

March 16, 2020

Statement of Intent  
(Director Candidate: Fumiyasu Suguro)

The improper land transaction at Sekisui House, followed by the management team's lack of disclosure and cover-up of material information, have resulted from their desire to evade responsibilities and have seriously impaired the corporate governance at Sekisui House. In order to correct the governance failure and make the Board of Directors an organization that functions properly as a decision-making body, I have decided to stand up at this time to correct the governance system of the Board of Directors, and then create an optimally tense relationship between the Board of Directors and the management team, thereby creating a fair and transparent organization and culture for all employees.

**【Board of Directors】**

The Board of Directors is meant to exert oversight and supervision of top management, but at Japanese companies the boundary between the Board of Directors and top management is often indefinable. We propose that, of the 11 directors that make up the Board of Directors, seven be independent outside directors. It will allow knowledgeable and experienced independent directors to check to see if Sekisui House stays on the right path. Also it is meant to get rid of all the wrong considerations for top management currently prevalent within the company.

**【Company with Nominating Committee, etc.】**

Once our Shareholder Approval gains support from a majority of the shareholders, Sekisui House will move to a company with nominating committee, etc., which is said to be most effective for a strong corporate governance. If the committee responsible for making decisions on personnel is made up of only those close to the management team, it won't be effective in properly controlling the management team. The internal directors will be limited to participation as committee members, and a majority of the committee members and the chairperson must be outside directors in order for the committee to have the best monitoring and supervision capabilities.

**【Board of Executive Officers】**

Executive Officers and employees are those who carry out the business. Executive officers will be responsible for making specific business directions to grow Sekisui House to meet the expectations by the shareholders. The directions will be presented to the Board of Directors which is the highest decision-making body, and once resolved there, the directions will be executed by the Executive Officers.

#### **【For Business Growth】**

In order for Sekisui House to achieve a sustainable growth, it needs to have a higher market share in the company's mainstay businesses including domestic custom detached houses and built to order rental housing, to capture demand for housing renovation that is anticipated to expand, and strengthen the international business where a higher growth can be expected.

##### <Domestic Business>: Increase decreasing orders

The Company needs to have a larger market share in order to increase orders for domestic custom detached houses and built to order rental housing. By creating a site-led organization with self-responsibility, we will have a clear understanding of each regional market and promote a community-based business that aligns with demand in that regional market. However, there is a limit to the growth of newly-built houses business in a country where population is declining and aging. Also, competition with so-called power builders is intensifying. Therefore, in addition to strengthening the housing renovation business, we will explore the possibility of aggressively developing cooperative relationships with, and pursuing acquisition of, other builders in order to better capture demand for reasonably priced homes.

##### <International Business>

Through my experience in this business, I have come to understand that Sekisui House's housing technologies can be accepted outside of Japan as well. We will therefore remove the boundary between Japan and overseas, and will pursue to collaborate with overseas partners, as well as will pursue to enhance our brand equity overseas by expanding our housing technologies beyond Japan.

#### **【Lively Corporate Culture】**

By building a tense relationship between the Board of Directors and the Board of Executive Officers, we will have a fair organization without any wrong considerations for

top management. Employees and cooperating companies will endeavor to generate new business fields once we regain the free and highly transparent organization that Sekisui House used to cherish.