

Views on the Appropriate Balance, Diversity and Size, etc. of the Board of Directors as a Whole

[Principle 4.11 Preconditions for Board and *Kansayaku* Board Effectiveness]

The board should be well balanced in knowledge, experience and skills in order to fulfill its roles and responsibilities, and it should be constituted in a manner to achieve both diversity, including gender and international experience, work experience and age, and appropriate size. In addition, persons with appropriate experience and skills as well as necessary knowledge on finance, accounting, and the law should be appointed as *kansayaku*. In particular, at least one person who has sufficient expertise on finance and accounting should be appointed as *kansayaku*.

The board should endeavor to improve its function by analyzing and evaluating effectiveness of the board as a whole.

[Supplementary Principle 4.11.1]

The board should identify the skills, etc. that it should have in light of its managing strategies, and have a view on the appropriate balance between knowledge, experience and skills of the board as a whole, and also on diversity and appropriate board size. Consistent with its view, the board should establish policies and procedures for nominating directors and disclose them along with the combination of skills, etc. that each director possesses in an appropriate form according to the business environment and business characteristic, etc., such as what is known as a “skills matrix.”

When doing so, independent director(s) with management experience in other companies should be included.

<Rationale Concerning the Balance, Diversity, Size, etc. of the Board of Directors as a Whole>

As a basic rule, the Board of Directors has fewer than 20 members. The board appoints one-third or more outside directors who are independent and neutral. The Company considers this to be an appropriate number that enables the functions of the board to be discharged effectively and efficiently while ensuring the board is composed of Directors with varying and diverse backgrounds with respect to their specialist knowledge, experience, etc.

In addition to the Chief Executive (CEO), Chief Operating Officer (COO), Chief Financial Officer (CFO), and the head of each business division such as the Housing Business, Rental Apartment Business, Commercial Construction Business, etc. Such a comprehensive team is appointed to supervise management by the Board of Directors as a whole and effectively put internal control functions to work across the entire Daiwa House Group. Moreover, the overall effectiveness of the

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Board of Directors is enhanced by appointing six outside Directors (of which two is female) to extend the range of knowledge and experience of its members.

(Corporate Governance Guidelines Article 13.5,6)

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The Company's basic policy is to enhance corporate value by creating value for shareholders, customers, employees, business partners and society through the provision of products and services that are essential to society. In addition, we have defined "Our Hopes for the Future (Purpose)" as "Creating the fundamental societal infrastructure and lifestyle culture rooted in regeneration, ensuring a world where we live together in harmony embracing the Joys of Life." To achieve the Purpose based on the above basic policy, we have formulated the following skill matrix to ensure a high level of effectiveness of the Board of Directors.

No.	Name	Positions	Management	Finance and Accounting	Legal affairs and Risk management	Technology and R&D	International experience	DX-IT	Environment	Society	Corporate governance
1	Keiichi Yoshii	Representative Director and President	●		●		●		●	●	●
2	Takeshi Kosokabe	Representative Executive Vice President	●	●	●					●	●
3	Yoshiyuki Murata	Representative Executive Vice President	●		●	●		●			●
4	Keisuke Shimonishi	Director and Senior Managing Executive Officer	●		●						
5	Hirotsugu Otomo	Director and Senior Managing Executive Officer	●		●		●		●	●	
6	Yoshinori Ariyoshi	Director and Managing Executive Officer			●	●					
7	Toshiya Nagase	Director and Managing Executive Officer	●		●				●		
8	Yukinori Kuwano	Outside Director	●			●		●	●		●
9	Miwa Seki	Outside Director	●	●			●			●	●
10	Kazuhiro Yoshizawa	Outside Director	●			●		●		●	●
11	Yujiro Ito	Outside Director	●	●	●					●	●
12	Toshikazu Nambu	Outside Director	●	●			●	●			●
13	Tomomi Fukumoto	Outside Director	●						●	●	●

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Expertise and experience of nominees for the position of Director (Skill matrix)

(Note) The above table shows the areas of expertise the Company particularly expects of nominees for Director.

<Qualifications and Appointment Procedures of Directors>

(Selection criteria)

1. They should have excellent personality and wisdom, excel in management sense, and possess expertise in various management issues.
2. They should excel in the ability to analyze and judge objectively from the perspective of the whole company.
3. They should excel in foresight and insight.
4. They should be capable of accurately grasping the trends of the time, business conditions, and changes in the market.
5. They should be highly motivated to improve their own abilities.
6. They should be capable of actively stating the opinion from the perspective of the whole company.
7. They should possess personality and wisdom befitting a Director
8. They should not fall under the grounds for disqualification of Directors stipulated in Article 331, paragraph 1 of the Companies Act.

(Appointment procedures)

1. Directors are to be appointed by resolution of the General Meeting of Shareholders, with Director candidates proposed to the General Meeting of Shareholders to be selected by the Board of Directors.
2. In selecting Director candidates, the Board of Directors makes the decision based on the selection criteria and the views on the composition of the Board of Directors, after the discussion by the Nomination Advisory Committee.