

March 16, 2020

Statement of Intent
(Outside Director Candidate: Jiro Iwasaki)

I have been nominated as an outside director candidate to help oversee the implementation of a new corporate governance structure at Sekisui House. The corporate governance issues at Sekisui House may be part of a systemic problem in Japan. Other public companies may also have severely lacking corporate governance and I am determined to end this serious situation. I have concluded that there may be a limited number of corporate leaders in Japan who have a solid understanding of the meaning of corporate governance.

The Corporate Governance Code is designed to set the standards for all directors and leaders to promote the future success of a company, After reading “For Sustainable Growth of the Company and Improving Corporate Value over the Medium to Long Term” (Tokyo Stock Exchange on June 1, 2018), I am inspired to be an advocate for the importance of Corporate Governance practices and to uphold the values that Sekisui House was founded upon. This Code is the discipline that shareholders demand from management as well as from the Board of Directors.

The three primary messages of the Code are the following:

- (1) “Ensuring management transparency”
- (2) “Information disclosure (accountability)”
- (3) “Collaboration with stakeholders and shareholders”

There is nothing the Code requires from regular employees. For employees, managers are supposed to establish internal rules to abide by from an internal control perspective. It is the managers or corporate leaders who must obey the Code.

Many managers confuse corporate governance with internal control. Some companies are calling for improved governance and are just tightening controls within the company. I myself once heard the president of a listed company say, "My company does not have effective corporate governance, so I will review situation and strengthen the internal rules for employees." Internal control is just one step of an action plan to achieve success in corporate governance.

What about the Sekisui House case? None of the above three were observed. Sekisui

House should disclose the details of the incident, analyze why it happened, and make sure that it won't happen again. The four Representative Directors of Sekisui House resisted to disclose the full-text of the investigation report despite the fact that in the shareholder derivative lawsuit against the four, the Osaka District Court had ordered to submit the report. They have not shared the details with their employees, either. They have not disclosed the real reason to any stakeholders including shareholders and employees why the Chairman and CEO resigned in January 2018. They have not shared the reason why they had to oust the Chairman and CEO only three months before the ordinary meeting of shareholders of April 2018 saying that they had to have its executive team rejuvenated. Good corporate governance does not allow you to say "it is not required by the law, it is in compliance with the law." I must say that the current management team should not be allowed to stay since they are not observing discipline as the leaders of a company.

I would like to take the opportunity to help assure Japanese companies adhere to a world-class level of corporate governance, with Sekisui House as a first step. We will learn from the U.S. mantra to pursue high ideals while remaining resilient and flexible in order to immediately abolish malpractice. I am concerned with the current level of corporate governance in Japan and that overseas investors may not have faith in the information Japanese companies disclose. In order to gain credibility, we must provide reliable and transparent corporate governance and ultimately have an objective to list companies on an international stock exchanges such as the New York Stock Exchange. I know that if that can be done at Sekisui House, other companies in Japan will follow suit soon.