

Corporate Governance Report

Last Updated: September 24, 2026

Sekisui House, Ltd.

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

Contact: Investor Relations Department (Representative No.) +81-6-6440-3111

Securities Code: 1928

<https://www.sekisuihouse.co.jp/english/>

The corporate governance of Sekisui House, Ltd. (the “Company”) is described below.

I. Basic Concept of Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Concept

In accordance with the Corporate Philosophy espousing the underpinning philosophy of “Love of Humanity” that embraces “Truth and Trust,” “Superior Quality and Leading Technology” and “Comfortable Housing and Ecologically Sound Communities,” the Sekisui House Group (the “Group”) considers corporate governance as one of the major management subjects. The Group has improved the effectiveness of its corporate governance to increase the corporate value while sustainably earning the trust of shareholders, investors and other all stakeholders, and has put in place a system that enables speedy management marked with integrity. [Principle 3.1(ii)]

Its details are stipulated in the Sekisui House, Ltd. Basic Policy on Corporate Governance, which is posted on the Company’s website.

URL: <https://www.sekisuihouse.co.jp/english/company/info/gov/>

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company is implementing all of the principles in the Corporate Governance Code amended in June 2021, including the sections related to the Prime Market.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4] Cross-shareholdings

(1) The Company shall not enter 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. [Supplementary Principle 1.4.2]

(2) The Company shall analyze the appropriateness of cross-shareholdings at the 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, etc. Even for stocks considered appropriate to hold, the Company may sell all or some shares after considering its capital policies and the market environment, etc.

(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, etc.

(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. [Supplementary Principle 1.4.1]

(5) Criteria for exercise of voting rights

The Company shall make overall judgments based on reasonable criteria and exercise its voting rights on whether or not to approve each agenda item from the perspective of the medium- and long-term growth of the corporate value of the company issuing the cross-held shares and that of the Company in consideration of the issuing company's management policy.

Proposals which, as a result of a close scrutiny of their content, are determined to require careful consideration (anti-takeover measures, business reorganization, etc.) shall be discussed at related departments and be approved or rejected after dialogues, etc. with issuing companies. In addition, the Company will cast a negative vote for any proposals that have been determined to damage shareholder value. [Principle 1.4, Supplementary Principle 1.4.1, 1.4.2]

<Overview of the verification with regard to cross-shareholdings>

At the meeting of the Board of Directors held in October 2025, the members analyzed all listed stocks it holds as cross-shareholding (for 14 different companies excluding Sekisui House Reit, Inc. and equity-method affiliates) in terms of the status of shareholding, risk and return (deviation rate of stock price, dividend yield, ROE, credit ratings and others) and importance of transactions and overall significance of owning them.

Furthermore, from the perspective of increasing capital efficiency, the Company has adopted a policy of reducing cross-shareholdings in phases. Specifically, during the period of the Sixth Medium-Term Management Plan (until the end of January 2026), the Company set a target of reducing the ratio (*) of cross-shareholdings to consolidated net assets to 3% or less and worked to achieve this reduction.

(*) Refers to the ratio of the "balance sheet amount of stocks for investment held for purposes other than pure investment," (including shares not listed) stated in the annual securities report to consolidated net assets.

(Stocks sold during the fiscal year ended January 31, 2026)

Of the 14 companies analyzed, the Company sold all shares of 2 companies and a portion of shares of 2 other companies.

(Ratio of cross-shareholdings to consolidated net assets at the end of fiscal year ended January 31, 2026)

The ratio to consolidated net assets at the end of the current fiscal year is 2.4%.

[Principle 1-7] Transactions among related parties

When transactions between the Company and Directors of the Board are carried out, excluding special cases, such as sales at regular prices, when there are only limited risks of conflict of interest, approval at the meeting of the Board of Directors shall be obtained and ex post facto reports on important facts shall be provided.

The Company shall strive to understand the status of transactions by carrying out surveys every business year in writing with each Board Director on whether or not there are any transactions with the Board Director and his/her close relatives.

[Supplementary Principle 2.4.1] Ensuring diversity in the core human resources in companies

<Policy for ensuring diversity>

The Group sets “promotion of diversity and inclusion” as one of its human resources strategies to sustain the world’s happiest company and under the slogan “innovation and communication,” aims to realize the sustained growth of both the Company and its employees enabled when everyone respects and leverages each other’s diversity and maximizes one’s abilities.

<Voluntary and measurable goals, etc. for ensuring diversity>

(1) Women

The Group’s mission is to continue to provide new value to customers and society as “a partner in creating happiness”. The Company believes that active participation by women in all fields is essential in the housing development that requires diverse values, sensitivities, and perspectives. Therefore, the Company recognizes supporting active participation by women as a management issue and continues to implement measures to advance women in its recruitment, retention, and training.

The Group established an action plan based on the Act on the Promotion of Women’s Active Engagement in Professional Life in 2021, and has recruited, retained, and trained female employees with the target of appointing a cumulative total of at least 380 female managers by January 31, 2026. As a result, in FY2025, newly hired female graduates made up 35.4% and 27.2% of hires for sales representative positions and technical positions, respectively, in the Company and its domestic consolidated subsidiaries. In addition, the ratio of full-time female employees in the Company and its main domestic subsidiaries (excluding Konoike Construction Co., Ltd. *1) was 30.4%, nearly twice that of the average in the construction industry (*2). The number of women in managerial positions in the Company and its domestic consolidated subsidiaries was 475 (as of January 31, 2026).

Details of various measures for promotion of active participation by women currently being implemented are provided in “II. Overview of Business, 2. Disclosure of Sustainability-Related Financial Information, (4) Initiatives related to human capital” in the annual securities report and Value Report (Integrated Report).

<Annual securities report>

<https://www.sekisuihouse.co.jp/english/company/financial/library/financials/>

<Value Report>

<https://www.sekisuihouse.co.jp/english/company/sustainable/archive/>

(*1) Calculated based on the sum of employees with the Company, Sekisui House Real Estate Group, Sekisui House Construction Group, Sekisui House Remodeling, Ltd. and Sekisui House Support Plus, Ltd., as of January 31, 2026.

(*2) Sources: “2024 Basic Survey of Employment Equality, Appended Statistical Table, Enterprise Surveys, Table 1, Ratio of Regular Employees by Gender and Job Category,” Ministry of Health, Labour and Welfare of Japan

(2) Mid-career recruits

In order to secure human resources responsible for strengthening existing businesses and taking on the challenge of new businesses, as well as to assess the human resource needs based on the business strategies of each business unit to optimally allocate human resources, the Company strategically hire and nurture human

resources necessary to achieve sustainable growth. In particular, under the policy of strengthening diversity and expertise, we focus on mid-career recruits across the Company and the number of mid-career recruits is steadily increasing. In particular, in response to the major change of expanding the overseas business, we have strengthened the recruitment of human resources, mainly in the corporate division, and also plan to further examine the scale and skills required for globalization in the future.

We also launched the Welcome Home Program (alumni program, *1) in 2024. We are working to strengthen our recruitment capabilities by utilizing a variety of methods and channels, including referral recruitment (*2). In fiscal 2025, we hired 632 mid-career recruits, accounting for 39.7% (*3) of all recruits for the fiscal year. The Company expands its on-boarding program (*4) to help them quickly contribute after joining the Company.

Mid-career recruits accounted for 15.5% of the Company's managerial positions as of January 31, 2026.

Mid-career recruits make up 15.2% of officer positions (Operations Officers, Employed Executive Officers, and Entrusted Executive Officers). Going forward, the Company will promote a system whereby mid-career recruits are not disadvantaged in their promotion to managerial positions.

The Company, under the policy of reinforcing diversity, will continue to supplement its management personnel, DX personnel, talent to reinforce governance, etc., and raise the percentage of mid-career recruits to the total number of new hires each year.

(*1) A rehiring system that allows former employees to be re-employed.

(*2) A hiring system based on referrals or recommendations from current employees.

(*3) Calculated based on the sum of employees with the Company and its domestic consolidated subsidiaries.

(*4) A framework to support newly hired employees in adapting to the company's culture and work environment so they can succeed early on.

(3) Promotion of global human resources

The Company is recruiting people of all nationalities and taking into account their competence and suitability. Furthermore, from the standpoint of creating robust teams, overseas subsidiaries actively hire personnel from within the local talent pool and promote outstanding local talent to important positions.

At the major overseas subsidiaries (*1), there are 681 locally-hired personnel in managerial positions(*2) or higher, who account for 91.9% of all managerial positions employees, including personnel seconded from the Company (as of January 31, 2026).

(*1) U.S.: SEKISUI HOUSE US HOLDINGS, LLC; NORTH AMERICA SEKISUI HOUSE, LLC; SH RESIDENTIAL HOLDINGS, LLC; SEKISUI HOUSE U.S., Inc.; and Australia: SEKISUI HOUSE AUSTRALIA HOLDINGS PTY LIMITED.

(*2) Managerial positions: Only managers who manage subordinates

<Policies for human resources development and improvement of internal environment to ensure diversity>

Basic concept on developing the fundamental policy for human resource development and the policy for improvement of internal environment

For employees to achieve self-directed career development, it will be crucial for them to use the resources of the Group while autonomously taking the initiative to continuously develop their careers. To this end, the Company works to create environments and mechanisms that enable employees and the Company to realize sustainable growth together. In addition, the Company works to create environments and systems that allow all employees to be themselves and exercise their abilities to the fullest, regardless of age, gender, nationality, disability or other such factors. Furthermore, the Company is proactively implementing and operating highly flexible work systems that enable diverse workstyles. In addition, the Company will strive to systematically

develop leaders with strong integrity, as well as secure and appropriately allocate human resources necessary for its business strategies.

Fundamental policy for human resource development

To achieve its global vision to “Make home the happiest place in the world,” the Company will promote its initiatives for human resource development, with the policy for human resource development of “maximize the value of human capital and drive business growth through diversity & inclusion of knowledge and experience.”

Policy for the development for improvement of internal environment

To achieve its global vision, the Company thinks it is crucial that we make Sekisui House—the professional “home” of employees who drive the global vision—the world’s happiest company. The Company will work to improve work environment to support key measures, including supporting employees self-directed career development, promoting D&I, promoting diverse workstyles, and building a foundation for well-being, with the aim of becoming “a company where anyone can work with a sense of fulfillment and happiness”.

[Principle 2-6] Fulfillment of the functions as the asset owner of corporate pensions

Through the Sekisui House Corporate Pension Fund and the Sekisui House Affiliate Corporate Pension Fund (the “Both Funds”), the Company operates the corporate pension reserves based on the following basic stance.

(1) The Company shall systematically hire and position personnel who have the attributes required to manage corporate pensions, such as expertise and experience in accounting, finance, and human resources, in order to boost the operational expertise and its abilities as an asset owner, such as monitoring the operational institution for the Both Funds.

(2) The Company establishes a Pension Committee to confirm the health of the overall management through deliberations regarding the system and asset management policies, etc. Furthermore, the Company shall disclose information as appropriate to beneficiaries on the intranet, including minutes from the meeting of representatives and overviews of meetings of the Pension Committee.

(3) The operation of Both Funds shall be delegated to multiple operation institutions both inside and outside of Japan based on the basic stance of pension asset operation. By delegating specific investment choices and the voting rights to each operational institution, the Company can prevent any conflict of interest between companies and the beneficiaries of the corporate pension. The Company shall also hire persons possessing knowledge of corporate pensions as consultants from outside institutions. These persons shall provide advice regarding portfolio creation and the selection of operational institutions and funds and advice at the Pension Committee meetings. The Company aims to appropriately manage conflicts of interest and strengthen expertise through this process.

(4) By allowing related personnel to attend seminars related to corporate pensions held by each operational institution and the Pension Fund Association, the Company aims to improve quality and develop personnel who can be involved in the management of pension funds.

(5) Both Funds have expressed their acceptance of Japan’s Stewardship Code as an asset owner that independently allocates its assets, and request operational institutions entrusted with the management of their assets to perform stewardship activities.

[Principle 3-1] Full disclosure

(1) The Company recognizes that disclosure is the responsibility of the Board Directors, including the Independent Outside Directors of the Board, and the management executives, and shall proactively and impartially disclose not only its financial information, such as financial condition and business results, but

also non-financial information, including the management policy and activities related to CSR and ESG (Environment, Social and Governance) to shareholders, investors and all other stakeholders.

The Company shall also determine a Medium-Term Management Plan to cover 3 years. This plan shall set targets for sales, operating income, net income, and a Return On Equity (ROE), etc. clarify earnings plans and business strategies for each segment, and disclose progress for each fiscal year in the earnings materials.

In addition, the Company shall work proactively on dialogues with stakeholders through direct communications to ensure they are accurately understood and building proper relationships of trust and study comments received from them as reference for managerial decision making.

<Medium-term Management Plan>

<https://www.sekisuihouse.co.jp/english/company/financial/plan/>

<Check by fiscal years>

<https://www.sekisuihouse.co.jp/english/company/financial/library/yearly/>

(2) The basic concept and policies of Corporate Governance of the Company shall be stipulated in “the Sekisui House, Ltd. Basic Policy on Corporate Governance,” which shall be posted on the Company’s website.

(3) The Company shall disclose its policies for determining remuneration for Board Directors etc. in the annual securities report and “the Sekisui House, Ltd. Basic Policy on Corporate Governance.” To ensure the fairness and transparency, remuneration for Board Directors shall be resolved in line at the meetings of the Board of Directors based on the recommendations of the Personnel Affairs and Remuneration Committee, which shall be chaired by an Independent Outside Director of the Board and a majority of whose members are Independent Outside Directors of the Board.

(4) The Company shall disclose its policies for electing the candidates for Board Directors and Audit & Supervisory Board Members, etc. in “the Sekisui House, Ltd. Basic Policy on Corporate Governance.” To ensure that the election and dismissal of Representative Directors of the Board and Entrusted Executive Officers are carried out in a fair and objective manner, the Board of Directors shall make decisions on them based on the recommendations of the Personnel Affairs and Remuneration Committee that is chaired by an Independent Outside Director of the Board and includes a majority of Independent Outside Directors of the Board as its members after deliberations are held by the Committee.

(5) Reasons for election of candidates for Board Directors and Audit & Supervisory Board Members shall be explained in the Materials for General Meeting of Shareholders.

<The Materials for General Meeting of Shareholders>

<https://www.sekisuihouse.co.jp/english/financial/holders/meeting/>

[Supplementary Principle 3.1.3] Initiatives on sustainability

(1) Basic policy on sustainability and initiatives

<Basic policy on sustainability>

Looking ahead to 2050, the target year of our long-term vision, the Sekisui House Group has set a global vision of “Make Home the Happiest Place in the World.” We pursue “health, connectedness, and learning” that lead to residents’ happiness, and aim to create value for residents in the era of the 100-year lifespan and realize a sustainable society. To achieve this, we are promoting a transformation into a global company that provides an integrated combination of technologies, lifestyle design and services centered on housing.

To achieve this vision, we are committed to becoming a “leading company in ESG (Environmental, Social, and Governance) management.” The Board of Directors has identified ESG initiatives as key elements that support the Group’s management foundation and is incorporating them into our Mid-Term Management Plans to drive their implementation.

In advancing ESG management, the Group has identified three material issues: “Creating high-quality housing stock,” “Contributing to a sustainable society,” and “Fostering children’s rich emotional and sensory development and sense of happiness.”

Furthermore, with sustainability as a core concept, the Group analyzes medium- to long-term challenges that may influence our value creation and identifies potential risk factors. At the same time, we position such risks as opportunities for future business development. By integrating this perspective into our medium- to long-term business strategies, we aim to achieve sustainable growth.

<Common sustainability initiatives>

The Group has established the ESG Promotion Committee, which includes at least two external members with expertise and abilities, as an advisory body to the Board of Directors, and enhances its effectiveness through the exchange of opinions on the progress and issues of ESG management initiatives. The Committee meets once every three months, with the details of its discussions being reported to and deliberated at the Board of Directors’ meetings.

The ESG Promotion Committee has established three subcommittees, each of which respectively promotes one aspect of ESG: the “Environmental Business Committee,” “Social Improvement Committee” and “Governance Committee.” The chairpersons of these committees are appointed from among individuals in charge of relevant operations, with each subcommittee setting goals and key performance indicators. The subcommittees collaborate with each division and Group companies inside and outside of Japan, and take the lead as flag-bearers of the Group’s ESG management principles, while implementing effective initiatives. In addition, the subcommittees disseminate these initiatives and promote their greater understanding among all employees by creating progress reports, providing feedback on issues and proposing improvements to the dissemination process.

The ESG Management Promotion Headquarters plans, develops, and implements our core ESG policies, and further promotes ESG management, through pushing forward with initiatives, gathering and analyzing information, communicating insights both internally and externally, and operating the ESG Promotion Committee.

(2) Investment in human capital

The Group thinks that raising human resource value is a driver of corporate growth, and organizes key themes of human resource strategy by expressing “Raising human resource value = employee autonomy (*1) x alignment of efforts (*2).”

1. Supporting self-directed career development, 2. Promoting D&I, 3. Fostering diverse workstyles, and 4. Building a foundation for well-being, we will support and promote employee autonomy while strategically implementing measures such as reforming systems, building corporate culture, and promoting relevant initiatives. Moreover, in order for the autonomous employees created through these initiatives to empathize with the direction that the Sekisui House Group is aiming for and to take action on their own, we will train leaders who will promote and implement our Corporate Philosophy and strategies, and recruit and optimally allocate employees in line with strategies.

(*1) Employee autonomy: each employee thinks and acts proactively

(*2) Alignment of efforts: the Company’s vision and strategy are disseminated to and understood by employees

Details of measures related to investment in human capital are provided in “II. Overview of Business, 2. Disclosure of Sustainability-Related Financial Information, (4) Initiatives related to human capital” in the annual securities report and Value Report.

<Annual securities report>

<https://www.sekisuihouse.co.jp/english/company/financial/library/financials/>

<Value Report>

<https://www.sekisuihouse.co.jp/english/company/sustainable/archive/>

(3) Investment in intellectual property

<Investments>

The Group, recognizing the importance of R&D, invests ample R&D expenses primarily in the Comprehensive Housing R&D Institute, the SHIAWASE SUMAI Institute, and other R&D bases, as well as make proactive capital investments, and evolves important basic performance and environmental technology continuously.

The Group is also continuing investment in areas other than traditional housing, in a medium- and long-term perspective, including the establishment of Sekisui House Innovation & Communication, Ltd.

Furthermore, in order to realize our vision of "Make home the happiest place in the world," the Group collaborates with academia, investing in areas that are not necessarily related to technology developments, such as numerous studies on the theme of happiness. The outcome of these investments and initiatives is positioned as management resources (intellectual capital).

<Protection of outputs>

Among such intellectual capital, the important technologies are protected by patents and the designs to appeal to the emotions by design rights, and the symbolic names that provide satisfaction and peace of mind to customers throughout the value chain are protected by trademark rights. Particularly in Japan, we strategically acquire intellectual property rights to protect the high added value of our housing products going forward. In the United States and Australia, we actively file applications for intellectual property to support the growth of our Overseas business through technology transfer and the creation of brand value.

Moreover, the Group's expertise and data accumulated over the years as a leading company, in addition to the opinions of our customers, are protected as trade secrets.

Furthermore, regarding intellectual property agreements, including the handling of intellectual property rights shared with other companies, the Company tries to connect the protected outputs with business promotion.

< Utilization of intellectual property and business risk management for sustained growth>

Through measures that encompass both investments for the future and the protection of their outcome by the intellectual property rights, the Company has strengthened and evolved its core competencies of "technical capabilities," "construction capabilities," and "customer base" across Japan, the United States, and Australia. In addition, with our "proprietary value chain," which leads all housing development processes, the Company is demonstrating its competitive advantage, providing value to its customers and achieving sustainable corporate growth.

The Company also respects the intellectual property rights of other companies, tries to avoid business risks, and improves corporate value.

In addition, the Company reorganized the Intellectual Property Office, which was established in August 2021 as a dedicated organization to oversee intellectual property, to Intellectual Property Department in February 2025. To reflect the outputs of its activities in management, the Company consolidates them into an "IP (Intellectual Property) Report" every year and shares them with senior management.

(Results as of January 31, 2026)

- Research and development expenses: 10.5 billion yen
- Number of patents held: 1283
- Number of design rights held: 486
- Number of trademarks rights held: 979

(The numbers of rights held are limited to Japan only.)

[Supplementary Principle 4-1(1)] Roles and responsibilities of the Board

Based on the understanding that its main role is establishing management policies, strategies and plans, the Board of Directors shall continually examine matters for deliberation and shall delegate decision-making on the execution of specific operations to Board Directors and Executive Officers where possible. The scope of delegation shall be clearly set forth in the Board of Director Proposal Standard and the approval regulation, and its overview shall be as follows.

- Acquisition of land for sale in lots of less than 20 billion yen or less
- Acquisition or development of real estate for leasing of less than 20 billion yen or less
- Borrowing of less than 20 billion yen or less
- Capital investments etc. of less than 10 billion yen or less

[Principle 4-9] Standards for Independence of and qualification for Independent Outside Directors of the Board

Candidates for Outside Directors of the Board shall meet not only the requirements for Outside Directors of the Board that are set forth in the Companies Act, but also meet the independence standards that have been set out by the Company. The Company shall disclose the standards for their independence in “the Sekisui House, Ltd. Basic Policy on Corporate Governance.”

<Sekisui House, Ltd. Basic Policy on Corporate Governance>

<https://www.sekisuihouse.co.jp/english/company/info/gov/>

[Supplementary Principle 4.10.1] Independence of the composition, authority and roles of the Personnel Affairs and Remuneration Committee

(i) Significance and objectives

- a) The objective of the Personnel Affairs and Remuneration Committee is to ensure fairness and transparency in human resources matters, such as in the election and dismissal of Board Directors and Entrusted Executive Officers, as to whether the election is appropriately carried out in accordance with election policy and procedures.
- b) The objective of the Personnel Affairs and Remuneration Committee is to ensure the fairness and transparency in remuneration of Board Directors and Entrusted Executive Officers and other matters (meaning compensation for the execution of duties, regardless of form, such as remuneration and bonuses, and including property benefits other than cash, such as the granting of shares or share warrants), as to whether the remuneration appropriately reflects the evaluation of results and other factors, whether the remuneration is effective as incentives, and other matters.

(ii) Committee Members

The Personnel Affairs and Remuneration Committee shall comprise Board Directors. Moreover, a majority of the committee members shall be Independent Outside Directors of the Board. The Chairperson of this Committee shall be elected from among the Independent Outside Directors of the Board by the resolution of the Board of Directors.

The Personnel Affairs and Remuneration Committee provides recommendations on the appointment, dismissal and other personnel matters relating to Board Directors and Entrusted Executive Officers and their remuneration systems, etc., as a consultative body to the Board of Directors, and the Board of Directors makes resolutions on those matters based on such recommendations.

(iii) Details of duties

- a) The Personnel Affairs and Remuneration Committee shall hold deliberations about the items below related to human resources matters, such as the election and dismissal of Board Directors and Entrusted Executive Officers, and shall provide its opinions to the Board of Directors.
 - i. Policies related to the election and dismissal of Board Directors and Entrusted Executive Officers and changes in the policies
 - ii. Election of Board Directors
 - iii. Election and dismissal of Representative Directors of the Board
 - iv. Election and dismissal of the Entrusted Executive Officers
 - v. Establishment, revision, and abolition of the Company's important rules related to human resources matters of Board Directors and Entrusted Executive Officers, etc.
 - vi. Succession plan for the Representative Directors of the Board, etc.
 - vii. In addition to the items i through vi, matters that are specially assigned by the Board of Directors in relation to personnel matters of Board Directors and Entrusted Executive Officers and other important matters
- b) The Personnel Affairs and Remuneration Committee shall determine the amount of individual remuneration of Board Directors and Entrusted Executive Officers based on the delegation from the Board of Directors and the Committee also hold deliberations about the items below related to remuneration of Board Directors and Entrusted Executive Officers and other matters, and shall provide its opinions to the Board of Directors.
 - i. Remuneration systems of Board Directors and Entrusted Executive Officers, policies for the provision of the remuneration, etc. and changes in policy
 - ii. Proposals for the framework of remuneration for Board Directors
 - iii. Establishment, revision, and abolition of the Company's important rules related to the remuneration of Board Directors and Entrusted Executive Officers, etc.
 - iv. The key performance indicator (KPI) targets and evaluation of achievements for performance-related remuneration
 - v. In addition to the items i through iv, matters that are specially assigned by the Board of Directors in relation to remunerations of Board Directors and Entrusted Executive Officers and other important matters

[Supplementary Principle 4.11.1] Prerequisites for securing effectiveness of the Board of Directors and the Audit & Supervisory Board

<Composition of the Board of Directors>

The composition of the Board of Directors shall be as follows.

- (1) The Board of Directors shall have the number of members that is considered appropriate to substantial deliberations.
- (2) Independent Outside Directors of the Board shall be appointed so that the ratio of Independent Outside Directors in the Board of Directors shall be one-third or more.
- (3) The Board of Directors shall be joined by well-balanced members selected through the development of a skill matrix based on the business strategies and management plans, such as experts specializing in finance, accounting, laws, compliance and other relevant areas, with consideration for knowledge, experience, and ability, the number of years in office, and gender, ensuring both the compatibility with diversity and proper headcount. The skill matrix of the Board of Directors developed by the Company is as indicated in the attachment to this report.

<Stance on procedures for selection of prospective Directors of the Board>

-The Company shall select prospective Board Directors from among those of high integrity (as a sincere and high-minded morality, and earnestness) and having high management ability, having nature suited to practicing the Group's Corporate Philosophy, interested in the Group's business and with a deep insight, etc., and having high awareness for contributing to creating corporate value and improving company performance.

-Policies on selecting the candidates for Board Directors and proposals on specific prospective Board Directors shall be discussed at the Personnel Affairs and Remuneration Committee which shall be chaired by an Independent Outside Director of the Board and a majority of whose members shall be Independent Outside Directors of the Board, and determined by the Board of Directors based on the recommendations of the Committee.

-The selection of prospective internal Board Directors shall be performed with consideration for the specified qualification requirements (i.e., embodying the Corporate Philosophy and having a panoramic vision) and competence requirements (i.e., having a vision to resolve external problems, innovativeness for creating new markets, being able to cooperate with various stakeholders, and the capability 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 an evaluation of performance.

<Composition of the Audit & Supervisory Board>

The composition of the Audit & Supervisory Board shall be as follows.

(1) The Audit & Supervisory Board shall, in principle, have five (up to seven) members.

(2) Independent Outside Audit & Supervisory Board Members shall be appointed so that the ratio of Independent Outside Audit & Supervisory Board Members shall be a majority in the Audit & Supervisory Board.

(3) The Audit & Supervisory Board shall, in principle, be chaired by an Independent Outside Audit & Supervisory Board Member.

(4) The composition of the Audit & Supervisory Board shall be well-balanced, with a consciousness of the skill items. The skill matrix of the Audit & Supervisory Board formulated by the Company is attached to this report.

<Stance on procedures for selection of prospective Audit & Supervisory Board Members>

-Candidates are selected based on possessing knowledge and insight in multiple areas that the Company considers essential for Audit & Supervisory Board Members, including "Corporate management," "International business/Overseas insight," "Quality and technology/Business process," "Finance and accounting/Disclosure," "Legal affairs," and "Governance/Risk management/Compliance."

-In particular, Outside Audit & Supervisory Board Members are appointed from among individuals who possess specialized knowledge and insight in one or more of the following areas: "Corporate management," "Finance and accounting/Disclosure," or "Legal affairs."

-The selection of internal Audit & Supervisory Board Members shall be performed with a consciousness of probability of the consent of the Audit & Supervisory Board with respect to the specified qualification requirements (i.e., high integrity, embodying the Corporate Philosophy and having a panoramic vision) and competence requirements (i.e., advanced information gathering and analytical skills extensively familiar with the Company's business, high level of awareness of legal compliance, having a vision to resolve internal and external issues, the ability to understand interests of various stakeholders, and the capability to manage organizations that enhance the Group's comprehensive power).

Under the Audit & Supervisory Board Regulations, the maximum term of office for Audit & Supervisory Board Members shall be two terms of four years (i.e. eight years is maximum), and a certain age limit shall be set for their appointment (including reappointment).

[Supplementary Principle 4.11.2] Prerequisites for securing effectiveness of the Board of Directors and the Audit & Supervisory Board

The Board of Directors and the Audit & Supervisory Board verify the status regarding concurrent positions of each Board Director and Audit & Supervisory Board Member is within the reasonable range, and explain the status regarding the important concurrent positions of the Board Directors in the Materials for General Meeting of Shareholders.

<The Materials for General Meeting of Shareholders>

<https://www.sekisuihouse.co.jp/english/company/financial/holders/meeting/>

[Supplementary Principle 4.11.3] Analysis and Evaluation of the Effectiveness of the Board of Directors and the Audit & Supervisory Board

[Evaluation of Effectiveness of the Board of Directors]

Each year, the Board of Directors analyzes and evaluates its effectiveness including the status of establishing support structure for Board Directors and Audit & Supervisory Board Members as a whole and discloses a summary of results. In addition, to utilize objective third-party's perspective, the Board of Directors shall ensure that periodical third-party's evaluation shall be conducted by outside experts.

<Summary of results of the evaluation for the fiscal year ended January 31, 2026>

(1) Evaluation method

As in the fiscal year ended January 31, 2025, the Company hired a third-party independent evaluation company to implement an evaluation for the fiscal year ended January 31, 2026, using the method described below.

1. Questionnaire-based survey of all Directors of the Board and Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
2. Interviews of all Directors of the Board and Audit and Supervisory Board Members, carried out by the third-party organization (approximately one hour interview per interviewee)
3. Examination of the materials and minutes of meetings of the Board of Directors

<Major Questionnaire Items>

- Overall evaluation of the Board of Directors
- Composition of the Board of Directors
- Preparations for the meetings of the Board of Directors
- Management of the meetings of the Board of Directors
- Debate in the meetings of the Board of Directors
- Personnel Affairs and Remuneration Committee
- Supervision of business execution
- Importance of agenda items and the volume of discussion

The third-party organization implemented an evaluation and compiled the results into a report. At a meeting of the Board of Directors held in February 2026, the content of the report was explained by the evaluation company and discussed among the attendees of the meeting.

(2) Outline of results regarding the evaluation

The Board of Directors evaluated and confirmed that a sufficiently high level of effectiveness has been achieved by the Board of Directors. Moreover, it confirmed that progress had been generally made on the issues indicated in the evaluation of effectiveness of the Board of Directors in the previous fiscal year.

Summary of results of the evaluation and the issues for the future are as indicated in the attachment to this report.

[Evaluation of Effectiveness of the Audit and Supervisory Board]

Starting from the fiscal year ended January 31, 2024, the Audit and Supervisory Board has implemented an evaluation of the effectiveness of the Board and its auditing activities for the purpose of improving audit quality and the operation of the Board.

<Summary of results of the evaluation for the fiscal year ended January 31, 2026>

(1) Evaluation method

As in the fiscal year ended January 31, 2025, the Company hired a third-party independent organization to implement an evaluation for the fiscal year ended January 31, 2026 using the method described below.

1. Questionnaire-based survey of all Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
2. Interviews of all Audit and Supervisory Board Members; Director of the Board managing the Division of Finance, Human Resources and Auditing, in charge of the Division of Administration; Director of the Board managing the Building Sales Administration, in charge of TKC Project; Head of the Corporate Administration Headquarters; Head of the Auditing Department; International Auditing Office Lead; and the Accounting Auditor, carried out by the third-party organization (approximately one hour interview per interviewee)

*To gain new insights based on the opinions of collaborators and audit subjects, the interviewees were partially changed in the fiscal year ended January 31, 2026, and Director of the Board managing the Building Sales Administration, in charge of TKC Project, and Head of Corporate Administration Headquarters became new subjects to the interview.

3. Examination of the materials and minutes of meetings of the Audit and Supervisory Board

<Major Questionnaire Items>

- Audit policy and plans
- Recommendations for senior management and audits of the execution of duties
- Internal audit system
- Auditing systems at subsidiaries
- Fraud detection system
- Accounting audit system
- Cooperation through the three-pillar audit system
- Audits of the establishment and operation of the internal control system
- Operation of the Audit and Supervisory Board, etc.

The third-party organization implemented an evaluation and compiled the results into a report. The Audit and Supervisory Board was briefed on the content of the report by the third-party organization and deliberated on this content at a meeting held in January and February 2026.

(2) Outline of results regarding the evaluation

The Audit and Supervisory Board confirmed that a high level of effectiveness has been ensured for the auditing activities of the Audit and Supervisory Board and Audit and Supervisory Board Members, based on analysis of the results of the questionnaire and interviews and the recommendations of the third-party organization.

Moreover, the Audit and Supervisory Board confirmed that, in addition to its normal auditing activities, the issues raised in the previous fiscal year's evaluation of the effectiveness of the Audit and Supervisory Board had been generally improved or progress had been made toward improvement.

Summary of results of the evaluation and the issues for the future are as indicated in the attachment to this report.

[Supplementary Principle 4.14.2] Trainings for Board Directors and Audit & Supervisory Board Members
The Company stipulates it as its policy that the Company will provide Board Directors and Audit & Supervisory Board Members with opportunities of acquiring the knowledge necessary or helpful to the execution of their respective roles and duties as appropriate on a continuous basis, and bear the expenses for their participating in training and others. The Company discloses such policies in “the Sekisui House, Ltd. Basic Policy on Corporate Governance.”

[Principle 5-1] Policy on constructive dialogue with shareholders

Based on an awareness that it is significant to talk with shareholders and investors, to take their opinions seriously and to incorporate them properly into management for attaining continued growth and a medium- and long-term increase in corporate value, the Company shall ensure that its Representative Directors of the Board take control and set up an organization in charge of investor relations.

Management executives including Representative Directors of the Board and the organization in charge of investor relations shall engage in strategic operational collaboration with each Division of the headquarters of the Company-including the Finance Division, Strategy Division, and ESG Division-as well as each business division in collection of inside information, drawing up of messages for outsiders and others to step up constructive dialogues with shareholders and investors. Dialogues shall be held with the Independent Outside Directors of the Board and the shareholders and investors when deemed necessary.

In dialogues with shareholders and investors, based on the basic policy of information disclosure established by the Board of Directors and others, the Company shall not conduct selective disclosure of vital information that may influence investment decisions, but rather strive to disclose information through means that stakeholders can access equally. Regarding important facts not yet released to the public, the Company shall aim for equality among all shareholders, comply with internal provisions to prevent insider trading, and thoroughly manage information.

[Dialogue with Shareholders and Investors]

In accordance with the above policy, the Company strives to provide ample direct communication outside of individual meetings through such means as the provision of management plan briefing sessions and tours of factories for institutional and individual investors in addition to hosting IR meetings for institutional shareholders and investors as well as analysts. In addition, the Company holds small meetings of the Outside Directors of the Board with institutional shareholders on such topics as the business execution performance of the current management team and the reinforcement of governance.

In these dialogues, we address the primary concerns of shareholders and investors, providing an overview of business results, the market environment for domestic and overseas businesses, the Company’s competitive advantages and forecasts, and the direction of the Mid-Term Management Plan, including shareholder returns and financial policies. In addition, we receive many opinions on ESG, namely, policies related to the Value Creation Process, human capital, and evaluations of ESG management and its integration into our business strategies.

The opinions and concerns of shareholders and investors, along with insights gleaned from these dialogues, are shared as appropriate by the Investor Relations Department with the Board of Directors and management team. The Company references such input when making management decisions and have been striving to reflect such input into future dialogues. Furthermore, following discussions at the Management Meetings and the Board of Directors, the Company has reflected such input in the Seventh Mid-Term Management Plan, announced in March 2026 (specifically, in capital measures and ROE management reinforcement) and applied it to enhance disclosure materials, such as Value Report.

Furthermore, we disclose the status of dialogues and other details on our official website.

< Corporate Governance >

<https://www.sekisuihouse.co.jp/english/company/info/gov/>

[Action to Realize Management Conscious of Capital Costs and Share Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	March 19, 2026

Supplementary Explanation

[Action to Realize Management Conscious of Capital Costs and Share Price]

In the financial strategy of the Seventh Mid-Term Management Plan (FY2026–FY2028), announced in March 2026, the Company aims to further enhance corporate value by fully leveraging opportunities for business expansion while maintaining a balanced approach among “executing growth strategies,” “restoring financial soundness,” and “providing appropriate shareholder returns.”

Since the formulation of the First Mid-Term Management Plan in 2010, the Company has consistently adopted ROE as a key management indicator. Under the Sixth Mid-Term Management Plan (FY2023–FY2025), the Company worked to improve capital efficiency by setting a concrete target of “stably generating ROE of 11% or more, and achieving around 12% in the final year, FY2025.” As a result, the Company generated ROE of over 11% for each of the three fiscal years of the plan, with ROE for FY2025 reaching 11.3%.

Under the Seventh Mid-Term Management Plan, which began in FY2026, the Company targets achieving ROE in the high-12% range in the final fiscal year, FY2028. At the same time, by further advancing ESG management and implementing timely and appropriate disclosure, the Company seeks to reduce its cost of capital and achieve sustainable improvement in its PBR (as an indicator of corporate value).

In setting the target level of ROE, we have continuously monitored the cost of shareholders’ equity, and as of January 2026, the cost of shareholders’ equity, as calculated based on the CAPM (Capital Asset Pricing Model), is about 7%. We also recognize that the market expects the same or better returns, and believe that our current ROE target exceeds the return expected by the market. In order to improve ROE, we make decisions on each investment project with IRR in mind.

In addition, regarding performance share units (linked to medium-term performance) provided to internal Directors of the Board, we use ROE (which is a key mid-term financial indicator) and ESG management indicators (which are non-financial indicators) as performance evaluation indicators. In an effort to sustainably share value with shareholders, we set shareholding guidelines for internal Directors of the Board. As a general rule, while serving their term, Directors of the Board are obligated to continually hold shares of the Company in an amount equivalent to their base pay* in line with a market price basis and their role. Furthermore, we disclose details of performance share units and other such topics in the Value Report (Integrated Report) and other media.

*Base pay is triple the annual basic remuneration for the CEO, double the annual basic remuneration for other Representative Directors, and the same as the annual basic remuneration for other internal Directors of the Board.

<Medium-term Management Plan>

<https://www.sekisuihouse.co.jp/english/company/financial/plan/>

< Value Report>

<https://www.sekisuihouse.co.jp/english/company/sustainable/archive/>

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	111,692,600	17.22
Custody Bank of Japan, Ltd. (Trust account)	51,334,100	7.91
Sekisui House Ikushikai	22,430,576	3.46
Sekisui Chemical Co., Ltd.	14,168,727	2.18
SMBC Nikko Securities Inc.	9,875,127	1.52
JP MORGAN CHASE BANK 385781	8,887,912	1.37
STATE STREET BANK AND TRUST COMPANY 505001	8,616,021	1.33
JAPAN SECURITIES FINANCE CO., LTD.	8,555,600	1.32
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	8,035,100	1.24
JPMorgan Securities Japan Co., Ltd.	6,866,365	1.06

Controlling Shareholder (except for Parent)	-
Parent (Listed Stock Market)	None

Supplementary Explanation

- The status above is the status of major shareholders as of July 31, 2026.
- Sekisui House Ikushikai is the Company's employee stock holding association.
- The Company own 3,009,909 treasury stock as of July 31, 2026, but we exclude it from the above major shareholders. And the ratio of shareholding is calculated deducting shares of treasury stock from the total number of shares issued. In addition, the Company cancelled 11,700,000 treasury shares on April 24, 2026.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange (Prime Market), Nagoya Stock Exchange (Premier Market)
Fiscal Year-End	January
Type of Business	Construction
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more

Net Sales (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	300 or more

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

-

5. Special Circumstances which may have Material Impact on Corporate Governance

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors of the Board]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	one year
Chairperson of the Board	Outside Director of the Board
Number of Directors	10
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Officers Designated from among Outside Directors	5

Outside Board Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yukiko Yoshimaru	From another company											
Toshifumi Kitazawa	From another company								△			
Yoshimi Nakajima	From another company											
Shinichi Abe	From another company											
Yukiko Kuroda	From another company											

* Categories for "Relationship with the Company"

“○” when the director presently falls or has recently fallen under the category;

“△” when the director fell under the category in the past;

“●” when a close relative of the director presently falls or has recently fallen under the category; and

“▲” when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

Outside Board Directors' Relationship with the Company (2)
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Name	Designation as Independent Officer	Supplementary Explanation of Board Director's adequacy	Reasons for Appointment
Yukiko Yoshimaru	○	She worked as Chief Manager of Diversity Development Office of NISSAN MOTOR CO., LTD. from October 2004, before joining Nifco Inc. in April 2008, serving as Executive Officer of the company from June 2011 to June 2018. She has also served as Outside Board Director of Daiwabo Holdings Co., Ltd. Since June 2021 and as Outside Board Director of Nichirei Corporation Since June 2024. (Independent Officer)	To strengthen the supervisory function of the Company with her wealth of knowledge and experience in human resource management, diversity and corporate governance, as well as wide range of global experience including management experience as a director of domestic and overseas companies and M&A experience at a U.S. subsidiary of the major Japanese company. The Company has elected her as an Independent Officer because she is deemed to meet the Criteria for Independence of Outside Officers set out by the Company and there is no risk of conflict of interest with general shareholders.

Name	Designation as Independent Officer	Supplementary Explanation of Board Director's adequacy	Reasons for Appointment
Toshifumi Kitazawa	○	He served as President & Board Director of Tokio Marine & Nichido Anshin Life Insurance Co., Ltd, President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd, and Board Director of Tokio Marine Holdings, Inc. He also served as Vice Chairman & Board Director of Tokio Marine & Nichido Fire Insurance Co., Ltd from April 2019 to March 2022. Furthermore, he served as Outside Board Director of Mitsubishi Logistics Corporation since June 2019. (Independent Officer)	To strengthen the supervisory function of the Company with his extensive knowledge and experience in areas including global business, M&A, risk management and compliance, as well as abundant achievements and experience as a manager, gained from his career as key positions at a major insurance company. The Company has elected him as an Independent Officer because he is deemed to meet the Criteria for Independence of Outside Officers set out by the Company and there is no risk of a conflict of interest with general shareholders.
Yoshimi Nakajima	○	She served as President & Representative Board Director of American Express Japan Co., Ltd. from April 2014 to December 2016. She has also served as Outside Board Director of Japan Freight Railway Company since June 2018, Outside Board Director of ULVAC, Inc. since September 2018, and as Outside Board Director of Tokio Marine & Nichido Fire Insurance Co., Ltd. since June 2026. (Independent Officer)	To strengthen the supervisory function of the Company with her wealth of achievements and experience as a manager, in particular her extensive experience in financial strategy, M&A, and other areas from serving as the head of Asian and Japanese subsidiaries of global financial institutions, gained from her career as key positions in domestic and overseas companies, as well as her experience on the front lines of corporate management in an environment where diversity in senior management is considered to be natural. The Company has elected her as an Independent Officer because she is deemed to meet the Criteria for Independence of Outside Officers set out by the Company and there is no risk of conflict of interest with general shareholders.

Name	Designation as Independent Officer	Supplementary Explanation of Board Director's adequacy	Reasons for Appointment
Shinichi Abe	○	He served as Managing Board Director of Google Cloud Japan, G.K, from January 2017 to March 2020, before serving as Representative Board Director, President and CEO of MNES Inc. from April 2020. He has also served as Outside Board Director of MACNICA HOLDINGS, INC. since June 2025. (Independent Officer)	To strengthen the supervisory function of the Company with his extensive knowledge and experience in the global business environment in the IT and digital fields, gained from his career. Having worked for an overseas consulting firm and software vendors, he was involved in the launch of Google's cloud business. At that business, he supervised its Asia-Pacific operations. The Company has elected him as an Independent Officer because he is deemed to meet the Criteria for Independence of Outside Officers set out by the Company and there is no risk of a conflict of interest with general shareholders.
Yukiko Kuroda	○	She worked as Representative Director of People Focus Consulting Co., Ltd. from January 1991 to March 2012. She has also served as Independent Director of Obayashi Corporation since June 2022, Outside Director of ORACLE CORPORATION JAPAN since August 2022, and as Outside Director of Santen Pharmaceutical Co., Ltd. since June 2025. (Independent Officer)	To strengthen the supervisory function of the Company with her experience in consulting businesses such as organizational development, global human resource development, and diversity promotion as a top executive and knowledge of corporate management across a wide range of industries and business types gained from her career as an outside director of several listed companies. The Company has elected her as an Independent Officer because she is deemed to meet the Criteria for Independence of Outside Officers set out by the Company and there is no risk of a conflict of interest with general shareholders.

[Voluntary Committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	The Personnel Affairs and Remuneration Committee	The Personnel Affairs and Remuneration Committee
Total Committee Members	5	5
Full-time Members	2	2
Inside Board Directors	2	2
Outside Board Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside director of the board	Outside director of the board

Supplementary Explanation

In conformity with the Basic Policy on Corporate Governance of the Company, a Director of the Board shall not act as both of the chairperson and the convener of the meetings of the Board of Directors, and an Independent Outside Director of the Board shall act as the chairperson of the meetings of the Board of Directors in principle. It is also the Company's basic policy a majority of the Personnel Affairs and Remuneration Committee shall be Independent Outside Directors of the Board. The chairperson of the Committee shall be appointed by a resolution of the Board of Directors from among Outside Directors of the Board.

Currently, Mr. Toshifumi Kitazawa, Outside Director of the Board, acts as the chairperson of the meetings of the Board of Directors, and Mr. Yoshihiro Nakai, Representative Director of the Board, President, Executive Officer acts as the convener of the meetings.

The Personnel Affairs and Remuneration Committee consists of 2 Representative Directors of the Board, Mr. Yoshihiro Nakai and Mr. Satoshi Tanaka, and 3 Outside Directors of the Board, Ms. Yukiko Yoshimaru, Mr. Toshifumi Kitazawa and Ms. Yukiko Kuroda. And Ms. Yukiko Yoshimaru acts as the chairperson of the Committee.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	7
Number of Audit & Supervisory Board Members	5

Cooperation among Audit & Supervisory Board Members, Financial Auditor and Internal Audit Department
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- For cooperation with the internal audit division, the Audit and Supervisory Board receives an audit results report once a year, holds the “Three-Way Auditing Collaboration Meeting” four times, and Standing Audit and Supervisory Board Members receive an audit results report every month, and close exchange of information is conducted.
- For communication with the accounting auditor, Audit and Supervisory Board Members receive an explanation of the audit plan for the fiscal year, audit report for each quarter during the fiscal year, and an explanation of the audit results at the end of the fiscal year, and exchange opinions. With regard to key audit matters (KAM), Audit and Supervisory Board Members discuss with the accounting auditor, receive reports on the implementation status of the audit, and exchange opinions.
- In addition, in order to ensure that each auditing operation is conducted efficiently and effectively in cooperation with the internal audit division and the accounting auditor, the “Three-Way Auditing Collaboration Meeting” has been held four times to promote mutual cooperation and strengthen collaboration through in depth information exchange, etc.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Officers Designated from among Outside Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Member's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoritomo Wada	Certified public accountant													
Yuko Tamai	Lawyer										○			
Nobuo Hanada	From another company													

* Categories for "Relationship with the Company"

"○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board Member fell under the category in the past;

"●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiary

c. Non-executive director or executive of the parent of the Company

d. Audit & Supervisory Board Member of the parent of the Company

e. Executive of a fellow subsidiary of the Company

f. Party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Other

Outside Audit & Supervisory Board Member's Relationship with the Company (2)
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Name	Designation as Independent Officer	Supplementary Explanation of Board Member's adequacy	Reasons for Appointment
Yoritomo Wada	○	He, as a certified public accountant, served as Partner of Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) from June1996 to June 2019. He has served as Outside Audit & Supervisory Board Member of Trusco Nakayama Corporation since March 2023. (Independent Officer)	To utilize his professional knowledge of finance and accounting as a certified public accountant and his knowledge and experience accumulated through engagement in outside audit & supervisory board member of other companies for strengthening the audit system. The Company has elected him as an Independent Officer because he meets the Criteria for Independence of Outside Officers set out by the Company and there is no risk of conflict of interest with general shareholders.
Yuko Tamai	○	She, as a lawyer, has served as Partner of Nagashima Ohno & Tsunematsu) since January 2003. She has served as External Audit & Supervisory Board Member of MITSUI & CO., LTD. since June 2022. (Independent Officer)	To utilize her professional knowledge and extensive experience as a lawyer for strengthening the audit system. The Company has elected her as an Independent Officer because she meets the Criteria for Independence of Outside Officers set out by the Company and there is no risk of conflict of interest with general shareholders.

Name	Designation as Independent Officer	Supplementary Explanation of Board Member's adequacy	Reasons for Appointment
Nobuo Hanada	○	After serving as Senior Operations Manager in charge of the Accounting Group, Corporate Planning Division of FUJIFILM Holdings Corporation from November 2012, he went on to hold the positions of General Manager of the Audit Division, General Manager of the Global Audit Division, and later served as a Full-time Audit & Supervisory Board Member of FUJIFILM Holdings Corporation. He has also served as Outside Board Director of NKK SWITCHES CO., LTD. since August 2026. (Independent Officer)	To utilize his business experiences in accounting and financial reporting, corporate management planning, and global auditing at a specialty chemicals manufacturer operating globally, as well as his knowledge and experience as a full-time Standing Audit and Supervisory Board Member, for strengthening the Company's audit system. The Company has elected him as an Independent Officer because he meets the Criteria for Independence of Outside Officers set out by the Company and there is no risk of a conflict of interest with general shareholders.

[Independent Officers]

Number of Independent Officers	8
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Matters relating to Independent Officers
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[Incentives]

Implementation of Measures to Provide Incentives to Board Directors	Introduced Performance-linked Remuneration system
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Supplementary Explanation

Remuneration for Board Directors excluding Outside Directors of the Board shall consist of Basic remuneration, Performance-related bonuses and stock remuneration (performance-related stock remuneration

and Restricted Stock remuneration). And the remuneration composition shall be adequately determined according to the roles and responsibilities of each position, and the Company shall make it work as a healthy incentive not only to achieve performance targets for a single fiscal year but also to enhance the corporate value in a long-term and sustainable way.

Recipients of Share Options	-
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Supplementary Explanation

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[Remuneration for Board Director]

Disclosure of Individual Board Directors' Remuneration	Disclosed in part
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Supplementary Explanation

Name	Position (as of January 31, 2026)	the total amount of remuneration
Yoshihiro Nakai	Representative Director of the Board	261 million yen
Satoshi Tanaka	Representative Director of the Board	156 million yen
Toru Ishii	Director of the Board	103 million yen
Hiroshi Shinozaki	Director of the Board	105 million yen
Yasushi Omura	Director of the Board	97 million yen

(Note) The above information includes individuals whose total consolidated remuneration amounts to 100 million yen or more and who were serving as Directors of the Company (excluding outside directors) as of the consolidated settlement date.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

a) Remuneration systems, payment policies, etc. for Directors of the Board shall be resolved in line with the following basic policies below at the meetings of the Board of Directors based on the recommendations of the Personnel Affairs and Remuneration Committee after deliberations are held by the Committee, which shall be chaired by an Independent Outside Director of the Board and a majority of whose members shall be Independent Outside Directors of the Board.

〈Basic policies of remuneration〉

- i. In accordance with the Corporate Philosophy espousing the underpinning philosophy of “Love of Humanity”, the Company shall ensure the objectivity and transparency of and adequately fulfill its accountability for a remuneration system through high standards of remuneration governance, in order to be fair to all the stakeholders including shareholders, investors, customers and employees.
 - ii. Aiming to be a leading company in ESG management, the Company shall establish a remuneration system that works as a healthy incentive for a long-term and sustainable enhancement of the corporate value by focusing on social significance and clarifying its commitments to steadily executing innovative growth strategies.
 - iii. The Company shall deliver a long-term improvement in the Group-wide organizational vitality by placing an emphasis on alignment a remuneration system with development and evaluation of senior management and motivating the next generation of managerial human resources to grow.
- b) The Personnel Affairs and Remuneration Committee shall determine the total amount and individual amount of remuneration for each Director of the Board based on the delegation from the Board of Directors. In addition, the Board of Directors shall determine the key performance indicator (KPI) targets and evaluation of achievements for performance-related remuneration. etc. based on the recommendations of the Personnel Affairs and Remuneration Committee after deliberations are held by the Committee.
- c) Remuneration for Board Directors excluding Outside Board Directors (the “Eligible Directors”) shall consist 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). 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 Board Director 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 CEO is set at about 1:1.4:1.8, while the ratio for the other Representative Directors is set at about 1:1.2:1.4 (provided that the Company achieves base performance).
- i. Basic remuneration (fixed remuneration)

Basic remuneration as fixed remuneration shall be determined within the scope of resolutions of the General Meetings of Shareholders by taking into account the Company’s management situation, in addition to the importance of roles and the scope of responsibilities of each position.
 - ii. Performance-related bonuses (short-term)

The amount to be paid shall be calculated by multiplying a bonus coefficient according to the position of each Eligible Director by consolidated Ordinary income for each fiscal year. The total amount to be paid shall be capped at 0.18% of consolidated ordinary income for each fiscal year. The bonuses shall not be paid if Net income attributable to owners of parent for each fiscal year is less than ¥160 billion.
 - iii. Performance-related stock remuneration (medium-term)

The Reference Number of Share Units according to the position of each Eligible Director is multiplied by the percentage amount of payment (0 to 150%) according to the achievement of ROE and ESG management indicators during the Evaluation Period of three consecutive fiscal years, and one-half of them will be delivered in the Company's common stock and the remaining half will be delivered in Cash for the Tax Payment.

ROE and ESG management indicators are evaluated with a weighting of 80% for ROE and 20% for ESG management indicators. ESG management indicators shall be strictly reviewed by the Personnel Affairs and Remuneration Committee to increase the objectivity and transparency of the processes for setting goals and performing evaluations.
 - iv. Restricted stock remuneration (long-term)

The Company shall grant shares of the Company's common stocks (restricted) equivalent to the predetermined basic amount to each Eligible Director according to his/her position. The Company shall lift the Transfer Restriction if the Eligible Director loses a position as either a Board Director or an Executive Officer of the Company.

d) In light of the role to supervise the management of the Company from the objective and independent standpoint, remuneration for Outside Directors consists of basic remuneration (fixed remuneration) and various allowances according to the responsibilities of the chairperson of the meetings of the Board of Directors, the chairperson of the Personnel Affairs and Remuneration Committee, or the members.

The level of basic remuneration and allowances are determined with reference to objective compensation market research data by external specialized agencies.

e) 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.

[ESG Management Indicators and Target Values for Performance Share Units for FY2025 through FY2027]

- Customer satisfaction level for detached houses

Numerical Target (January 31, 2028): 88.0%, Weighting: 15%

- Number of contracts concluded through referrals among Group companies

Numerical Target (January 31, 2028): 14,000 cases or more, Weighting: 15%

- Rate of reduced CO₂ emissions from business activities

Numerical Target (January 31, 2028): 65%, Weighting: 15%

- Ratio of Sha Maison ZEH

Numerical Target (January 31, 2028): 85%, Weighting: 15%

- Ratio of female managers

Numerical Target (January 31, 2028): 6.4%, Weighting: 15%

- Take-up rate for annual paid leave

Numerical Target (January 31, 2028): 83% or higher, Weighting: 10%

- Business site audits

Numerical Target (January 31, 2028): 90 points or higher, Weighting: 15%

[Supporting System for Outside Directors of the Board and/or Outside Audit & Supervisory Board Members]

- In order to facilitate constructive discussions and exchanges of opinions at the meetings of the Board of Directors, the Board of Directors Office (Corporate Institutional Management Department) distributes proceeding documents in advance to Outside Directors of the Board and Outside Audit & Supervisory Board Members.

- Prior to each day of the meeting of the Board of Directors, the Board of Directors Office (Corporate Institutional Management Department), etc. explains the overview of the agenda of the meeting to Outside

Directors of the Board, Standing Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members.

- Before holding a meeting of the Board of Directors on the date of the meeting, etc., meetings of which members mainly consist of Independent Outside Directors of the Board and Independent Outside Audit & Supervisory Board members are held to exchange information and opinions. In addition, the Company has arranged opportunities and procedures to enable Independent Outside Directors of the Board to work directly or through employees, etc. with Board Directors, Executive Officers, Audit & Supervisory Board members, Accounting Auditors and other parties.
- To provide assisting in the operations of the Independent Outside Directors of the Board, the Company has established and maintained the Office of Directors of the Board and allocates staff members to the Office.
- The Company has established the Office of Audit & Supervisory Members, and several staff members including dedicated staff(s) assist the Audit & Supervisory Board Members with their duties.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Board of Directors

The Board of Directors consists of 10 Board Directors (7 male Board Directors and 3 female Board Directors) including 5 Outside Directors of the Board and meet once per month in principle. In order to increase the corporate value of the Company over the medium- and long-term, the Board of Directors has the responsibility to develop business policies and strategies and management plans, make decisions on important business execution, and establish systems, etc. for securing the sound management of the Company such as the supervision and evaluation of the duties performed by Board Directors and Executive Officers, internal control systems and risk management systems.

In order to facilitate constructive discussions and exchanges of opinions in the meetings of the Board of Directors, one of the Board Directors shall not act in principle both as the chairperson and the convener of the meetings of the Board of Directors. Therefore, Outside Director of the Board Mr. Toshifumi Kitazawa serves as the chairperson, and Representative Director of the Board, President & Executive Officer (Mr. Yoshihiro Nakai) serves as the convener.

Regarding the Composition of the Board of Directors, the Board of Directors shall have the number of members that is considered appropriate to substantial deliberations and Independent Outside Directors of the Board shall be appointed so that the ratio of Independent Outside Directors in the Board of Directors shall be one-third or more. Also, the Board of Directors shall be joined by well-balanced members selected through the development of a skill matrix based on the business strategies and management plans, such as experts specializing in finance, accounting, laws, compliance and other relevant areas, with consideration for knowledge, experience, and ability, the number of years in office, and gender, ensuring both the compatibility with diversity and proper headcount.

In addition, as a system to assist Outside Directors of the Board in their duties, the Company has established the Office of Directors of the Board and assigned several employees to it.

2. Audit & Supervisory Board

The Audit & Supervisory Board consists of 5 Members including 3 Outside Audit & Supervisory Board Members (4 male Members and 1 female Member). The Board establishes the audit plan and systematically carries out interviews with Board Directors, Executive Officers, heads of main branches, and Board Directors of subsidiaries, etc., concerning risks and issues of their respective operations, based on the audit plan. Also,

it conducts field audits of each branch as needed. In addition, Audit & Supervisory Board Members exchange opinions and work in close coordination with the Internal Audit Department, hold regular meetings with the Accounting Auditor and engages in mutual cooperation to ensure all audit activities are carried out efficiently and effectively.

The Office of Audit & Supervisory Board Members was established as a dedicated organization to which several employees including full-time staff are allocated for assisting Audit & Supervisory Board operations. The independence of the relevant staff members in carrying out their duties shall be ensured in such a way that they are kept outside the line of control or orders from parties other than the Audit & Supervisory Board members and the Office of Audit & Supervisory Board Members, when necessary for the Company to handle human resources matters of the staff members, opinions of the Audit & Supervisory Board Members need to be heard.

3. The Personnel Affairs and Remuneration Committee

As a consultative body to the Board of Directors, the Personnel Affairs and Remuneration Committee provides opinions on matters relating to the personnel affairs of Board Directors and Executive Officers and their remuneration to ensure the fairness and transparency. In addition, the Committee, based on the delegation from the Board of Directors, determines the amount of remuneration for individual Directors of the Board and Entrusted Executive Officers.

The Committee currently consists of 2 Representative Directors of the Board and 3 Independent Outside Directors of the Board and Ms. Yukiko Yoshimaru, Independent Outside Director of the Board, serves as the Chairperson of the Committee.

4. Management Meeting

The Company has established a deliberative body to actively exchange opinions 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.

Entrusted Executive Officers attend the meetings. In addition, Outside Directors of the Board and Audit & Supervisory Board Members may voluntarily attend the meetings as observers. Depending on the agenda, the attendance of Executive Officers and Operational Officers is requested, and actively exchange opinions takes place.

5. ESG Promotion Committee

The Company has defined “Make home the happiest place in the world” as its global vision, and to achieve this vision, the Company aims to become a leading company in ESG (environmental, social and governance) management.

The ESG Promotion Committee consists of 2 or more outside committee members with expert knowledge, Internal Board Directors, Executive Officers, and managers, etc., and the Committee enhances the effectiveness of ESG efforts through means such as exchanging opinions on the progress of ESG management initiatives and issues.

In addition, the Company has established the ESG Management Promotion Headquarters, which works to further promote ESG management based on discussions at the ESG Promotion Committee and in cooperation within the Company and with domestic and overseas Group companies. We disclose the details of our efforts by issuing the Value Report, etc. every year.

6. Risk Management Committee

As a consultative body to the Board of Directors, the Committee aims to create appropriate risk management systems and ensure the effectiveness of their operation. The Committee monitors the risk management status of the entire Group and provides opinions to the Board of Directors as necessary. In the risk recognition process, the Committee creates a risk map based on the two perspectives of the frequency of risk occurrence

and the degree of impact on the Group, identifies priority risk items in the themes of quality management, information security, compliance, human rights, crisis response, environment, and labor laws and labor management, and conducts monitoring and verification of these risks at the monthly meetings.

The Quality Management Committee and Information Security Committee have been established under the umbrella of the Risk Management Committee to deliberate from specialized perspectives. The content of their deliberations is reported to the Risk Management Committee.

7. Internal Audits

The Company has established the Auditing Department as an organization to ensure the appropriateness of internal audits including those of the Group companies and business operations, and has appointed persons with sufficient knowledge and skills to be in charge of internal audits, and is working to build a global audit system including subsidiaries in Japan and overseas.

The Auditing Department of the Company consists of 50 members (as of the end of January 2026, including 10 members of the International Auditing Office), and conducts internal audits of the Company, the Group companies in Japan that do not have an internal audit department, and the overseas Group companies.

Internal audit departments are established in Sekisui House Real Estate Holdings, Ltd., Sekisui House Trust, Ltd., Sekisui House Construction Holdings, Ltd., Sekisui House Remodeling, Ltd., Sekisui House Financial Services Co., Ltd., Sekisui House Asset Management, Ltd., Konoike Construction Co., Ltd., SEKISUI HOUSE U.S., Inc., Sekisui House Sha Maison Partners, Ltd., and Sekisui House Sha Maison SAST Insurance, Ltd. and the internal audit department in each company conducts internal audits and cooperates with the Auditing Department of the Company to share the status of audits, etc.

To enhance our internal audit structure for global auditing, the Auditing Department of the Company has dispatched staff members to the United States.

The number of personnel in the internal audit division of the entire Group is 117 (as of the end of January 2026).

8. Accounting Auditors

The Company commissions its accounting audit to Ernst & Young ShinNihon LLC as its Accounting Auditor (Continuous audit period: Since August 1, 1970). Neither Ernst & Young ShinNihon LLC nor Engagement Partner who conduct the accounting audit has any relationship of special interest with the Company.

Listed below are the names of the certified public accountants belonging to Ernst & Young ShinNihon LLC who executed the accounting audit of the Company for the fiscal year ended January 31, 2026 and those who assisted with their duties.

- Names of the certified public accountants who executed the accounting audit.

Yusaku Iriyama, Masashi Kobayashi, and Naoki Nakazawa

- The number of assistants who took part in the audit duties

30 certified public accountants and 47 other staff members

9. Agreement on Limitation of Outside officer's Liability

The Company has entered into the agreement with all of the outside officers that if Outside Director of the Board or Outside Audit & Supervisory Board Member causes damages to the Company by neglect of its duty, where deemed his/her conduct to be made in good faith without gross negligence, his/her liability is without fail limited to the sum of the amount provided in the items in Article 425, Section 1 of the Companies Act.

3. Reasons for Adoption of Current Corporate Governance System

As for the corporate organization under the Companies Act, the Company has become a company with Audit & Supervisory Board where the Audit & Supervisory Board and its members maintain a higher level of independence. With the aim of accelerate the management and creating a management structure that can accurately respond to a highly volatile economic condition and market environment, the Company introduced an executive officer system.

With the aim of increasing corporate value over the medium- and long-term, the Board of Directors has the responsibility to develop business policies and strategies and management plans, make decisions on important business execution, develop systems and others for securing the sound management of the Company such as internal controls and risk management systems. The Board of Directors strives to conduct objective and highly effective oversight and evaluation of the execution of duties by the Board Directors and Executive Officers.

Audit & Supervisory Board carries out auditing in an organized manner through Audit & Supervisory Board Members who each conduct audits as independent agents, and, to ensure the effectiveness of audits, Audit & Supervisory Board Members exchange information among each other and the Board has determined consistent and unified audit policies.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company plans to first disclose a convocation notice by electronic means (to be published on the Company's website) in the Company's effort to be completed four weeks prior to the date of a general meeting of shareholders, and to subsequently mail a convocation notice.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	Since the closing day of the Company is January 31, the Ordinary General Meeting of Shareholders is held in April every year, having no relevance with the peak dates on which most of other companies hold their meeting.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company allows voting rights to be exercised by electromagnetic means at a website operated by Mitsubishi UFJ Trust and Banking Corporation, the Company's shareholder register administrator.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Since 2008, the Company has participated in an electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	The English translation of the Materials for General Meeting of Shareholders is posted on the Company's website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has a policy on information disclosure, called "Disclosure Policy," which is disclosed on the Company's website.	
Regular Investor Briefings for Individual Investors	The Company's delegates participate in briefing sessions for individual investors organized by stock exchanges and the Securities Analysts Association of Japan.	No

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	On the day when the Company announces the financial results, it holds an Online conference as a financial results presentation meeting, and the overview of the financial results is presented by the Representative Directors of the Board, the officers in charge of Finance Division and the managers responsible for investor relations, etc. In addition, there are briefings on earnings results and management plans of the Company, in principle, on the day after announcing the yearly financial results and second quarter financial results, which is attended by the Representative Directors of the Board, the officers in charge of Finance Division and the managers responsible for investor relations, etc. for explanation and Q&A sessions.	Yes
Regular Investor Briefings for Overseas Investors	Meetings for investors are held approximately 5 times each year in Europe, North America, Asia and other regions, which is attended by the Representative Directors of the Board, the officers in charge of Finance Division and the managers responsible for investor relations, etc. In addition, personnel in charge of investor relations are engaged in the activities for investor relations overseas, as appropriate.	Yes
Posting of IR Materials on Website	The URL of the Company's website is https://www.sekisuihouse-global.com/ Disclosure documents include Monthly Orders (quick estimates), information subject to timely disclosure, Financial Results, Financial Results Summary, Financial Fact Book, Annual Financial Statements with Auditors' Report, Semiannual Financial Results Summary, Value Report.	

	Supplementary Explanations	Explanation by Representative
Establishment of Department and/or Manager in Charge of IR	As a specialized department for investor relations, we have established Investor Relations Department within the Division of Finance. Satoshi Tanaka, Representative Director of the Board Executive Vice President, Executive Officer Managing Division of Finance and Auditing, In charge of Division of Human Resources and Administration Toru Fujita, Managing Officer, In Charge of Division of Finance Hiroyuki Kawabata, (Contact person) Operating Officer, Head of Investor Relations Department	
Other	In May 2020, for the first time the Company has published the Integrated Report that covers financial and non-financial information exhaustively. In 2022, we combined the existing Integrated Report with the Sustainability Report to issue the "Value Report" (Integrated Report), which referred to corporate value by disclosing financial and non-financial information and a wealth of data under a new method. The Business Reports are issued mainly for individual shareholders. They are posted on the Company's website so that they are accessible from investors other than the shareholders. The IR News Mail, a news bulletin containing press releases including information subject to timely disclosure is distributed to those who have completed registrations.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Provisions, etc.	The Company specified detailed guidelines on the relationships with customers, employees, business partners, shareholders, local communities, government officials and others in “the Sekisui House Group Integrity Code” and “the Sekisui House, Ltd. Basic Policy on Corporate Governance” and discloses them on its website.
Implementation of Environmental Activities, CSR Activities, etc.	<Implementing ESG management> With the aim of contributing to creating a sustainable society as a leading company in ESG management, in June 2020 the Company has newly established ESG Management Promotion Division and the ESG Promotion Committee comprised of outside experts, Inside Board Directors and Executive Officers, etc., to promote ESG management. Under the ESG Promotion Committee, three ESG committees (“Environmental Committee”, “Social Improvement Committee” and “Governance Committee”) take company-wide activities. The details of activities are disclosed in Value Report, etc. issued in May every year.
Formulation of Policies for Information Provision to Stakeholders	“The Sekisui House, Ltd. Basic Policy on Corporate Governance” stipulates that the Company shall proactively and impartially disclose not only its financial information, such as financial condition and business results, etc., but also non-financial information, including the management policy and activities related to CSR and ESG (Environment, Social and Governance) to shareholders, investors and all other stakeholders.

IV. Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development

Based on the Companies Act and the Regulation for Enforcement of the Companies Act, the Company developed and manages internal control systems, with internal control system basic policies for establishing internal control systems deliberated by the Board of Directors, as follows:

<Basic policies for establishing internal control systems> (Revised on February 1, 2026)

1. System which ensures that execution of duties by the Directors of the Board, Executive Officers, and employees of the Company and its subsidiaries comply with laws and regulations and the Articles of Incorporation of the Company

- (1) The Sekisui House Group (the Company and its consolidated subsidiaries) shall practice its Corporate Philosophy and take actions based on the Corporate Philosophy. The Group shall comply with laws and regulations, the Articles of Incorporation and other corporate ethics, and shall establish the Sekisui House Group Integrity Code as the concrete embodiment of actions based on the Corporate Philosophy. In addition to sharing these materials with all officers and employees (including through electronic means), the Group shall implement training to ensure thorough compliance with laws and regulations, the Articles of Incorporation and other corporate ethics. It shall also implement annual employee awareness surveys to ascertain the current situation. The Group shall evaluate the results of these surveys with an emphasis on the spread of the Corporate Philosophy, etc.
- (2) The Board of Directors of the Company shall formulate and revise basic policies for establishing internal control systems as stipulated by the Companies Act and supervise the status of implementation of these systems through various approaches such as leveraging the internal audit division.
- (3) The Audit and Supervisory Board Members and the Audit and Supervisory Board of the Company shall audit the establishment and operation of internal control systems from an independent standpoint. To ensure the effectiveness of the above procedures, the Audit and Supervisory Board Members and the Audit and Supervisory Board shall make every effort to share information and cooperate with Outside Directors of the Board, the Internal Audit Department, the Accounting Auditor, the Audit and Supervisory Board Members of the Company's subsidiaries, and others.
- (4) Internal Audit Departments of the Company and its subsidiaries shall regularly audit the operations of the Company and its subsidiaries.
- (5) The Board of Directors of the Company shall supervise the execution of duties by Directors of the Board and Executive Officers, and decide on personnel matters, including appointment and dismissal, the remuneration system and other matters for Directors of the Board and Executive Officers, based on the recommendations of the Personnel Affairs and Remuneration Committee, the majority of members of which are Outside Directors of the Board. Decisions on the amounts of remuneration paid to individual Directors of the Board and Entrusted Executive Officers shall be made by the Personnel Affairs and Remuneration Committee, based on the delegation of authority by the Company's Board of Directors, to ensure the fairness and transparency of these decisions.
- (6) The Board of Directors of the Company shall establish the ESG Promotion Committee, which includes outside experts, and promote ESG management with the aim of contributing to the building of a sustainable society.
- (7) The Board of Directors of the Company shall establish an appropriate system for the whistleblowing system, shall receive reports on a regular basis, and appropriately oversee the management of the system.

2. System under which information regarding execution of duties by the Directors of the Board and Executive Officers shall be maintained and controlled

Directors of the Board and Executive Officers shall duly maintain and control the following documents (including electronic records; the same shall apply hereinafter) and relevant materials relating to the execution of duties upon condition that Directors of the Board and Audit and Supervisory Board Members may inspect the same whenever necessary.

- a. Minutes of the general meeting of shareholders, meetings of the Board of Directors, Management Meetings, and other important meetings;
- b. Important documents by which Directors of the Board and Executive Officers decided the execution of duties (approval documents, etc.); and
- c. Other important documents relating to execution of duties by Directors of the Board and Executive Officers.

3. System regarding control of risk for loss of the Company and its subsidiaries

- (1) The Board of Directors shall endeavor to supervise the establishment and effective operation of enterprise risk management systems, including through reports and recommendations by the Risk Management Committee, a consultative body, and reports by the Internal Audit Department. The Risk Management Committee shall summarize and verify the status of implementation of risk management systems, including issues related to internal control associated with the compliance and financial reporting, before reporting on this status to the Board of Directors and providing advice on the establishment and operation of risk management systems.
- (2) The Company shall prepare response manuals and make them known to officers and employees with regard to the risk control system to deal with natural disasters or any emergency which may cause the Company incurred material loss and damage.
- (3) The Board of Directors of the Company shall establish an Information Security Policy and establish an appropriate information asset management system in order to safely protect and manage information assets and to fulfill the trust of the Group's customers and other stakeholders.

4. System to ensure the efficient execution of duties by the Directors of the Board of the Company or its subsidiaries

- (1) Based on the understanding that its main role is establishing management policies, strategies and plans, the Board of Directors shall delegate decision-making on the execution of specific operations to Management Meetings, Directors of the Board and Executive Officers where possible.
- (2) The Company shall establish Management Meetings composed of Entrusted Executive Officers to deliberate, make decisions, and share information on certain operation matters.
- (3) The Board of Directors of the Company or its subsidiaries, before passing resolutions or collective decision-making, or Management Meetings of the Company shall actively exchange opinions on important matters to ensure appropriate decision-making.
- (4) Rules shall be established and implemented for approvals through the collective decision-making system that maintain effective deliberation and swift decision-making functions.
- (5) The Company and its subsidiaries shall set forth internal regulations for segregation of duties and thereby define duties and responsibilities.

5. System under which information regarding execution of duties by the Directors of the Board, etc. of the subsidiaries shall be reported to the Company

- (1) The Company shall determine the section responsible for the business management of each subsidiary, which manages and supervises its business activities, based on the business segment. The Company shall establish and operate a dual management system where a specialized department with relevant expertise provides assistance and also leads the management of any highly specialized business operations.

- (2) Subsidiaries shall report information regarding management status and execution of important duties to the Company as necessary or regularly, through the Directors of the Board or Audit and Supervisory Board Members dispatched from the Company.
 - (3) Subsidiaries shall report to the Company immediately in an emergency.
6. Matters related to employees who assist duties of Audit and Supervisory Board Members and matters related to the independence of these employees from Directors of the Board
- (1) The Company shall set up the Office of Audit and Supervisory Board Members to support the duties of Audit and Supervisory Board Members and allocate several staff members including full-time one(s).
 - (2) Selection of employees, etc. for Office of Audit and Supervisory Board Members shall be determined upon respecting intention of Audit and Supervisory Board and mutual consultation.
 - (3) Employees assigned concurrently to the Office of Audit and Supervisory Board Members shall maintain their independence to ensure they are kept outside line of control or orders of their own departments in terms of their duties at the Office of Audit and Supervisory Board Members and personnel treatment of these employees shall respect the opinions of Audit and Supervisory Board Members.
7. System under which Directors of the Board and employees report to Audit and Supervisory Board Members
- (1) The Directors of the Board and the Executive Officers shall from time to time report the status of execution of duties at the meeting of the Board of Directors and other important meeting which the Audit and Supervisory Board Members attend.
 - (2) The Directors of the Board, the Executive Officers and the employees shall immediately report to the Audit and Supervisory Board Members whenever finding any fact which might cause material loss and damage to the Company or its subsidiaries.
 - (3) The secretariat of the whistleblowing system shall immediately report to the Audit and Supervisory Board Members of the Company whenever receiving any report of the fact which might cause material loss and damage to the Company or its subsidiaries.
 - (4) Persons who report according to the preceding two paragraphs or whistleblowers shall not be treated disadvantageously due to such report by the Company and its subsidiaries.
 - (5) Approval documents, minutes of important meetings such as the Board of Directors meetings, audit report prepared by the Internal Audit Department, and other important documents related to audit of Audit and Supervisory Board Members shall be forwarded to Audit and Supervisory Board Members.
8. Matters concerning policies for procedure for the expenses or liabilities incurred for the execution of duties by the Audit and Supervisory Board Members
- The Company shall handle promptly when Audit and Supervisory Board Members demand prepayment or reimbursement of the expenses or liabilities incurred for the execution of duties excluding when the expenses or liabilities are proved to be unnecessary for the execution of duties.
9. Other system under which audit by Audit and Supervisory Board Members is ensured to efficiently to be performed
- (1) Audit and Supervisory Board Members and the Internal Audit Department shall keep close to each other through exchange of opinions and cooperate with each other so that audit by each body shall be conducted efficiently and effectively.
 - (2) Audit and Supervisory Board Members and Accounting Auditor shall have meetings regularly and cooperate with each other so that audit duties of each shall be conducted efficiently and effectively.

<Outline of the status of the implementation> (FY2025 (2025/2-2026/1))

1. Initiatives for compliance and risk management

- The Company formulated the Sekisui House Group Integrity Code, replacing the previous Corporate Code of Conduct and Corporate Ethics Guidelines, to set forth specific actions based on the Corporate Philosophy of “Love of Humanity” and “Truth & Trust,” following the solicitation of opinions from, and dialogue with, Group officers and employees (effective February 1, 2026).
- The Company conducts Human Rights and Compliance Training for all employees of the Group with the aim of building compliance awareness, enhancing knowledge and moral awareness related to human rights issues, and improving workplace environments through dialogue.
- As whistleblowing systems, the Company has set up the Sekisui House Group Compliance Helpline for officers and employees of the Group and its regular trading partners, the Sekisui House Global Helpline for officers and employees of overseas subsidiaries, and the Sexual and Power Harassment Hotline as a contact point for sexual harassment, power harassment, and other human rights issues. In accordance with the Whistleblower Protection Act, the Human Rights and Compliance Promotion Department receives consultations and reports on relevant matters. The Board of Directors of the Company receives periodic reports on the operation of these systems and appropriately supervises their implementation.
- During the fiscal year under review, meetings of the Risk Management Committee were convened 11 times to monitor key risks at the Company and its subsidiaries. The Risk Management Committee also engaged in activities such as monitoring the Quality Management Committee and the Information Security Committee, placed under its umbrella, and conducted risk management training for senior management employees aimed at boosting their risk responsiveness. It reported on the status of these activities to the Board of Directors.

2. Initiatives for ensuring efficient execution of duties

- During the fiscal year under review, Management Meetings were held 11 times. Entrusted Executive Officers participated in these meetings, which were also attended by Outside Directors of the Board and Audit and Supervisory Board Members as observers on a voluntary basis. Executive Officers and others were also requested to attend based on the agenda items discussed. Participants actively exchanged opinions 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.

3. Initiatives related to the management of Group companies

- In order to strengthen the Group’s internal control through the development of regulations at each Group company, the Company revised the Group Administrative Regulations (which stipulate the Company’s responsibilities and authority with respect to Group companies and the management structure) by resolution of the Board of Directors, with the aim of clarifying the key regulations to be introduced by each company and the departments responsible for their implementation.
- The Company convenes regular Sekisui House Group Audit and Supervisory Boards Cooperation Meetings for purposes such as exchanging information and sharing issues between the audit and supervisory board members of the Company’s subsidiaries (including members concurrently serving as officers or employees of the Company).

2. Basic Concepts on Eliminating Anti-Social Forces and Progress of Related Efforts

The Sekisui House Group Integrity Code specifically stipulates the requirement to sever ties with antisocial forces and efforts are made to ensure compliance by officers and employees.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

The Company has not implemented any anti-takeover measures.

2. Other Matters Concerning Corporate Governance System

None

Skill Matrix of the Board of Directors

Name of Director	Corporate management Business strategy	International business Overseas insight	Financial strategy and accounting	Technology and environment Innovation	Improvement in sociability Human resource development Diversity	Governance Risk management Compliance
Yoshihiro Nakai Representative Director of the Board, CEO President, Executive Officer Member, Personnel Affairs and Remuneration Committee	●		●		●	●
Satoshi Tanaka Representative Director of the Board, Executive Vice President & Executive Officer, Member, Personnel Affairs and Remuneration Committee	●	●	●		●	●
Toru Ishii Director of the Board & Senior Managing Officer	●	●			●	
Yasushi Omura Director of the Board & Senior Managing Officer	●			●		●
Masaru Noma Director of the Board & Senior Managing Officer	●			●		●
Yukiko Yoshimaru Outside Director of the Board Chairperson, Personnel Affairs and Remuneration Committee	●	●			●	●
Toshifumi Kitazawa Outside Director of the Board Chairperson, Board of Directors, Member, Personnel Affairs and Remuneration Committee	●	●	●			●
Yoshimi Nakajima Outside Director of the Board	●	●	●		●	
Shinichi Abe Outside Director of the Board	●	●		●	●	
Yukiko Kuroda Outside Director of the Board Member, Personnel Affairs and Remuneration Committee	●	●			●	●

Skill Matrix of the Board of Directors

Reasons for selecting each item in the skill matrix

Skill category	Reason for selection
Corporate management Business strategy	The Company is a leading company in the housing industry with the cumulative number of homes built exceeding 2.70 million. In order to formulate a sustainable growth strategy amidst a drastically changing business environment, Board Directors with management experience and a proven track record in the housing, construction, and urban development fields are needed. In addition, in order to realize and promote the global vision of “Propose happiness through the integration of technologies, lifestyle design and services,” the Company needs Board Directors with experience in different industries, especially management experience and a proven track in the field of consumer services such as health, connection, and learning as well as knowledge and experience that contribute to the transformation of business models through the use of digital technology.
International business Overseas insight	In order to formulate growth strategies and supervise the management of the international business, which is a growth area, it is necessary to have Board Directors who have experience in overseas business management and extensive knowledge and experience in overseas cultural life and business environment.
Financial strategy and accounting	Board Directors with solid knowledge and experience in the fields of finance and accounting are needed to formulate financial strategies that will not only ensure accurate financial reporting, but also build a solid financial foundation, promote growth investments(including M&A)for sustainable enhancement of corporate value, and enhance shareholder returns.
Technology and Environment Innovation	In order to realize the supply of high-quality housing that combines safety, security, and comfort with advanced technology, and to further advance and develop our advanced environmental technology and solid construction capabilities, the Company needs Board Directors who have a track record of various innovations along with the knowledge and experience to enable proactive efforts to address global environmental issues from a corporate management perspective.
Improvement in sociability Human resources development Diversity	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 and inclusion.
Governance Risk management Compliance	The establishment of an appropriate governance system is the foundation for sustainable enhancement of corporate value, and in order to improve the effectiveness of management supervision by the Board of Directors, Board Directors with solid knowledge and experience in the fields of corporate governance, risk management, and compliance are needed.

Overview of the Evaluation Results of the Board of Directors for Fiscal Year 2025

Evaluation method

As in the fiscal year ended January 31, 2025, the Company hired a third-party independent evaluation company to implement an evaluation for the fiscal year ended January 31, 2026 using the method described below.

1. Questionnaire-based survey of all Directors of the Board and Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
2. Interviews of all Directors of the Board and Audit and Supervisory Board Members, carried out by the third-party organization (approximately one hour interview per interviewee)
3. Examination of the materials and minutes of meetings of the Board of Directors

<Questionnaire Items>

- Overall evaluation of the Board of Directors
- Composition of the Board of Directors
- Preparations for the meetings of the Board of Directors
- Management of the meetings of the Board of Directors
- Debate in the meetings of the Board of Directors
- Personnel Affairs and Remuneration Committee
- Supervision of business execution
- Importance of agenda items and the volume of discussion

The third-party organization implemented an evaluation and compiled the results into a report. At a meeting of the Board of Directors held in February 2026, the content of the report was explained by the evaluation company and discussed among the attendees of the meeting.

Overview of the Evaluation Results of the Board of Directors for Fiscal Year 2025

(1) Conclusion

The Board of Directors evaluated and confirmed that a sufficiently high level of effectiveness has been achieved by the Board of Directors. Moreover, it confirmed that progress had been generally made on the issues indicated in the evaluation of effectiveness of the Board of Directors in the previous fiscal year.

Issues for the Fiscal Year Ended January 31, 2026	Initiatives / Issues Confirmed Through the Board of Directors Evaluation	Progress
1 Further strengthening of governance from a group/global perspective	● Through PMI in the United States, opportunities have increased for substantive discussions on group management from the perspective of improving corporate value (including on-site inspections and discussions in the United States, as well as observation reports prepared by Outside Directors of the Board). ● The CFO function, centered on finance specialists, has also been strengthened, and opportunities for discussion were expanded by holding a meeting of the business investment council in December 2025 to discuss investments and finances. ● Regarding timely and sufficient sharing of information with Directors of the Board, no particular issues were raised. ● On the other hand, as the number of agenda items at the Board of Directors meetings has increased, there were continued requests for improvements in Board operations to ensure sufficient time for strategic themes.	 Improving
2 Enhancement of discussions on succession to ensure the continued high effectiveness of the Board of Directors	● Regarding board succession, the onboarding of newly appointed Directors of the Board who took office this fiscal year is underway, but it remains an important issue to continue efforts, including the search for candidates with a view to the transition of “leadership roles” in the Company’s governance. ● Regarding CEO succession, the Personnel Affairs and Remuneration Committee has made progress in initiatives such as establishing opportunities for engagement with internal succession candidates, but initiatives remain ongoing and further efforts are required.	 Improving

Overview of the Evaluation Results of the Board of Directors for Fiscal Year 2025

(2) Strengths supporting the effectiveness of the Board of Directors

Based on the evaluation made by the third-party organization, the Board of Directors confirmed that its effectiveness was supported by the “strengths” shown in items 1 to 3 below.

	Strengths	Details of Strengths (Observations by the Third-party Organization)
1	Presence of leaders to ensure effective governance	■ Many Directors of the Board who play leadership roles, including the Chairperson (as well as newly appointed members), are able to balance supervision and business execution at a high level.
2	Strong commitment of Independent Outside Directors of the Board and Audit & Supervisory Board Members	■ Proactive recommendations on business execution based on the premise of “moderate separation of supervision and execution”. ■ Guided by the belief that “seeing is believing,” a strong willingness to gain a deep understanding of operations by engaging with Management Meetings and business sites, together with a strong time commitment.
3	Further strengthening the Board Secretariat function supporting the Board of Directors	■ Proactive and prompt preparation and response by the Board of Directors Office and its commitment to further strengthening its functions.

Overview of the Evaluation Results of the Board of Directors for Fiscal Year 2025

(3) Issues for the further enhancement of effectiveness

Based on the findings and proposals made by the third-party organization, the Board of Directors confirmed that the items shown below are the issues and initiatives for consideration in the fiscal year ending January 31, 2027.

Issues for the Fiscal Year Ending January 31, 2027		Details of Issues (Observations by the Third-party Organization)	Initiatives for Consideration
I Further strengthening of the monitoring function		■ As the reinforcement of our executive team progresses and the scope of management to be covered has expanded both domestically and internationally, conditions are in place to further delegate authority to the executive team and strengthen the monitoring function. ■ Among Directors of the Board and Audit and Supervisory Board Members, there has been an increasing view that the “moderate separation of supervision and execution” should be further promoted to strengthen the monitoring function.	• To consider the direction and options for the future, with reference to practices at other companies.
II Prioritization of agenda items to enable focused discussions of strategically important themes	a. Securing opportunities to discuss important themes	■ There were calls to expand opportunities to discuss important themes from the perspective of improving corporate value (e.g., governance of overseas business and long-term vision). ■ Regarding individual agenda items, there were also requests for a deeper understanding of the strategic positioning and management’s intent from an execution standpoint.	• To discuss and agree on the selection of important themes. • To reflect them in the annual discussion schedule. • To establish forums outside the Board of Directors meetings.
	b. Creating time by making the operations of the Board of Directors more efficient	■ As the number of agenda items at the Board of Directors meetings has increased, concerns were expressed that time constraints may affect the depth of discussions. ■ Although efforts have been made to improve the setting of agenda items and the efficiency of Board operations, there were views that further improvements remain possible.	• To utilize written resolutions. • To further review criteria for submission of agenda items. • To prioritize the allocation of time.
III Strengthening initiatives regarding succession	a. Succession and integration of Outside Directors of the Board	■ Steps are underway toward the replacement of Outside Directors of the Board who have played leading roles in the Company’s governance. ■ Regarding succession, including the integration of newly appointed Outside Directors of the Board, careful consideration is required to ensure that the high level of commitment by Outside Directors of the Board, which is a characteristic of the Company’s governance, is inherited and further evolved.	• To hold off-site meetings for Outside Directors of the Board aimed at the inheritance and evolution of governance
	b. Succession of the executive team	■ As the Company continues to pursue new challenges both domestically and internationally, the succession of the executive team, which has led reforms across both execution and governance, is important.	• To reconfirm the succession plan within the Personnel Affairs and Remuneration Committee. • To enhance reporting to the Board of Directors.

Skill Matrix of Audit & Supervisory Board Members

Name of Director	Corporate management	International business Overseas insight	Quality and technology Business process	Finance and accounting Disclosure	Legal affairs	Governance Risk Management Compliance
Takashi Ogino Standing Audit and Supervisory Board Member	●		●			●
Osamu Minagawa Standing Audit and Supervisory Board Member	●		●			●
Yoritomo Wada Outside Audit and Supervisory Board Member Chairperson of the Audit and Supervisory Board		●		●		●
Yuko Tamai Outside Audit and Supervisory Board Member		●		●	●	●
Nobuo Hanada Outside Audit and Supervisory Board Member		●		●		●

Skill Matrix of Audit & Supervisory Board Members

Reasons for selecting each item in the skill matrix

The roles and responsibilities of the Board of Directors and the Audit and Supervisory Board differ, as do the roles expected of their respective members. Accordingly, our company prepares separate skill matrices for the Board of Directors and Audit & Supervisory Board Members.

Skill category	Reason for selection
Corporate management	In order to ensure an appropriate audit system through exchange of opinions with senior management, the Company needs Audit and Supervisory Board Members who have management experience in the housing, construction, and urban development fields and who have acquired a sufficient understanding of the Company’s corporate culture and values through their experience.
International business Overseas insight	Amidst the expansion of international business, the Company needs Audit and Supervisory Board Members who possess abundant knowledge and experience that contribute to audits of overseas business, such as coordinating with internal audit divisions and Accounting Auditors of overseas subsidiaries.
Quality and technology Business process	The Company needs Audit and Supervisory Board Members who have a sufficient understanding of the Company’s technical expertise and construction expertise for supplying high-quality housing, etc. that is safe, secure, and comfortable, as well as its business processes (including internal control).
Finance and accounting Disclosure	The Company needs Audit and Supervisory Board Members who possess sufficient knowledge regarding financial accounting necessary for auditing financial reporting and coordinating with the Accounting Auditor, as well as abundant knowledge and experience in the disclosure field such as domestic and overseas disclosure regulations.
Legal affairs	In order to strengthen the Company’s audit system, including the one for international business which is a growth area, the Company needs Audit and Supervisory Board Members who have solid knowledge and experience regarding trends in domestic and overseas laws and regulations.
Governance Risk management Compliance	As an independent body responsible for corporate governance, this is a base skill necessary for all Audit and Supervisory Board Members to strive to monitor and verify the establishment and operation of the internal control system and contribute to the sound and sustainable growth of the Company.

Overview of the Evaluation Results of the Audit and Supervisory Board for Fiscal Year 2025

Evaluation method

The Company hired a third-party organization to implement an evaluation for the fiscal year ended January 31, 2026, as it did in the fiscal year ended January 31, 2025, using the method described below.

1. Questionnaire-based survey of all Audit and Supervisory Board Members (the questionnaire was prepared, distributed, and collected by the third-party organization)
2. Interviews of all Audit and Supervisory Board Members; Director of the Board managing the Division of Finance, Human Resources and Auditing, in charge of the Division of Administration; Director of the Board managing the Building Sales Administration, in charge of TKC Project; Head of the Corporate Administration Headquarters; Head of the Auditing Department; International Auditing Office Lead; and the Accounting Auditor, carried out by the third-party organization (approximately one hour interview per interviewee)
*To gain new insights based on the opinions of collaborators and audit subjects, the interviewees were partially changed in the fiscal year ended January 31, 2026, and Director of the Board managing the Building Sales Administration, in charge of TKC Project, and Head of Corporate Administration Headquarters became new subjects to the interview.
3. Examination of the materials and minutes of meetings of the Audit and Supervisory Board

<Major Questionnaire Items>

- Audit policy and plans
- Recommendations for senior management and audits of the execution of duties
- Internal audit system
- Auditing systems at subsidiaries
- Fraud detection system
- Accounting audit system
- Cooperation through the three-pillar audit system
- Audits of the establishment and operation of the internal control system
- Operation of the Audit and Supervisory Board, etc.

The third-party organization implemented an evaluation and compiled the results into a report. The Audit and Supervisory Board was briefed on the content of the report by the third-party organization and deliberated on this content at a meeting held in January and February 2026.

Overview of the Evaluation Results of the Audit and Supervisory Board for Fiscal Year 2025

(1) Conclusion

The Audit and Supervisory Board confirmed that a high level of effectiveness has been ensured for the auditing activities of the Audit and Supervisory Board and Audit and Supervisory Board Members, based on analysis of the results of the questionnaire and interviews and the recommendations of the third-party organization.

Moreover, the Audit and Supervisory Board confirmed that, in addition to its normal auditing activities, the issues raised in the previous fiscal year's evaluation of the effectiveness of the Audit and Supervisory Board had been generally improved or progress had been made toward improvement.

	Initiatives for the Fiscal Year Ended January 31, 2026	Initiatives / Issues Confirmed Through the Audit and Supervisory Board Evaluation	Progress
1	Confirmation of the adequacy of controls in response to the expansion of the U.S. business	During on-site audits and visits to the U.S. subsidiaries, Audit and Supervisory Board Members (including Outside Audit and Supervisory Board Members) conducted interviews with local senior management regarding the outlook for the U.S. homebuilding business, the status of PMI following the acquisition of MDC, and progress toward becoming "One Company." They also conducted interviews with the Audit Committee and Internal Audit of the U.S. subsidiaries, and discussed the level of controls in light of business practices in the U.S. Based on this, in cooperation with the executive team (International Business Headquarters, Accounting Department, Auditing Department, and International Auditing Office) and the Accounting Auditor (in Japan and the U.S.), Audit and Supervisory Board Members and the Audit and Supervisory Board confirmed the progress of the executive team's initiatives regarding priority audit items.	Improved
2	Confirmation of the adequacy of system and information security controls	- Q&A sessions regarding reports from the Information Security Committee were conducted at Audit and Supervisory Board meetings, and ongoing discussions were held between the Standing Audit and Supervisory Board Members and the secretariat of the Information Security Committee. The progress of the executive team's initiatives (including the development of information security personnel) to ensure the adequacy of controls related to information security across the Group, and the implementation of an information security assessment by a third-party organization were confirmed, and a certain degree of improvement was made regarding the issues pointed out by the Audit and Supervisory Board. - On the other hand, given the increasing information security threats in the external environment, the Audit and Supervisory Board will continue to closely monitor the adequacy of information security controls.	 Improving
3	Identification of the skills and experience expected for future members of the Audit and Supervisory Board	Through repeated deliberations at the Audit and Supervisory Board meetings, the optimal combination of skills and experience required for the Audit and Supervisory Board, considering the medium- to long-term business expansion of the Group, was organized, and it was confirmed that this would be utilized when considering future candidates for Audit and Supervisory Board Members.	Improved

Overview of the Evaluation Results of the Audit and Supervisory Board for Fiscal Year 2025

(2) Strengths supporting the effectiveness of the Audit and Supervisory Board

Based on the evaluation made by the third-party organization, the Audit and Supervisory Board confirmed that its effectiveness was supported by the “strengths” shown below.

	Strengths	Details of Strengths
1	Exchange of opinions with and recommendations to senior management	■ In exchanging opinions with senior management, Audit and Supervisory Board Members maintain an appropriate distance from the executive team. Rather than merely communicating concerns, they provide findings and recommendations based on a sufficient understanding of operations through on-site audits and interviews. ■ As a result, a relationship of trust between senior management and Audit and Supervisory Board Members has been built, allowing for frank exchanges of opinions and recommendations. An organizational culture has also taken root in which senior management positively accepts and responds to matters pointed out by Audit and Supervisory Board Members.
2	Cooperation with the Internal Audit Divisions and the Accounting Auditor	■ The presence of the General Manager of the Auditing Department and the Accounting Auditor at interviews with the executive team conducted by Audit and Supervisory Board Members has increased opportunities for information sharing and cooperation, leading to further enhancement of the three-pillar audit system. ■ At the Three-pillar Audit System Cooperation Meetings, which started in the fiscal year ended January 31, 2024, discussions and information sharing reflecting the respective perspectives of Audit and Supervisory Board Members, the Auditing Department, and the Accounting Auditor are conducted, serving not merely as a forum for reporting but as an opportunity to further strengthen the substantive value of cooperation.
3	Appropriateness of the audit plan	■ Through exchanges of opinions with senior management and discussions with the Auditing Department and the Accounting Auditor, audit plans are formulated by considering internal and external environmental changes and taking into account the impact of risk factors on the auditing environment. ■ Based on the issues identified in the annual analysis and evaluation of the effectiveness of the Audit and Supervisory Board, priority audit items are identified and reflected in the audit plans. ■ Audit and Supervisory Board Members share the annual audit policy (including matters discussed at the Audit and Supervisory Board meetings) with senior management and confirm the progress in addressing audit findings from previous fiscal years. As this enables senior management to reconfirm the Audit and Supervisory Board’s recognition of issues, exchanges of opinions with Audit and Supervisory Board Members are regarded as a meaningful opportunity.

Overview of the Evaluation Results of the Audit and Supervisory Board for Fiscal Year 2025

(3) Issues for the further enhancement of effectiveness

Based on the issues for consideration to further improve effectiveness indicated by the third-party organization, the Audit and Supervisory Board confirmed that the items shown below are key issues for consideration going forward.

Issues for the Fiscal Year Ending January 31, 2027		Details of Issues	Initiatives for Consideration
1	Further confirmation of the adequacy of controls in response to the organizational restructuring of the U.S. business	Continue to confirm the adequacy of controls at each stage, given that the U.S. business is in a transitional phase of organizational restructuring, including the move toward “One Company.”	To continue conducting audits by the Audit Committee and Internal Audit of the U.S. subsidiaries and to cooperate with relevant departments, and to continue confirming the progress of the executive team’s initiatives regarding risk assessment at each stage and the adequacy of controls in response to changes in the business environment.
2	Confirmation of the adequacy of system and information security controls	Continue to confirm the adequacy of controls related to information security, in light of the organizational restructuring regarding information security management (including the separation of the second and third lines).	To confirm in greater detail the executive team’s initiatives to ensure the adequacy of controls through monitoring the activities of the Information Security Committee and conducting interviews with information security departments (including those of domestic and overseas subsidiaries).



