their market value or other reasons. Fluctuations in foreign exchange rates could

also affect the value of these assets. The Group's operating results and financial position could therefore be impacted by changes in asset value.

##### Countermeasures

To counter the risks described above, the Group has made it a rule to ensure that any investment project with monetary value exceeding a certain threshold must undergo preliminary screening by Sekisui House's head office. Moreover, each such project is sufficiently discussed at Management Meetings before being authorized. In these ways, we take a prudent approach to making investment decisions. With regard to real estate, we endeavor to stably manage it by acquiring excellent properties and enhancing the asset turnover ratio. As for cross-shareholdings, we maintain a basic policy of restricting the volume of such shareholdings to a bare minimum level from the perspective of improving capital and asset efficiency. The appropriateness of such shareholdings is annually verified by the Board of Directors. At the same time, we strive for the phased reduction of cross-shareholdings under quantitative targets. To mitigate the impact of foreign exchange fluctuations, we utilize forward exchange contracts and other hedging procedures as necessary. In addition, we conduct periodic assessments of the risk of impairment or valuation losses associated with our asset holdings and ensure that the occurrence of such losses is properly accounted for as necessary.

#### Fundraising costs

##### Risk scenario

The Sekisui House Group procures funds through borrowings from financial institutions, the issuance of bonds and other measures. Fundraising costs may possibly increase upon the occurrence of such events as major fluctuations in market interest rates, turmoil in financial markets or the radical downgrading of the Company's ratings by rating agencies. This could, in turn, impact the Group's operating results and financial position.

##### Countermeasures

To address these risks, we focus on practicing financial discipline and maintaining our ratings at an appropriate level, with the aim of reducing fundraising costs. We also endeavor to mitigate interest rate fluctuation risks via the diversification of fundraising vehicles and the dispersion of their maturities.

## Strengthening Risk Management

### Retirement benefit obligations

#### Risk scenario

Retirement benefit obligations and expenses associated with Sekisui House Group employees are calculated based on such actuarial assumptions as the discount rate and expected return on pension assets. If these assumptions are revised, or if actual conditions differ widely from such assumptions, the Group's operating results and financial position could be materially affected.

#### Countermeasures

The Group periodically verifies and reviews its estimates on retirement benefit obligations based on the past track record. Taking heed of advice from external consultants, the Group engages in pension asset management via dispersed investment encompassing multiple asset classes with differing risk-return characteristics and employing diverse asset management styles. Moreover, the effectiveness of this dispersed investment is evaluated via the periodic risk-return analysis targeting the Group's pension assets as a whole. Having announced the adoption of the Stewardship Code in the area of corporate pension fund management, the Group is stepping up its monitoring of asset managers. In addition, the Asset Management Committee, which serves as a consultative body specialized in this area, holds periodic discussions regarding the market environment, asset management status and other topics.

#### Operational risks, hazard risks

### Laws and regulations

#### Risk scenario

In Japan, the Group obtains permits and licenses based on such laws and regulations as the Real Estate Brokerage Act, the Construction Business Act, the Act on Architects and Building Engineers, and the Housing Quality Assurance Act. At the same time, we conduct business activities based on administrative regulations, as well as laws and other regulations related to construction, labor, the environment and other matters involved in executing business. Our overseas operations are similarly subject to laws and regulations enforced in each country. Violation of laws and regulations related to construction in particular could incur significant expenses for remediation or administrative sanctions, such as suspension of business that could affect the Group's business performance.

#### Countermeasures

In the domestic contracting business, measures to prevent compliance violations include a legal and regulatory check system to verify mistakes and omissions of procedures for design, according to the Building Standard Law, and we have structured a double check system for business bases and the head office to prevent the occurrence of mistakes for type approval. In addition, to ensure the effective assignment of full-time supervising technicians under the Construction Business Act, specialized departments are checking their assignment status and are continuing to secure qualified personnel and improve their skills. Also, each specialized department is engaged in information gathering and analysis to stay up-to-date with the latest trends in legal regulations at home and abroad and, if necessary, relays its insight to relevant departments within the Group in order to support appropriate response to such trends.

### Quality control

#### Risk scenario

The Group takes all possible measures to ensure the quality of design, production and construction. It also implements a long-term warranty system and regular inspection service for our detached houses and multi-unit buildings, which are our core products. If serious quality problems occur due to unexpected human errors or other factors during our long support period, considerable costs could be incurred or the reputation of the Group could be severely degraded, which may affect the business performance of the Group.

#### Countermeasure

The Quality Management Committee within the Risk Management Committee promotes unified quality management as an organization that brings together five study groups for products, design, production, construction, and customer satisfaction. In particular, the Quality Management Committee helps prevent construction quality defects through improvements to the quality control priorities that are based on the annual construction quality management plan formulated at the beginning of each fiscal year. This committee also deliberates the verification of product safety, inspection of production sites, compliance with quality-related legal regulations and the enhancement of customer services while delivering periodic reports on the status of its discussions to the Risk Management Committee.

### Initiatives to strengthen information security

#### Risk scenario

Infection by computer viruses and advanced cyberattacks could allow personal information and confidential information to leak or be tampered with, or cause system shutdowns. This could possibly result in the filing of claims for damage from customers or other stakeholders, the loss of market confidence in the Company or other negative consequences that would, in turn, affect the Group's business performance.

#### Countermeasures

To counter the risks described above, the Information Security Committee within the Risk Management Committee discusses and implements information security and information management measures based on the Group's fundamental Information Security Policy, as well as internal regulations regarding the management of confidential information. Simultaneously, we strengthen our systems for controlling internal and external access to safeguard ourselves from computer viruses and other modes of cyberattacks and to prevent the leakage or tampering of confidential information. We also endeavor to raise IT literacy among employees by implementing drills on targeted email attacks and otherwise providing them with training in addition to conducting information security audits. Moreover, the CSIRT<sup>1</sup> is in place within the Information Security Systems Office of the IT Design Department to serve as a dedicated team to counter security incidents. To raise our incident response capabilities and ensure full preparedness for emergency, we also implement drills in which each department participates on the assumption that a security incident occurred. In addition, we undergo periodic security assessments undertaken by external organizations as part of efforts to further strengthen our security governance systems.

We also manage customer information based on our Privacy Policy, with each organizational unit assigning a manager responsible for handling personal information, implementing safety measures, and establishing a system to thoroughly inform all employees. At the same time, through periodic online courses, we teach employees how to handle personal information, and we raise awareness of the roles and responsibilities of each employee regarding the protection of personal information.

<sup>1</sup> CSIRT: Computer Security Incident Response Team

## Strengthening Risk Management

Also, the Information Security Promotion Subcommittee is placed within the Information Security Committee to enhance security awareness among employees at each business base and Group company. This subcommittee consists of representatives from all Group business bases and strives to raise each employee's security awareness, starting from those in senior management positions, and thoroughly implement security measures.

 Sekisui House, Ltd. Information Security Policy (Japanese only)

### Accident in the course of construction work

#### Risk scenario

At construction sites, accidents could occur due to flaws in operational environment, procedures and methods. If such accidents involve fatalities or other serious consequences, the Company may be held liable for resulting damages and thus lose society's trust, in addition to being affected by the suspension of construction work or the prolongation of the construction period.

#### Countermeasures

To prevent the occurrence of occupational accidents, each organizational unit holds construction work health and safety committee meetings to implement periodic inspections of accident prevention measures, conduct safety patrols, examine actual cases of accidents, formulate fresh measures aimed at preventing recurrences and promote other activities. A particular emphasis at construction sites is creating a safe and secure work environment based on the annual Company-wide construction health and safety plan formulated at the beginning of each fiscal year. Under the direction of the Construction Headquarters at the head office, we also endeavor to reduce high-frequency accidents with serious consequences through such countermeasures as the development of the operational environment and the strengthening of a structure designed to ensure and confirm compliance with operational methods.

### Labor management

#### Risk scenario

Long working hours for employees can lead to non-compliance with various labor-related laws, the violation of the "three-six agreement" and other agreements between the Company and the labor union, as well as the development of health problems, including mental illness, which occasionally lead to extended leaves of absence. In some cases, this could also result in labor disputes.

#### Countermeasures

To curb total working hours, each department has set its target for monthly average total working hours per employee, while each business base strives to improve workstyles. In addition, we promote Group-wide initiatives aimed at enabling the planned utilization of annual paid leave as part of efforts to create a workplace environment supportive of autonomous workstyles. Moreover, we have made it a rule to confirm the status of work at the head office, factories and offices every month. In addition, the Human Resources and General Affairs Department promotes effective labor management by implementing monitoring and labor management training as necessary.

### Suspension of raw material supply

#### Risk scenario

If the Group's suppliers sustain damage from a major natural disaster or social disorder (war, terrorism, infectious disease pandemic, geopolitical risk, etc.), the Group may be forced to suspend construction underway and delay the contracted construction period as these phenomena could make it difficult for them to maintain the supply of materials. The Group could be confronted by similar consequences when the procurement of raw materials is outpaced by growth in the volume of orders.

#### Countermeasures

To counter these risks, the Sekisui House Group promotes preparatory measures described below, assuming such scenarios as a major disaster and the resulting disruption of supply from a certain supplier.

1. Supply chain: We strive to secure multiple lineups of components, utilize multiple suppliers and establish multiple production bases while strengthening our domestic supply bases.
2. Specifications: We promote a shift to materials that are readily available. For example, we incorporate components made using general-purpose materials. We also endeavor to revise product specifications to ease material procurement.
3. Information: We develop a supplier database to secure a structure supporting swift response to emergencies.

Furthermore, we have created a risk map based on analyses of risks associated with raw material procurement and their magnitude in order to strengthen specific risk countermeasures, with the aim of clarifying targets of risk management activities. This map also helps employees to raise their risk awareness. In addition, we ask our suppliers to strengthen their own supply chains. This, in turn, makes our entire supply chain more resilient, with a growing number of suppliers striving to secure their preparedness against emergencies.

### Large scale natural disasters, etc.

#### Risk scenario

Delays in the initial response due to unclear response plans during large scale natural disasters, infectious disease pandemics or other emergencies could impair business continuity at our locations. This could, in turn, affect the Group's business performance.

#### Countermeasures

We maintain preparedness by establishing a Sekisui House Group Basic Policy Concerning Business Continuity Planning. This policy informs the development of our procedures and systems designed to ensure proper response to emergencies impacting business continuity. In this way, we strive to ensure that our core operations remain ongoing in the face of emergency or can be restored at the earliest possible date even when suspended.

The Group has also formulated the Sekisui House Group Basic Policy Concerning Disaster Countermeasures. A disaster manual has also been released to every organizational unit, and we are prepared to ensure business continuity at all business sites in the event of a disaster. In the event that a large-scale disaster hit the head office and made it hard to maintain its ongoing functions, we will continue important business operations through offices that can serve as substitute bases: the Tokyo office (Akasaka, Minato-ku) and the Comprehensive Housing R&D Institute (Kizugawa, Kyoto). This structure is established based on our disaster response manual stipulating the launch of the head office Disaster Countermeasure Headquarters and other measures.

We do business overseas, which puts the employees of overseas subsidiaries and employees on international business trips at risk from natural disasters, terrorist attacks and riots. We have created response manuals based on country-specific factors with a system for prompt information sharing. We have also contracted with a specialized overseas crisis response support company to have a support system in place for our local employees in the event of an emergency.

## G Indicators and Progress

Category	No.	Indicator	Scope of calculation	FY2023		FY2024	FY2025	Remarks
				Targets	Results	Targets	Targets	
Governance	48	Responding to Corporate Governance Code according to reviews by evaluation organizations and others <sup>1</sup>	◇5	9th place or higher	4th place	9th place or higher	9th place or higher	→ P.223
	49	Strengthening the Group governance system (Group administrative regulations, development and appropriate assignment of governance specialists)	◇5	Human resource (HR) development and allocation	Managers responsible for general affairs at Group companies promote training and HR allocation	Promote HR development and allocation	Secure the effectiveness of HR development and allocation	→ P.209
	50	Number of serious violations of laws and voluntary norms	◇5	0	0	0	0	→ P.230
	51	Number of cases brought to Compliance Helpline or Sexual and Power Harassment Hotline for consultation (Per 1,000 employees)	◇4	—	10.5	—	—	→ P.230
	52	Progress in the strengthening of security measures (% of progress vis-à-vis the annual plan)	◇2	100%	100%	100%	100%	→ P.233
	53	Ratio of employees who completed security training	◇2	100%	100%	100%	100%	→ P.233
	54	Cumulative number of DX-related projects (linked with Mid-Term Management Plan)	◇2	—	23	—	—	—

<sup>1</sup> Enhancement of the information disclosure level via a third-party review (comparisons with businesses listed in the TOPIX 100)




◇1 Sekisui House, Ltd.  
 ◇2 Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Ltd. and Sekisui House noie Limited in addition to ◇1 above  
 ◇3 Konoike Construction Co. Ltd. and its domestic consolidated subsidiaries in addition to ◇2 above  
 ◇4 Sekisui House, Ltd. and its domestic consolidated subsidiaries  
 ◇5 Sekisui House Group (Sekisui House, Ltd. and all of its consolidated subsidiaries)

# G Directors of the Board and Audit and Supervisory Board Members (As of June 30, 2024)

**Outside** Outside Director of the Board or Outside Audit and Supervisory Board Member

**Independent** Independent officer based on the rules of Tokyo Stock Exchange, Inc.

## Directors

	Overview of expected role	Particular knowledge, experience and abilities expected					
		Corporate management Business strategy	Overseas business International knowledge	Financial strategy and accounting	Technology and environment Innovation	Improvement of social value Human resource development Diversity	Governance Risk management Compliance
 <p><b>Yoshihiro Nakai</b> Representative Director of the Board President, Executive Officer, CEO</p> <p>Significant concurrent post at other companies: Vice Chairman of Japan Federation of Housing Organizations</p> <p>Number of years in office as director of the Board: 8</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Personnel Affairs and Remuneration Committee: 11/11 (100%) Management Meetings: 12/12 (100%)</p>	<p>In the Corporate Management Planning Division, Mr. Nakai exercised his outstanding conceptual ability and consistently played a central role in formulating and implementing Sekisui House Group's management strategies and plans. In particular, since assuming the post of President, he has focused on demonstrating the comprehensive capabilities of the Group, with the Corporate Philosophy as a compass, while strengthening the corporate governance system and promoting ESG management aggressively. In the Fifth Mid-Term Management Plan, he strived to develop human resources with integrity and autonomy under the slogan of innovation and communication, and focused on aligning the efforts of the whole Group. As a result, the Group's performance exceeded the plan.</p> <p>Under his strong leadership, he also promoted the Sixth Mid-Term Management Plan while steadily pushing ahead with transformation to a global company capable of providing integrated technologies, lifestyle design and services based on the residential domain in line with the global vision, "Make home the happiest place in the world." With the aim of achieving sustainable growth and increasing the corporate value of the Sekisui House Group, the Company has reelected him as a Director of the Board.</p>	●		●		●	●
 <p><b>Yosuke Horiuchi</b> Representative Director of the Board Vice Chairman, Executive Officer In charge of Division of Finance and ESG</p> <p>Significant concurrent post at other companies: President, Representative Director of the Board of Sekisui House Financial Services Co., Ltd.</p> <p>Number of years in office as director of the Board: 8</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Management Meetings: 12/12 (100%) ESG Promotion Committee: 4/4 (100%)</p>	<p>In the business field based on "Sha Maison" rental housing, Mr. Horiuchi has contributed to the development of the three- and four-story rental housing market by leading the area marketing strategy that is dedicated to responding to the local tenant market. He has also promoted the expansion of the customer base through means such as strengthening the corporate real estate (CRE) and public real estate (PRE) businesses with a focus on corporate customers. He is in charge of the Finance and ESG Division and is working to enhance the Sekisui House Group's social value through collaboration with diverse stakeholders as the Chairperson of the ESG Promotion Committee, which includes outside committee members. He also has received a high evaluation from outside the company for proactive disclosure of information including ESG-related information. In addition, since assuming the post of Representative Director of the Board in 2021, he has served in a key position at the industry group and contributed to realizing a more comfortable housing life.</p> <p>With the objectives of achieving sustainable business growth and improvement in the corporate value of the Sekisui House Group, as well as accumulating a leading track record in ESG management, strengthening the financial base and enhancing information disclosure, the Company has reelected him as a Director of the Board.</p>	●		●	●	●	
 <p><b>Satoshi Tanaka</b> Representative Director of the Board Executive Vice President, Executive Officer In charge of Division of Administration and Human Resources</p> <p>Significant concurrent post at other companies: Outside Director of Kuraray Co., Ltd. Outside Director of IHH Healthcare Berhad</p> <p>Number of years in office as director of the Board: 4</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Personnel Affairs and Remuneration Committee: 10/10 (100%) Management Meetings: 12/12 (100%) Risk Management Committee: 11/11 (100%)</p>	<p>Mr. Tanaka has held key positions in a major general trading company. He has domestic and international management experience, and knowledge and experience in the energy and consumer service sectors. He served as the Representative Director of the Board, Vice President &amp; Executive Officer of a trading company from 2017 to 2019, and has experience as the officer responsible for corporate staff divisions in positions including CAO, CIO and CPO.</p> <p>He assumed the position of Outside Director of the Board of the Company in 2020.</p> <p>Since assuming the position of Representative Director of the Board, Executive Vice President &amp; Executive Officer in 2021, he has been promoting human resource strategies such as supporting employees' self-directed career development and diversifying the Company's portfolio of core human resources via the recruitment of mid-career hires as the supervisor of the Administration and Personnel Division, while making various efforts to strengthen the effectiveness of the risk management system as the Chairperson of the Risk Management Committee.</p> <p>To achieve sustainable growth and increase the corporate value of the Sekisui House Group based on his extensive knowledge as a manager in practicing human capital management informed by a global perspective and strengthening the effectiveness of corporate governance and risk management system, the Company has reelected him as a Director of the Board.</p>	●	●		●	●	●



1 Number of Personnel Affairs and Remuneration Committee meetings includes CEO Evaluation Meetings (attended only by the Representative Director of the Board, President, Executive Officer and CEO, along with Outside Directors of the Board).

## Directors of the Board and Audit and Supervisory Board Members

**Outside** Outside Director of the Board or Outside Audit and Supervisory Board Member

**Independent** Independent officer based on the rules of Tokyo Stock Exchange, Inc.

### Directors




	Overview of expected role	Particular knowledge, experience and abilities expected					
		Corporate management Business strategy	Overseas business International knowledge	Financial strategy and accounting	Technology and environment Innovation	Improvement of social value Human resource development Diversity	Governance Risk management Compliance
 <p><b>Toru Ishii</b> Director of the Board Senior Managing Officer In charge of Division of Development Business and Head of International Business Headquarters</p> <p>Significant concurrent post at other companies: None</p> <p>Number of years in office as director of the Board: 4</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Management Meetings: 12/12 (100%)</p>	<p>Since joining the Company, Mr. Ishii has experienced sales planning work in the urban development business and engaged in developing new markets such as the hotel development business and the office development business. Since 2012, he has been in charge of the development business, focusing on human resources development and demonstrating the comprehensive capabilities of the Sekisui House Group. In the international business in particular, he has focused on achieving a balance between investment and return, while realizing M&amp;A mainly in the U.S., which greatly contributed to the achievement of the Fifth Mid-Term Management Plan. He has been steadily promoting enhancement of the business foundation in new markets and development of the organizational structure.</p> <p>To achieve sustainable growth and increase the corporate value of the Sekisui House Group based on the creativity and bravery that he exercised as a pioneer in new markets, especially in spearheading "proactive growth overseas," enhancing the diversity of our overseas subsidiaries and further strengthening the governance system through the integration process, the Company has reelected him as a Director of the Board.</p>	●	●			●	
 <p><b>Hiroshi Shinozaki</b> Director of the Board Senior Managing Officer Supervisor of Building Sales Administration and Head of TKC Project</p> <p>Significant concurrent post at other companies: President, Representative Director of the Board of Sekisui House Real Estate Holdings, Ltd.</p> <p>Number of years in office as director of the Board: 1</p> <p>Attendance at the meetings (FY2023): Board of Directors: 9/9 (100%) Management Meetings: 12/12 (100%)</p>	<p>Mr. Shinozaki held key positions in such business fields as "Sha Maison" rental housing and, as a Managing Officer in charge of Building Sales Administration since 2021, he has been promoting the area marketing strategy aimed at increasing orders of three- and four-story rental houses, as well as the improvement of sales of "Sha Maison ZEH" zero-energy rental housing. In addition, as a Director of the Board of Sekisui House Real Estate Holdings, Ltd., he has been strongly leading the growth of this business field by utilizing his leadership and strategic thinking ability such as building a stronger collaborative relationship between the Company and Sekisui House Real Estate Group.</p> <p>To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in pursuing further business expansion in the building business field based on the pursuit of stable growth via integrated business management involving the Company and Sekisui House Real Estate Group as well as the strengthening of the effectiveness of corporate governance and the risk management system, the Company has newly elected him as a Director of the Board.</p>	●			●		●

## Directors of the Board and Audit and Supervisory Board Members

**Outside** Outside Director of the Board or Outside Audit and Supervisory Board Member

**Independent** Independent officer based on the rules of Tokyo Stock Exchange, Inc.

### Directors

	Overview of expected role	Particular knowledge, experience and abilities expected					
		Corporate management Business strategy	Overseas business International knowledge	Financial strategy and accounting	Technology and environment Innovation	Improvement of social value Human resource Development Diversity	Governance Risk management Compliance
 <p><b>Yukiko Yoshimaru</b> Outside Director of the Board</p> <p><b>Outside</b> <b>Independent</b></p> <p>Significant concurrent post at other companies: Outside Director of Daiwabo Holdings Co., Ltd. Outside Director of Nichirei Corporation</p> <p>Number of years in office as director of the Board: 6</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Personnel Affairs and Remuneration Committee: 11/11* (100%)</p>	<p>Ms. Yoshimaru has a wide range of global experience including management experience as a director of domestic and overseas companies and M&amp;A experience at a U.S. subsidiary of a major Japanese company. In particular, she has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by providing her opinions based on a wealth of knowledge and experience in human resources management, diversity and corporate governance.</p> <p>In addition, since becoming the Chairperson of the Personnel Affairs and Remuneration Committee in May 2020, she has been taking leadership in clarifying the process of selecting and dismissing Directors of the Board, facilitating succession planning, and strengthening remuneration governance. She has taken the lead in the revision of officer remuneration related to the Sixth Mid-Term Management Plan.</p> <p>Currently, she is engaged in dialogue with executives of overseas Group companies to assess the status of the international business. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspectives of global business and diversity promotion, and in strengthening the management supervision function in areas including personnel affairs and remuneration, the Company has reelected her as an Outside Director of the Board.</p>	●	●			●	●
 <p><b>Toshifumi Kitazawa</b> Outside Director of the Board</p> <p><b>Outside</b> <b>Independent</b></p> <p>Significant concurrent post at other companies: Advisor of Tokio Marine &amp; Nichido Fire Insurance Co., Ltd. Member of the Board of Directors (Outside) (Member of the Audit &amp; Supervisory Committee) of MUFG Bank, Ltd. Outside Director of Mitsubishi Logistics Corporation</p> <p>Number of years in office as director of the Board: 4</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Personnel Affairs and Remuneration Committee: 11/11* (100%)</p>	<p>Having held key positions at a major insurance company, Mr. Kitazawa has extensive knowledge and experience in areas including global business, M&amp;A, risk management and compliance, as well as abundant achievements and experience as a manager. Since becoming Chairman of the Board of Directors in May 2021, he has been leading constructive discussions to strengthen the effectiveness of the Board of Directors meetings by steering proceedings flexibly to further activate deliberations on medium- and long-term management issues. He has also been contributing to the enhancement of deliberations as a member of the Personnel Affairs and Remuneration Committee of the Company.</p> <p>Currently, he is engaged in dialogue with executives of overseas Group companies to assess the status of the international business. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspective of global business, and in strengthening the management supervision function in areas including M&amp;A and other financial strategies, risk management and compliance, the Company has reelected him as an Outside Director of the Board.</p>	●	●	●			●
 <p><b>Yoshimi Nakajima</b> Outside Director of the Board</p> <p><b>Outside</b> <b>Independent</b></p> <p>Significant concurrent post at other companies: Outside Director of AEON Financial Service Co., Ltd. Outside Director of Japan Freight Railway Company Outside Director of ULVAC, Inc. Specially-appointed Professor of the Graduate School of Project Design</p> <p>Number of years in office as director of the Board: 3</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%)</p>	<p>Having held key positions in domestic and overseas companies, Ms. Nakajima has extensive experience in financial strategy, M&amp;A, and other areas by serving as the head of Asian and Japanese subsidiaries of global financial institutions. She has embodied diversity in corporate management in an environment where diversity in senior management is considered to be natural.</p> <p>Since April 2021, she has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing frank opinions that promote appropriate risk-taking and management reform.</p> <p>Currently, she is engaged in dialogue with executives of overseas Group companies to assess the status of the international business. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspectives of global business and diversity promotion, and in strengthening the management supervision function in areas including M&amp;A and other financial strategies, the Company has reelected her as an Outside Director of the Board.</p>	●	●	●		●	



\* 1 Number of Personnel Affairs and Remuneration Committee meetings includes CEO Evaluation Meetings (attended only by the Representative Director of the Board, President, Executive Officer and CEO, along with Outside Directors of the Board).

Directors of the Board and Audit and Supervisory Board Members

**Outside** Outside Director of the Board or Outside Audit and Supervisory Board Member

**Independent** Independent officer based on the rules of Tokyo Stock Exchange, Inc.

Directors

	Overview of expected role	Particular knowledge, experience and abilities expected					
		Corporate management Business strategy	Overseas business International knowledge	Financial strategy and accounting	Technology and environment Innovation	Improvement of social value Human resource development Diversity	Governance Risk management Compliance
 <p><b>Keiko Takegawa</b> Outside Director of the Board</p> <p><b>Outside Independent</b></p> <p><b>Significant concurrent post at other companies</b> Outside Director of MITSUI MINING &amp; SMELTING CO., LTD. Specially Appointed Professor of Faculty of Global Business of Showa Women's University</p> <p><b>Number of years in office as director of the Board</b> 3</p> <p><b>Attendance at the meetings (FY2023)</b> Board of Directors: 12/12 (100%) Personnel Affairs and Remuneration Committee: 11/11<sup>1)</sup> (100%)</p>	<p>Having held key positions in the Cabinet Office, Ms. Takegawa worked hard to realize policies related to gender equality, and has extensive knowledge and experience in the fields of diversity and compliance. During her tenure at the Ministry of Land, Infrastructure, Transport and Tourism, she worked tirelessly across ministries and agencies to develop safe and secure infrastructure for the elderly and disabled.</p> <p>Since April 2021, she has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by providing useful advice from the perspective of an ordinary citizen and actively expressing frank opinions related to matters including environmental issues, diversity and human capital. She has also been contributing to enhancing deliberations as a member of the Personnel Affairs and Remuneration Committee of the Company since May 2021.</p> <p>Currently, she is engaged in dialogue with executives of overseas Group companies to assess the status of the international business. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of growth strategies from the perspective of promoting diversity across the entire Group, including in its international business, and in strengthening the management supervision function in areas including quality control, compliance, and personnel affairs and remuneration, the Company has relected her as an Outside Director of the Board.</p>				●	●	●
 <p><b>Shinichi Abe</b> Outside Director of the Board</p> <p><b>Outside Independent</b></p> <p><b>Significant concurrent post at other companies</b> Representative Director, President and CEO of MNES Inc.</p> <p><b>Number of years in office as director of the Board</b> 2</p> <p><b>Attendance at the meetings (FY2023)</b> Board of Directors: 12/12 (100%)</p>	<p>Having worked for an overseas consulting firm and software vendors, Mr. Abe was involved in the launch of Google's cloud business. At that business, he supervised its Asia-Pacific operations. As such, he has extensive experience in the global business environment in the IT and digital fields. In particular, when Google launched cloud services business for Japanese companies, he gained the deep trust of many client companies and promoted digital innovation together. Currently, he serves as Representative Director of the Board, President and CEO of a venture company providing teleradiology (remote medical image diagnosis) services, a firm that he has had contact with since its foundation.</p> <p>Since April 2022, he has been serving as Outside Director of the Board of the Company and has greatly contributed to constructive discussions and strengthening of the effectiveness of the Board of Directors meetings by actively expressing frank opinions from the perspective of global operations and digitally-driven business model transformation and disseminating information to promote innovation.</p> <p>Currently, he is engaged in dialogue with executives of overseas Group companies to assess the status of the international business. To achieve sustainable growth and increase the corporate value of the Sekisui House Group, especially in the formulation of alliances and growth strategies in new service business fields across the entire Group, including its international business, and in strengthening the management supervision function, including supervision of the area of human resources development, the Company has relected him as an Outside Director of the Board.</p>	●	●		●	●	

<sup>1</sup> Number of Personnel Affairs and Remuneration Committee meetings includes CEO Evaluation Meetings (attended only by the Representative Director of the Board, President, Executive Officer and CEO, along with Outside Directors of the Board).

Directors of the Board and Audit and Supervisory Board Members

Audit and Supervisory Board Members

**Outside** Outside Director of the Board or Outside Audit and Supervisory Board Member

**Independent** Independent officer based on the rules of Tokyo Stock Exchange, Inc.

	Overview of expected role	Overview of expected role
 <p><b>Midori Ito</b> Standing Audit and Supervisory Board Member</p> <p>Significant concurrent post at other companies: None</p> <p>Number of years in office as audit and supervisory board member: 3</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Audit and Supervisory Board: 17/17 (100%)</p>	<p>Ms. Ito began her career at the Company working as staff at display houses. After serving in this position for around a decade, she was tasked with housing sales, becoming a positive role model for younger colleagues as a pioneering female salesperson. In 2006, she was transferred to the head office where, as a leader of the Diversity Development Team, she began exercising her outstanding capabilities to act based on her accurate understanding of the reality of front-line sales activities and thereby taking the lead in the promotion of numerous measures. After becoming an executive officer at the Company in 2018, she strove to encourage male employees to take childcare leave as part of her vigorous initiatives to facilitate widespread employee awareness of diversity and inclusion (D&amp;I). In April 2021, she was appointed as an Audit and Supervisory Board member to leverage her extensive business experience amassed in front-line sales as well as knowledge and experience cultivated in the course of formulating D&amp;I measures in order to strengthen the audit structure of the Company.</p>	<p>In 2017, Mr. Kobayashi was appointed as an outside Audit and Supervisory Board member to leverage his specialist expertise and extensive experience amassed in the judiciary while serving as a prosecutor and lawyer in order to strengthen the audit structure of the Company. After assuming his current position at the Company, he has greatly helped the Board of Directors upgrade the transparency and fairness of its operations by providing insightful opinions regarding the direction the Company should take to promote governance reforms. Based on his sophisticated expertise and high moral bearing, he is contributing to the strengthening of the Company's management supervisory functions and the development of a stronger corporate governance structure. In April 2021, he was reappointed (second term) as an outside Audit and Supervisory Board member.</p>
 <p><b>Takashi Ogino</b> Standing Audit and Supervisory Board Member</p> <p>Significant concurrent post at other companies: None</p> <p>Number of years in office as audit and supervisory board member: 2</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Audit and Supervisory Board: 17/17 (100%)</p>	<p>For around 35 years since joining the Company, Mr. Ogino has served in such front-line sales positions as housing salesperson, sales office manager, sales administration headquarters staff and branch manager. After being transferred to the Auditing Department in 2017, he was appointed as deputy general manager in 2020 and became an operating officer in charge of and the general manager of this department in 2021. He thus worked to strengthen internal auditing departments while cultivating networks among governance-related human resources. In April 2022, he was appointed as an Audit and Supervisory Board member to leverage his outstanding integrity and robust track record in managing front-line sales activities as well as information gathering capabilities cultivated in the course of engagement in internal auditing in order to strengthen the audit structure of the Company.</p>	<p>In 2020, Mr. Wada was appointed as an outside Audit and Supervisory Board member to leverage his specialist expertise in finance and accounting as a certified public accountant (CPA) as well as his knowledge and experience as an outside audit and supervisory board member at other companies in order to strengthen the audit structure of the Company. After assuming his current position at the Company, he has greatly helped the Board of Directors strengthen its supervisory functions and secure the transparency of its operations by accurately spotting issues associated with the governance structure of the Group. He is contributing to the strengthening of the Company's management supervisory functions and the development of an even better corporate governance structure by offering timely and insightful opinions backed by his sophisticated expertise and extensive track record as a CPA. In April 2024, he was reappointed (second term) as an outside Audit and Supervisory Board member.</p>
 <p><b>Ryuichi Tsuruta</b> Standing Audit and Supervisory Board Member Outside Audit and Supervisory Board Member</p> <p>Significant concurrent post at other companies: Representative of CG Consulting Special Instructor of The Graduate School of Project Design</p> <p>Number of years in office as audit and supervisory board member: 6</p> <p>Attendance at the meetings (FY2023): Board of Directors: 12/12 (100%) Audit and Supervisory Board: 17/17 (100%)</p>	<p>In 2018, Mr. Tsuruta was appointed as an outside Audit and Supervisory Board member of the Company to leverage his track record in a diverse range of operations, including finance, accounting, information disclosure, auditing and overseas business at a major electric appliance manufacturer engaged in global businesses, along with his experience as an audit and supervisory board member at other companies, in order to strengthen the audit structure of the Company. After assuming the office of Audit and Supervisory Board member, he has greatly contributed to the strengthening of supervisory functions afforded by the Board of Directors and the transparency of its operations by providing unfettered opinions regarding ideals for the Company's corporate governance structure. Based on his sophisticated expertise and unique perspectives backed by robust business experience, he has offered timely and well-informed opinions and thus played a role in strengthening the Company's management supervisory functions and developing an even better corporate governance structure. In April 2022, he was reappointed (second term) as an outside Audit and Supervisory Board member and appointed as a standing member and the chairperson of the Audit and Supervisory Board.</p>	

## Directors of the Board and Audit and Supervisory Board Members

### FY2023 Attendance at Board and Other Meetings by Directors of the Board

Name	Title	Board of Directors		Personnel Affairs and Remuneration Committee		Management Meetings		ESG Promotion Committee		Risk Management Committee		Notes
		Members	Attendance rate	Members	Attendance rate <sup>1</sup>	Members	Attendance rate	Members	Attendance rate	Members	Attendance rate	
Yoshihiro Nakai	Representative Director of the Board President, Executive Officer and CEO	○	12/12	○	11/11	●	12/12					
Yosuke Horiuchi	Representative Director of the Board Vice Chairman, Executive Officer	○	12/12			○	12/12	●	4/4			
Satoshi Tanaka	Representative Director of the Board Executive Vice President, Executive Officer	○	12/12	○	10/10	○	12/12			●	11/11	
Toru Ishii	Director of the Board, Senior Managing Officer	○	12/12			○	12/12					
Hiroshi Shinozaki	Director of the Board, Senior Managing Officer	○	9/9			○	12/12					Assumed office on April 25, 2023
Yukiko Yoshimaru	Outside Director of the Board	○	12/12	●	11/11							
Toshifumi Kitazawa	Outside Director of the Board	●	12/12	○	11/11							
Yoshimi Nakajima	Outside Director of the Board	○	12/12									
Keiko Takegawa	Outside Director of the Board	○	12/12	○	11/11							
Shinichi Abe	Outside Director of the Board	○	12/12									

● Chairperson

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

<sup>1</sup> Number of Personnel Affairs and Remuneration Committee meetings includes CEO Evaluation Meetings (attended only by Representative Director of the Board, President, Executive Officer and CEO and outside directors)

### FY2023 Attendance at Key Meetings by Audit and Supervisory Board Members



Name	Title	Audit and Supervisory Board		Board of Directors	
		Members	Attendance rate	Members	Attendance rate
Midori Ito	Standing Audit and Supervisory Board Member	○	17/17	○	12/12
Takashi Ogino	Standing Audit and Supervisory Board Member	○	17/17	○	12/12
Ryuichi Tsuruta	Standing Audit and Supervisory Board Member Outside Audit and Supervisory Board Member	●	17/17	○	12/12
Takashi Kobayashi	Outside Audit and Supervisory Board Member	○	17/17	○	12/12
Yoritomo Wada	Outside Audit and Supervisory Board Member	○	17/17	○	12/12

● Chairperson

# Participation in International Initiatives and Activities with Government and Industry Groups

We are actively participating in international initiatives to contribute to the resolution of social issues on a global scale. In Japan, the Sekisui House Group has a large role and responsibility in improving housing and living conditions. We therefore participate in the initiatives of many industry groups.

## Major Initiatives We Support

Name	Logo	Activities
United Nations Global Compact (UNGC)		An initiative advocated by the United Nations that requires companies to comply with and implement 10 principles in the areas of "human rights," "labour," "environment" and "anti-corruption." We joined in September 2018 and participate in a sub-committee of the Global Compact Network Japan (GCNJ).
RE100 Initiative		An international initiative of major companies around the world pledging to use 100% renewable energy in their business operations. We joined in October 2017, becoming the second Japanese company to do so.
TCFD Consortium		The Task Force on Climate-related Financial Disclosures (TCFD) is a framework for disclosing financial information on corporate climate change initiatives and impacts. The TCFD Consortium was organized by companies supporting the TCFD. We joined in July 2018, with an endorsement of the TCFD.
SBT Initiative		An initiative requiring companies to adopt evidence-based CO <sub>2</sub> emissions reduction targets. In May 2023, our targets were certified as being consistent with the 1.5°C target under the Paris Agreement.
Japan Climate Initiative (JCI)		A network of non-governmental organizations encompassing enterprises, local governments and other organizations working actively on climate change countermeasures. We have participated in the network since its establishment in July 2018.
Japan Climate Leaders' Partnership (JCLP)		A group of corporations aiming to achieve a carbon-free society committed to sustainability. We formally joined as a full member in August 2016. We participate in such projects as "EV Project" and "Thermal Project."
Global Alliance for Buildings and Construction (GlobalABC)		An organization of numerous companies, local governments, organizations, NGOs and others aiming for zero emissions, high efficiency and resilience in the fields of architecture and construction. We have participated since May 2016.
Japan Business Initiative for Biodiversity (JBIB)		An initiative of highly motivated companies committed to biodiversity conservation and sustainability. We have participated in this initiative since its beginning in April 2008.
TNFD Forum and TNFD Early Adopter		An initiative that shares the vision and mission of the Taskforce on Nature-related Financial Disclosures (TNFD) and provides technical support aimed at sharing information and building frameworks. We have participated since February 2022. We are registered as a TNFD Early Adopter, which we disclosed in January 2024.

## Association with Government-Led Initiatives

Name	Committees
Ministry of Land, Infrastructure, Transport and Tourism	The Panel on Infrastructure Development: Building Subcommittee, Building Environment Subcommittee, Building Energy Efficiency Standards Subcommittee

## Association with Industry Group-Led Initiatives

\* Indicates a member of the Company serves as chair, representative director or president

Group name	Committees and others
Japan Business Federation	Standing Executive Committee, Executive Committee, Urban Housing Policy Committee, Diversity and Inclusion Promotion Committee
Kansai Economic Federation	Labor Policy Committee, D&I Expert Committee
The Osaka Chamber of Commerce and Industry	Construction and Building Materials Subcommittee
Japan Federation of Housing Organizations	Board of Directors, Steering Committee, Policy Committee, Housing Taxation and Finance Committee, Housing Performance Improvement Committee*, Building Regulations Rationalization Committee, Environment Committee, Housing Stock Committee, Construction CS and Safety Committee, International Exchange Committee, Mature Society Housing Committee*, Advertising Committee and others
Japan Prefabricated Construction Suppliers and Manufacturers Association*	Board of Directors*, Planning and Steering Committee*, Financial Taxation System Study Group*, Public Relations Committee, Board of Education, Education Implementation Committee, Defect Warranty Insurance Promotion Committee, Housing Subcommittee, and others
House Construction Promotion Foundation*	Board of Directors*, Board of Councillors, Business Steering Committee
The Provision of Quality Housing Stock Association*	Board of Directors* Executive Committee, Planning and General Affairs Committee, Public Relations Website Committee, Technical Committee, Evaluation and Education Committee
Senior Housing Association	Board of Directors, Planning and Steering Committee, Housing and Lifestyle Subcommittee
NPO Kids Design Association	Board of Directors, Steering Committee, Research & Development Subcommittee, Standardization Review Subcommittee, Awards Subcommittee, and others
Eco-First Promotion Association	Executive Committee, Steering Committee, Information Exchange Conference
ESG Disclosure Study Group	General member