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*Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

## Corporate Governance Report

Last Update: December 21, 2018

Ichigo Inc.

Scott Callon, Chairman

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Tel. 03-3502-4818

Securities Code: 2337

www.ichigo.gr.jp/en

## I. Corporate Governance Principles & Corporate Structure

### 1. Basic Policy

Ichigo's mission is to preserve and improve real estate and contribute to a sustainable society. Ichigo is a Japanese real estate owner/operator and clean energy producer whose key businesses include: preserving and improving real estate through Ichigo's Value-Add capabilities; managing the Tokyo Stock Exchange-listed Ichigo Office (8975), Ichigo Hotel (3463), and Ichigo Green (9282); and operating solar plants nationwide. Ichigo works to continually strengthen its corporate governance in order to improve its business performance, enhance transparency, and promote its sustainable growth. Ichigo is committed to both optimizing its organizational structure and further developing the capabilities of its employees.

(a) Ichigo has adopted the Company with Committees (Nominating, Audit, Compensation) governance structure.

All Directors on Ichigo's Board of Directors (the "Board") are aware of their fiduciary responsibility towards shareholders and work collaboratively and appropriately with other stakeholders to ensure sustained value creation for shareholders.

- Ichigo's Board focuses on setting and supervising long-term corporate strategy and management, and delegates day-to-day management of Ichigo to Statutory Executive Officers while making clear the respective roles and responsibilities of the executive team. Through its supervision, the Board aims to drive management transparency and agility.
- In order to ensure active and meaningful discussion, the Board is comprised of three Directors who also serve as Ichigo Statutory Executive Officers, thus having direct expertise in Ichigo's business activities, and six Independent Directors with specialized expertise, including former CEOs of major Japanese companies and experts in finance and accounting.
- The Nominating Committee is comprised of a majority of Independent Directors and selects Director candidates for approval at Ichigo's shareholder meetings, appoints Statutory Executive Officers, and provides advice on the selection of Directors at Ichigo group companies.
- Ichigo has established a Compliance Committee directly under the Board that is independent from management in order to monitor and evaluate critical compliance matters.
- As of the date of this report, the number of Directors on the Board and its various committees are as follows:
  - Board: 9 (of whom 6 are Independent Directors)
  - Nominating Committee: 5 (of whom 3 are Independent Directors)
  - Audit Committee: 3 (of whom all are Independent Directors)
  - Compensation Committee: 5 (of whom 3 are Independent Directors)
  - Compliance Committee: 4 (of whom 2 are Independent Directors)

(b) Ichigo ensures that all employees understand and adhere to its mission through the following measures:

- Ichigo’s mission is frequently communicated to employees such as during corporate planning sessions and personnel evaluations.
- Ichigo shares its Code of Corporate Ethics and Code of Conduct with all Ichigo group companies to ensure that all Ichigo employees are informed of the mission and prepared to adhere to it.
- All Ichigo employees, including at all Ichigo group companies, participate in annual training where the content of Ichigo’s Code of Corporate Ethics and Code of Conduct is reiterated, and all employees expressly acknowledge their adherence by signing and presenting a statement of compliance to the Chairmen and the President.

### **Explanation of Any Non-Compliance with Corporate Governance Code Principles**

Ichigo fully complies with all of the Corporate Governance Code Principles.

### **Disclosure with respect to Compliance with Corporate Governance Code Principles**

#### Principle 1.4 Cross-Shareholdings

Ichigo does not engage in cross-shareholdings.

#### Principle 1.7 Related Party Transactions

Any transaction with a Director or a major shareholder (a “Related Party Transaction”) is carefully examined with respect to its purpose, the process of negotiation, the fairness of its price, and whether it will contribute to Ichigo’s shareholder value, and is further examined by external legal counsel and discussed by Ichigo’s Audit Committee before being submitted for consideration to the Board.

Furthermore, at the end of each business year the Audit Committee requires all Directors, Statutory Executive Officers, and Directors of Ichigo group companies to submit a signed statement confirming the absence of any conflicts of interest, illegal provision of profits, abnormal transactions, or violations of fiduciary duty during the course of their duties.

#### Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

Ichigo does not have a corporate pension plan, so therefore does not oversee any pension fund management.

#### Principle 3.1 Full Disclosure

- (i) Ichigo discloses its mission, corporate strategy, and mid-term business plans on its corporate website.
- (ii) Ichigo provides details on its corporate governance through this report, available on its corporate website, and through its Financial Report (Yuka Shoken Hokokusho).
- (iii) Ichigo’s policy on Director and Statutory Executive Officer compensation is disclosed in this report, its Financial Report (Yuka Shoken Hokokusho), and its Business Report (Jigyo Hokokusho).
- (iv) With respect to the Board’s selection and dismissal of Directors and the appointment of Statutory Executive Officers, the two principles described in (1) and (2) below are considered by the Nominating Committee in making its recommendations.

#### (1) Nomination of Candidates for Directors and Statutory Executive Officers

Ichigo’s Nominating Committee, comprised of a majority of Independent Directors, is responsible for nominating candidates for Director and Statutory Executive Officer. The Nominating Committee holistically considers: 1) the candidates’ ability to contribute both to Ichigo and to society in adherence with Ichigo’s mission and Code of Conduct; and 2) the candidates’ understanding and compliance with relevant laws and regulations.

(2) Nomination of Candidates for Independent Directors

Nomination of candidates, provided that the candidates do not have any personnel, capital, or other relationship in conflict with Ichigo, are based on a holistic consideration of the Tokyo Stock Exchange's standards for independence; the candidates' depth of expertise and experience in fields such as management, law, accounting, and finance; and the candidates' ability to objectively monitor Ichigo's management. Candidates are nominated by the Nominating Committee and approved by the Board.

- (v) Explanations with respect to the nomination and appointment of each Director are disclosed in Ichigo's shareholder meeting materials.

Supplementary Principle 4.1.1 Roles and Responsibilities of the Board

The Board examines and decides on matters stipulated by law and regulation, set in Ichigo's Articles of Incorporation, defined in internal rules pertaining to the Board, and presented to the Board as an agenda item. All other decision matters are delegated to Ichigo's management with the objective to promote sound governance through a clear separation between business execution and the supervision thereof.

All Statutory Executive Officers are expected to efficiently and effectively make decisions and lead employees within their specific scope of delegated responsibility and authority. To this end, Ichigo has established internal rules that clearly define the specific roles, responsibilities, authority, and requirements for consultation of the Board and the respective Executive Officers such that each individual business case is appropriately examined and decided upon by the relevant organization.

Principle 4.8 Effective Use of Independent Directors

The Board has been designed to comprise a majority of Independent Directors in order to ensure effective supervision of execution from a highly independent and objective perspective. Specifically, the Board has a total of nine members comprised of three Directors who also serve as Statutory Executive Officers and six Independent Directors (66.7% Independent Director ratio) pursuant to the Tokyo Stock Exchange's standards on independence.

Principle 4.9 Independence Standards and Qualifications of Independent Directors

Pursuant to both the Company Law and the Tokyo Stock Exchange's standards for independence, Ichigo selects Independent Directors who have significant experience in the field of finance and corporate management, are accountants with extensive experience in advising various tax and accounting transactions, including M&A, or are former CEOs of major Japanese companies. Ichigo's standards for independence are as defined by the TSE, and are disclosed both in Ichigo's Financial Report (Yuka Shoken Hokokusho) and Ichigo's shareholder meeting materials.

Supplementary Principle 4.11.1 Preconditions for Board and Audit Effectiveness

Ichigo's view with respect to the knowledge, experience, expertise, and diversity of the Board as a whole is consistent with the criteria used to select individual Directors as disclosed in its response to Principle 3-1 (iv). Ichigo's Articles of Incorporation stipulates that the Board must comprise of no more than twelve Directors with a majority of the Directors being Independent Directors.

Supplementary Principle 4.11.2 Positions Held at Other Companies by Directors

Positions held at other companies by Directors and Independent Directors are within reason and do not interfere with their roles and responsibilities at Ichigo. Any Director seeking to assume a position at another company must notify Ichigo in advance and receive prior approval by the Board with respect the appropriateness of assuming such position. Positions held at other companies by Directors are disclosed in the Securities Report and Shareholder Meeting Materials.

[www.ichigo.gr.jp/wp/wp-content/uploads/2018/05/Ichigo\\_20180507\\_FY2018\\_AGM\\_ENG4.pdf](http://www.ichigo.gr.jp/wp/wp-content/uploads/2018/05/Ichigo_20180507_FY2018_AGM_ENG4.pdf)

#### Supplementary Principle 4.11.3 Board Evaluation

Ichigo's Board consists of nine Directors, of which two-thirds (six Directors) are Independent Directors. Ichigo conducts the Board evaluation by having each Director independently assess the Board with respect to the below evaluation criteria, followed by the Board collectively analyzing and reviewing the results.

- (1) Board Composition
- (2) Board Operation
- (3) Board Effectiveness
- (4) Board Support Resources
- (5) Engagement with Shareholders and Stakeholders

The Board confirmed that its deliberation and decision-making processes are effective, leveraging the knowledge and experience of the Directors, and that the Board is appropriately overseeing management in line with Japan's Corporate Governance Code. The Board thus concluded that it is functioning properly. The Board also confirmed that a main focus is ongoing monitoring of the progress of Ichigo's current Power Up 2019 mid-term business plan.

Ichigo expects to conduct a Board evaluation on an annual basis, and is continuing to work to strengthen the effectiveness of its Board. Ichigo is committed to further increasing its shareholder value by ensuring the effectiveness of its Board and actively communicating with its shareholders and investors.

Ichigo disclosed the details of its most recent board evaluation in its May 14, 2018 release "Board of Directors Evaluation."

[www.ichigo.gr.jp/wp/wp-content/uploads/2018/05/Ichigo\\_20180514\\_ICH\\_Board\\_Evaluation\\_ENG.pdf](http://www.ichigo.gr.jp/wp/wp-content/uploads/2018/05/Ichigo_20180514_ICH_Board_Evaluation_ENG.pdf)

#### Supplementary Principle 4.14.2 Director and Auditor Training

Ichigo is a member of the Japan Association of Corporate Directors (JACD) and the Japan Audit & Supervisory Board Members Association (JASBA) and provides its Directors, including Independent Directors, with opportunities to participate in seminars and trainings held by these associations.

Furthermore, Ichigo will bear expenses with respect to any training and materials that Directors feel are necessary in order for them to execute their supervisory responsibilities. Additionally, Ichigo has established Ichigo University, available to all Ichigo employees, in order to provide opportunities for employees to enhance their skills necessary to successfully perform their respective roles. Ichigo also permits employees to pursue relevant licenses and qualifications at Ichigo's expense. Ichigo-wide compliance training (including the topic of insider trading prevention) is conducted at least once a year. In addition, employees of the two Ichigo companies operating with Financial Instrument and Exchange Law (FIEL) licenses are subject to a strict compliance regime that includes four mandatory training sessions each year.

Newly appointed Independent Directors are briefed on Ichigo's corporate governance, its business, and financial statements, and are given direct exposure to Ichigo's business activities via briefings and site visits to Ichigo real estate assets.

#### Principle 5.1 Policy for Constructive Dialogue with Shareholders

Ichigo's IR team within the Business Management Division is responsible for shareholder relations. A corporate presentation on Ichigo's financial results is held semi-annually for analysts and institutional investors, and a telephone conference is held during the 1<sup>st</sup> and 3<sup>rd</sup> quarters. In addition, an English-language telephone conference is held every quarter for the benefit of global investors. Ichigo also makes available the written materials and audio recordings of these corporate presentations and conference calls on Ichigo's corporate website. Small group meetings and one-on-one meetings are also conducted for analysts and investors, both domestically and abroad.

The IR team also services telephone calls, email inquiries, and other correspondences with shareholders, and is responsible for reporting all such shareholder interaction with management.

In recognition that Ichigo's shareholder meetings are a critical forum for dialogue with shareholders, Ichigo always holds its shareholder meetings on weekends in order to maximize shareholder attendance and endeavors to share quality time with shareholders not just at the shareholder meeting but also by conducting a business results meeting and reception for shareholders. Ichigo addresses all questions pertaining to voting agenda items in earnest and tries to ensure that shareholders fully understand Ichigo's business strategy.

## 2. Shareholding Structure

Percentage of Non-Japanese Shareholders	Over 30%
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### Major Shareholders

Name	Number of Shares	Percentage (%)
Ichigo Trust	246,943,200	49.77%
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD (Standing Proxy: MUFG)	20,234,780	4.08%
Japan Trustee Services Bank (Trust Account)	12,998,600	2.62%
Chase Manhattan Bank GTS Clients Account Escrow (Standing Proxy: Mizuho Bank)	12,430,902	2.51%
THE MASTER TRUST BANK OF JAPAN (Trust Account)	10,342,800	2.08%
SGSS NANTES/UCIT V/NRA	7,256,530	1.46%
State Street Bank and Trust Company 505223	6,962,823	1.40%
Japan Trustee Services Bank (Trust Account 5)	5,438,800	1.10%
SSBTC CLIENT OMNIBUS ACCOUNT	5,285,601	1.07%
Government of Norway – CFD	5,033,700	1.01%

Controlling Shareholder	N/A
Parent Company	N/A

Supplementary Explanation

Percentage in the above table is calculated excluding treasury shares (8,686,500 shares).

### 3. Corporate Profile

Stock Exchange	Tokyo Stock Exchange First Section
Fiscal Year-End	February
Type of Business	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Between 100 and 500
Revenue (Consolidated) as of the End of the Previous Fiscal Year	Between JPY 10 billion and JPY 100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Between 50 and 100

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling or Major Shareholder

In the event of any transactions with its major shareholder (Ichigo Trust), Ichigo takes special care to protect the interests of minority shareholders and has in place appropriate procedures to that effect, including the due diligence of all transactions by the Compliance Department, Internal Audit Department, Audit Committee, Board, and external legal counsel.

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

N/A

## II. Business Organization and Other Corporate Governance Systems for Decision-Making, Business Execution, and Management Oversight

### 1. Organizational Structure

Organizational Form	Company with Committees (Nominating, Audit and Compensation)
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### Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Board Chairperson	Internal Director
Number of Directors	9
Appointment of Independent Directors	Yes
Number of Independent Directors	6

Relationship of Independent Directors with Ichigo (1)

Name	Background	Relationship with Ichigo*										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuya Fujita	Non-Ichigo Company											
Noriko Kawate	Accountant											
Yukio Suzuki	Non-Ichigo Company											
Masatoshi Matsuzaki	Non-Ichigo Company											
Kosuke Nishimoto	Non-Ichigo Company											
Nobuhide Nakaido	Non-Ichigo Company											

\* Categories for "Relationship with Ichigo"

- 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
- ▲ when a close relative of the Director fell under the category in the past

- a. Executive of Ichigo or its subsidiaries
- b. Non-executive Director or executive of a parent company of Ichigo
- c. Executive of a fellow subsidiary of Ichigo
- d. A party whose major client or supplier is Ichigo or an executive thereof
- e. Major client or supplier of Ichigo or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from Ichigo besides compensation as a Director/Auditor
- g. Major shareholder of Ichigo (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier of Ichigo (which does not correspond to any of d, e, or f)
- i. Executive of a company with which Ichigo Independent Directors/Auditors are mutually appointed
- j. Executive of a company or organization that receives a donation from Ichigo
- k. Others

Relationship of Independent Directors with Ichigo (2)

Name	Committee Membership	Designated as Independent Director	Reason for Appointment
Tetsuya Fujita	Nominating/ Compensation/ Audit	Yes	Ichigo's Nominating Committee and Board have nominated Mr. Tetsuya Fujita as a candidate for Director based upon his extensive knowledge and experience working for a leading property insurance company and a leading life insurance company.
Noriko Kawate	Nominating/ Compensation/ Audit	Yes	Ichigo's Nominating Committee and Board have nominated Ms. Noriko Kawate as a candidate for Director based upon her experience in statutory audit at a major auditing firm and her experience in accounting and tax advisory as a certified public accountant and tax accountant.

Yukio Suzuki	Audit	Yes	Ichigo's Nominating Committee and Board have nominated Mr. Yukio Suzuki as a candidate for Director based upon his extensive experience and knowledge of corporate and securities research from serving important roles at a securities company, think tank, and asset management company at a major financial group, and his experience and knowledge in operational monitoring and risk control, which he can draw upon to fully monitor Ichigo's activities.
Masatoshi Matsuzaki	Nominating/ Compensation	Yes	Ichigo's Nominating Committee and Board have nominated Mr. Masatoshi Matsuzaki as a candidate for Director based upon his extensive experience as the CEO and Chairman leading a major global office equipment manufacturer, driving a positive structural transformation and business innovation, and his leading role in developing a best-practice board committee system to support strong corporate governance, which he can draw upon to fully monitor Ichigo's activities on behalf of shareholders.
Kosuke Nishimoto		Yes	Ichigo's Nominating Committee and Board have nominated Mr. Kosuke Nishimoto as a candidate for Director based upon his extensive experience and knowledge as the CEO and Chairman leading Japan's largest engineering outsourcing services company, growing the company and deepening its capabilities on behalf of all stakeholders while driving a significant growth in shareholder value, and his deep understanding of human resources and talent development, which he can draw upon to fully monitor Ichigo's activities on behalf of shareholders.
Nobuhide Nakaido		Yes	Ichigo's Nominating Committee and Board have nominated Mr. Nobuhide Nakaido as a candidate for Director based upon his extensive experience and knowledge as the Executive Vice President of one of Japan's largest trading companies and President & Chairman of a leading Japanese IT system company, driving innovation in the IT service industry and increasing shareholder value through workstyle and workplace transformation, which he can draw upon to fully monitor Ichigo's activities on behalf of shareholders.



## Committees

### Committee Composition and Chairperson

	All Committee Members	Full-time Members	Internal Directors	Independent Directors	Chairperson
Nominating Committee	5	1	2	3	Internal Director
Compensation Committee	5	1	2	3	Internal Director
Audit Committee	3	0	0	3	Internal Director

## Statutory Executive Officers

Number of Statutory Executive Officers	13
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### Statutory Executive Officer Duty Status

Name	Representative Authority	Additional Duties as Director			Additional Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Scott Callon	Yes	Yes	Yes	Yes	No
Kenji Iwasaki	Yes	No	No	No	No
Takuma Hasegawa	Yes	Yes	Yes	Yes	No
Minoru Ishihara	No	Yes	No	No	No
Eri Murai	No	No	No	No	Yes
Go Watanabe	No	No	No	No	Yes
Takeyuki Yoshimatsu	No	No	No	No	Yes
Katsuhiko Hattori	No	No	No	No	Yes
Haruki Nakane	No	No	No	No	Yes
Akihiko Tsukasa	No	No	No	No	Yes
Kenichi Tanaka	No	No	No	No	Yes
Yasutoyo Senda	No	No	No	No	Yes
Takanori Sakamatsu	No	No	No	No	Yes

## Audit Structure

Appointment of Directors and/or Employees to Support the Audit Committee	Yes
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Matters Related to the Independence of Such Directors and/or Employees from Statutory Executive Officers

### **Independence of Directors and Employees from Statutory Executive Officers**

Directors and employees who assist in the performance of the duties of the Audit Committee report to the Audit Committee. The appointment, transfer, appraisal, and compensation of the relevant employees require the consent of the Audit Committee. This ensures independence from the Statutory Executive Officers. Other matters regarding the independence of such Directors and employees are pursuant to internal rules as separately provided.

Coordination between the Audit Committee, External Auditors, and Internal Audit

Executive decisions are monitored by both the Audit Committee, from the perspective of supervision, and Internal Audit, from the perspective of execution. Internal Audit works closely with the Audit Committee and its members in discussing the internal audit plan, conducting internal audits, and reporting findings to management. Additionally, the Audit Committee and Internal Audit work closely with External Auditors by discussing and exchanging views on important matters.

## Independent Directors

Number of Independent Directors	6
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## Compensation & Incentives

Incentive Policies for Directors and/or Statutory Executive Officers	Performance-Linked Compensation, Stock Options
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Supplementary Explanation

Compensation of Directors and Statutory Executive Officers is determined based on a variety of factors, including job content, job performance, and market-based compensation.

### – Compensation of Directors

Compensation of Directors consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Director, while the performance-based bonus is based on Ichigo's performance.

### – Compensation of Statutory Executive Officers

Compensation of Statutory Executive Officers consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Statutory Executive Officer, whereas the performance-based bonus is based on the performance of Ichigo, the area for which the Statutory Executive Officer is responsible, and the Statutory Executive Officer's individual performance.

– Stock Options

Stock options are granted to all Directors, Statutory Executive Officers, and employees to align their interests with shareholders, and to support their motivation to increase Ichigo’s earnings and corporate value.

Recipients of Stock Options	Internal Directors, Independent Directors, Statutory Executive Officers, and Employees
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Supplementary Explanation

All Ichigo employees work together to strengthen Ichigo’s finances and operating performance and increase shareholder value. To this end, stock options are issued to all Directors and employees to further strengthen this commitment.

**Compensation for Directors and Statutory Executive Officers**

Disclosure of Individual Directors’ Compensation	N/A
Disclosure of Individual Statutory Executive Officers’ Compensation	N/A

Supplementary Explanation

Aggregate compensation is disclosed for Directors, Statutory Executive Officers, and Independent Directors.

Policy on Determining Compensation Amounts and Calculation Methods	Yes
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Compensation of Directors and Statutory Executive Officers is based on a variety of factors, including job content, job performance, and market-based compensation.

– Compensation of Directors

Compensation of Directors consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Director, while the performance-based bonus is based on Ichigo’s performance.

– Compensation of Statutory Executive Officers

Compensation of Statutory Executive Officers consists of a monthly base salary and a performance-based bonus. The monthly base salary is a fixed amount based on the role and responsibilities of each Statutory Executive Officer, whereas the performance-based bonus is based on the performance of Ichigo, the area for which the Statutory Executive Officer is responsible, and the Statutory Executive Officer’s individual performance.

– Stock Options

Stock options are granted to all Directors, Statutory Executive Officers, and employees to align their interests with shareholders, and to support their motivation to increase Ichigo's earnings and corporate value.

### **Administrative Support for Independent Directors**

- The Board Secretariat supports the effective execution of duties by the Board by compiling meeting agendas and related materials, providing pre-notification of the agendas, scheduling meetings, and recording meeting minutes.
- The Nominating Committee Secretariat ensures the effective execution of duties by compiling meeting agendas and related materials, providing pre-notification of the agendas, scheduling meetings, and recording meeting minutes.
- The Audit Committee Secretariat and Ichigo employees selected by the Audit Committee ensure the effective execution of duties by the Audit Committee by compiling meeting agendas and related materials, providing pre-notification of the agendas, scheduling meetings, and recording meeting minutes.
- The Compensation Committee Secretariat ensures the effective execution of duties by the Compensation Committee by compiling meeting agendas and related materials, providing pre-notification of the agendas, scheduling meetings, and recording meeting minutes.

## **2. Overview of Current Corporate Governance System**

Ichigo has operated under the Company with Committees (Nominating, Audit, Compensation) structure since May 2006.

### **– Business Execution**

Aside from responsibilities specifically assigned to the Board by law or Ichigo's Articles of Incorporation, internal rules, and shareholder meeting resolutions, the Board delegates responsibility for business execution to the Statutory Executive Officers, who in turn lead and direct employees based on the management policy set by the Board and in accordance with their respective assigned roles. The Chairmen and President oversee Statutory Executive Officers serving as division heads, and in turn these division heads oversee their respective teams. Of Ichigo's Statutory Executive Officers, there are 12 men and one woman.

Ichigo regularly holds a Senior Management Meeting at which important business matters across all of Ichigo's businesses are deliberated. Senior Management Meeting participants are: Scott Callon (Chairman), Kenji Iwasaki (Chairman), Takuma Hasegawa (President), Minoru Ishihara (Executive Vice President & COO), Eri Murai (Statutory Executive Officer), Go Watanabe (Statutory Executive Officer), Takeyuki Yoshimatsu (Statutory Executive Officer), Wataru Orii (President, Ichigo Investment Advisors), Yasuhide Hosono (President, Ichigo Estate), Eiichiro Gotoh (President, Ichigo ECO Energy), Masahiko Koketsu (President, Ichigo Owners), and Ryutaro Yamamoto (President, Ichigo Land Shinchiku).

Ichigo works to achieve efficient business execution by setting a clear management policy and business targets. Specifically, Ichigo sets a mid-term business plan, the President's annual policy direction, and annual business goals for Ichigo and each business unit, and these are shared with all of Ichigo's Directors and employees.

In addition, the Compliance Department reviews all material business matters.

– Monitoring

The Board sets a long-term management policy and monitors business execution based on this. In order to promote active dialogue and effective internal control, the Board is comprised of six Independent Directors with specialized fields of expertise and three Internal Directors also serving as Statutory Executive Officers (Chairman, President, and Vice President). Of the nine members of the Board, one is a woman.

Ichigo has three statutory committees (Nominating, Audit, Compensation) and a Compliance Committee.

Nominating Committee (Held 5 meetings in the previous fiscal year): Chairman: Takuma Hasegawa; Members: Scott Callon, Tetsuya Fujita, Noriko Kawate, Masatoshi Matsuzaki

Audit Committee (Held 17 meetings in the previous fiscal year): Chairman: Tetsuya Fujita; Members: Noriko Kawate, Yukio Suzuki

Compensation Committee (Held 7 meetings in the previous fiscal year): Chairman: Takuma Hasegawa; Members: Scott Callon, Tetsuya Fujita, Noriko Kawate, Masatoshi Matsuzaki

Compliance Committee (Held 2 meetings in the previous fiscal year): Chairman: Takuma Hasegawa; Vice Chairman: Yukio Suzuki; Members: Minoru Ishihara, Tetsuya Fujita

– Limited Liability Agreements

In order to retain Independent Directors of the highest quality, Ichigo has in place limited liability agreements pursuant to Article 427 Paragraph 1 and Article 423 Paragraph 1 of the Company Law. These agreements set the maximum liability to be borne by an Independent Director as the minimum liable amount specified in Article 425 Paragraph 1 of the Company Law. However, limitation of liability is predicated upon execution of duty in good faith and in absence of any gross negligence.

### 3. Reason for Adoption of Current Corporate Governance System

Ichigo is working to strengthen its corporate governance to ensure effective and ethical management and drive sustainable shareholder value creation. Since May 2006, Ichigo has adopted the Company with Committees (Nominating, Audit, Compensation) governance system to ensure robust supervision of management, agile business execution, and effective, transparent, and ethical business operations.

## III. Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize Shareholder Meetings and Promote the Exercise of Voting Rights

	Supplementary Explanation
Scheduling the Meeting to Maximize Attendance	Ichigo always holds its shareholder meetings on the weekends in order to make it easier for shareholders to participate.
Allowing Electronic Exercise of Voting Rights	Ichigo allows for electronic voting via the Internet.
Participating in Electronic Voting Platform	Ichigo encourages voting from as many shareholders as possible by participating in the TSE's electronic voting platform, thus making it easier for institutional investors, both domestic and overseas, to exercise their votes. This also helps to ensure that the interests of shareholders are reflected in the management of Ichigo.
Providing Shareholder Meeting Materials in English	Ichigo makes its shareholder meeting materials available in both Japanese and English.
Other	Ichigo views its shareholder meeting as a critical forum for dialogue with its shareholders. In order to ensure that shareholders have sufficient time to understand and consider agenda items, the convocation notice is sent three weeks in advance of the shareholder meeting. Shareholder meetings are followed by a corporate presentation and a reception to ensure that shareholders have ample opportunity to engage in dialogue with the company and have questions answered.

### 2. IR Activities

	Supplementary Explanation
Regular Investor Briefings for Analysts and Institutional Investors	Ichigo conducts half-year and full-year results meetings, along with Q1 and Q3 earnings calls. Ichigo also conducts small meetings as well as one-on-one investor meetings on a regular basis. Ichigo also participates in investor conferences hosted by securities companies.
Regular Investor Briefings for Overseas Investors	Ichigo holds an English-language earnings call every quarter, along with conducting one-on-one meetings and participating in investor conferences.
Posting of IR Materials on Website	Ichigo posts IR materials on its IR release page of the corporate website immediately after disclosure via the Tokyo Stock Exchange. Ichigo also posts financial statements, press releases, and corporate presentation materials, including audio recordings of earnings meetings and earnings calls, on the website. Investors and shareholders can also send inquiry emails to the IR team using a form on the website. In order to ensure that differential language disclosure does not result in any information disadvantage for all Ichigo stakeholders, Ichigo releases its IR information simultaneously in both Japanese and English.

Establishment of Department and/or Manager in Charge of IR	Ichigo's investor relations and shareholder relations are handled by the IR team within the Business Management Division. Communication with investors and shareholders are conducted via phone calls, emails, and conventional mail, and all such interaction is promptly shared with management.
Other	Ichigo sends IR-related announcements and updates to investors in real-time via an email distribution service. In order to promote a deeper understanding of Ichigo and its businesses, Ichigo hosts a business results meeting for the benefit of shareholders on the same day as its AGM.

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Internal Rules for Respecting the Position of Stakeholders	Ichigo's mission is to contribute to Japanese society. All of Ichigo's business activities are conducted with this mission at heart and in strict compliance with Ichigo's Code of Corporate Ethics, Code of Conduct, and Ichigo's internal rules.
Environmental & CSR Activities	With its mission of contributing to Japanese society, Ichigo puts environmental protection and CSR at the center of its business. (Please refer to Ichigo's website for details of Ichigo's Environmental & CSR Activities.)
Information Provision to Stakeholders	Ichigo's Code of Corporate Ethics stipulates that Ichigo will ensure a balanced relationship between clients, shareholders, and all other stakeholders, and make disclosures in a fair, timely, and equitable manner. It further stipulates that Ichigo will focus on transparent and ethical management as a means to enhance its business operations.
Other	<p><u>Supportive Workstyle and Workplace Initiatives</u></p> <ul style="list-style-type: none"> <li>• Ichigo offers all employees the option of a shortened six-hour work day in order to accommodate the diverse needs of employees at different life stages and with different personal circumstances.</li> <li>• Ichigo provides employees with the option of maternity/paternity leave for two years (or up to three years under certain circumstances); subsidies (JPY 10,000 per day for a maximum of 10 days per month) to help cover childcare and nursing expenses during overtime, weekend work, and business trips; and paid leave to tend to young children.</li> <li>• To support the health of and prevent the illness of employees working certain levels of overtime hours, Ichigo offers regular check-ups with an occupational health physician.</li> <li>• Ichigo's retirement age is set at 70.</li> </ul> <p>Percentage of women in executive positions: 10.0%  Percentage of women in management positions (including team leaders): 21.3%  Percentage of women employees: 41.8%  Return rate of employees who take maternity/paternity leave: 100% (as of February 2018)</p> <p><u>Health Management Initiatives</u></p> <ul style="list-style-type: none"> <li>• Ichigo has established a <u>Best Place to Work</u> initiative as a key element in its <u>Power Up 2019</u> mid-term business plan.</li> <li>• Reduction of long work hours (monitoring overtime, interviews with occupational health physicians, management training, and supervision by the personnel division). Average overtime was reduced from 14.4 hours in 2017 to 12.8 hours in 2018.</li> </ul>

	<ul style="list-style-type: none"><li>• Mental healthcare training and mental healthcare checks for all executives and employees.</li><li>• Enhanced periodic health check-ups and support for re-examination fees.</li><li>• Promotion of use of paid vacation days.</li><li>• Sharing of health-related topics and tips.</li><li>• Ichigo University seminars on lifestyle-related health issues</li><li>• Improved working environment, flexible and versatile office layout, and enhanced common and relaxation spaces (including provision of healthy foods).</li><li>• Sponsorship of Ichigo clubs such as golf, running, soccer, and flower arrangement.</li></ul>
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## IV. Internal Control Systems

### 1. Internal Control System Details

Pursuant to Japan's Company Law, Ichigo has set forth a "Basic Policy for the Establishment of Structure of Internal Controls," and established the required internal policies, ensured the legality and efficiency of Ichigo's operations, and established an appropriate risk management system. Ichigo will strive to improve and reinforce these systems through continuous review.

#### a. Internal Controls to Ensure that Statutory Executive Officers and Employees Execute Their Duties in Compliance with Laws and Regulations and Ichigo's Articles of Incorporation

##### (i) Corporate Governance

- Ichigo's Board determines material matters regarding management and monitors the execution of duties by Statutory Executive Officers pursuant to laws and regulations, the Articles of Incorporation, shareholder meeting resolutions, Ichigo's corporate mission, Board rules, Ichigo's Code of Corporate Ethics, and Ichigo's Code of Conduct.
- The Statutory Executive Officers make decisions on the execution of business that are delegated by the Board, and perform their duties pursuant to these decisions, Board resolutions, and internal rules.
- In order for the Board to monitor the execution of duties by Statutory Executive Officers, the Statutory Executive Officers report on the status of the execution of business to the Board at least quarterly. Statutory Executive Officers monitor and supervise the execution of one another.
- The status of the execution of duties by Statutory Executive Officers will be audited by the Audit Committee.

##### (ii) Compliance

- Ichigo has established a Code of Corporate Ethics and Code of Conduct which provide rules and standards for action to be taken by all employees including Directors and Statutory Executive Officers.
- Ichigo has established a Compliance Committee to deliberate major issues regarding compliance. The Compliance Committee is independent from the Statutory Executive Officers.
- Ichigo's compliance structure comprises Responsible Officers (Chairmen and President), Overseeing Statutory Executive Officers (Business Management and Compliance), and a Compliance Department (the compliance group). These parties work together across businesses and Ichigo group companies to ensure proper compliance across Ichigo.
- Ichigo has in place a whistleblower system whereby Directors, Statutory Executive Officers, and employees can report any questionable acts to a designated internal person or external lawyer.

##### (iii) Structure to Ensure Appropriate Financial Reports

- Ichigo has established internal systems to ensure lawful and appropriate financial reports by establishing internal rules and by complying with the Financial Instruments and Exchange Act, accounting standards, and other related laws and regulations.
- The President, Statutory Executive Officers (Audit, Finance, Administration & HR, and Business Management), and Internal Audit Department promote and establish an internal structure which complies with J-SOX.

##### (iv) Internal Audit

- Ichigo has established a Statutory Executive Officer (Audit) and Internal Audit function which conducts an internal audit with respect to compliance with laws and regulations, the Articles of Incorporation, internal rules, and the appropriateness of the execution of duties, and reports the results of the audit to the Audit Committee, the Chairmen, the President, and the Board. The Statutory Executive Officer (Audit) and Internal Audit reports on corrective activities called for by the audit to the Audit Committee, the Chairmen, the President, and the Board.

(v) Elimination of Involvement with Anti-Social Forces

- In order to prevent anti-social forces from entering into the real estate and financial markets, Ichigo has established a Code of Corporate Ethics which prohibits interaction with anti-social forces, working in cooperation with the Police Department and other institutions.
- Ichigo has designated Statutory Executive Officers (Business Management and Compliance) and the Compliance Department as responsible for working to prevent any and all interaction with anti-social forces by: coordinating with the Police Department, external counsels, and other external experts; becoming a member of police-related institutions; establishing manuals for the screening of anti-social forces; conducting due diligence checks on transaction counterparties; including language in contracts to prevent interaction with anti-social forces; and establishing manuals with respect to the handling of interaction with anti-social forces.
- In the event Ichigo encounters an anti-social force, the Statutory Executive Officer (Compliance) shall promptly contact and relay the information to the police, external counsel, and all Ichigo companies and take a forceful attitude and fully reject any interaction with the anti-social force.

(vi) Structure to Prevent Insider Trading

- In order to prevent insider trading, the Chairmen and President have appointed a Statutory Executive Officer (Business Management) as the person responsible for information control with regards to information specified by the stock exchange and by Ichigo's internal rules. The Statutory Executive Officer (Finance), responsible for providing the management structure of internal information and for the management of transactions of specific securities by employees, thoroughly prevents insider trading within each Ichigo company in cooperation with the designated Statutory Executive Officer (Business Management).

b. Systems for the Retention and Management of Information Pertaining to Execution of Duties by Statutory Executive Officers

Ichigo properly retains and manages documents and other information pertaining to the execution of duties by the Statutory Executive Officers with due care and in compliance with laws and regulations and internal rules.

c. Risk Management Policies and Systems

(i) Ichigo exercises risk management at the departmental level, establishes basic policies on risk management, and determines the execution of risk management and other material matters through the Business Management Department. The Business Management Department also supports each department in establishing a risk management system and an Ichigo-wide, cross-departmental risk management system.

(ii) As a means to facilitate strong risk management and appropriate handling of material risks, Ichigo has established a risk management structure comprised of Responsible Officers (Chairmen and President), the Overseeing Statutory Executive Officer (Business Management), and a Risk Management Department.

(iii) The Statutory Executive Officer (Business Management) together with the Risk Management Department are responsible for monitoring risks associated with business execution.

(iv) The Statutory Executive Officer (Business Management) is responsible for setting and coordinating a risk management framework to handle situations of crisis, including natural disasters. In the event of a crisis, a crisis management team will be established under the President, aimed at preventing any further damages and a speedy recovery of business.

d. Systems to Ensure Effective Execution of Duties by Statutory Executive Officers

(i) The Board authorizes Statutory Executive Officers to make certain decisions for the appropriate and agile execution of duties. In addition, in order to comprehensively discuss material management matters which require approvals from the Chairman & Representative Statutory Executive Officer, the President & Representative Statutory Executive Officer, the Executive Vice President & Statutory Executive Officer, and the President of each subsidiary, the Senior Statutory Executive Officer (Finance) convenes meetings including Statutory Executive Officers and ensures a smooth execution of duties.

- (ii) Ichigo creates mid-term management plans, annual Ichigo-wide business targets, and annual subsidiary and division business targets. The Senior Statutory Executive Officer (Finance) ensures effective and efficient management by tracking Ichigo's progress against these plans and targets.
- e. Directors and Employees Assisting the Performance of the Duties of the Audit Committee
- (i) Directors who assist in the performance of the duties of the Audit Committee will be determined by the Board in line with the opinions of the Audit Committee.
- (ii) Employees assisting the performance of the duties of the Audit Committee are members of the Internal Audit Department appointed by the Head of the Internal Audit Department and the Audit Committee. Following the direction of the Audit Committee or a member of the Audit Committee assigned by the Audit Committee, the Head of the Internal Audit Department manages the members of the department or directly leads the execution of assisting in the performance of the duties of the Audit Committee.
- (iii) Statutory Executive Officers must confirm that the Audit Committee and employees assisting in the performance of the duties of the Audit Committee receive no undue constraints in carrying out duties. In case such employees receive undue constraints in carrying out duties, the employees can report to the Audit Committee or one or more Audit Committee Members appointed by the Audit Committee in advance, and request for such constraints to be resolved.
- f. Independence of Directors and Employees from Statutory Executive Officers
- Directors and employees who assist in the performance of the duties of the Audit Committee report to the Audit Committee. The appointment, transfer, appraisal, and compensation of the relevant employees require the consent of the Audit Committee. This ensures independence from the Statutory Executive Officers. Other matters regarding the independence of such Directors and employees from the Statutory Executive Officers are pursuant to internal rules as separately provided.
- g. Reporting by Directors, Statutory Executive Officers and Employees to the Audit Committee and Other Systems for Reporting to the Audit Committee
- (i) Audit Committee Members may attend the meetings of the Board, the Compliance Committee, and other important meetings and listen to the status of the execution of duties by Statutory Executive Officers, inspect related materials, and ask for explanations and reports at the meetings.
- (ii) All Statutory Executive Officers, department heads, and other employees must explain and report to the Audit Committee and Audit Committee Members as required.
- (iii) Statutory Executive Officers and employees must immediately report on the matters below to the Audit Committee or to its members. Where determined to be necessary, Statutory Executive Officers and employees can also report matters not listed below to the Audit Committee or its members. If the matter reported falls within Ichigo's Whistleblower policy, then such report shall follow the procedures of the policy. Any person making a report shall not be relieved of employment and shall not receive any disadvantageous treatment directly as a result of making such report.
1. Any matter that may have a material impact on Ichigo's business operation and financial standing (including matters of compliance and risk management)
  2. Any matter that has material impact on Ichigo's internal control systems
  3. Any matter that impacts Ichigo's handling of complaints or whistleblower reports
  4. Any matter stipulated in the rules with respect to matters to be reported to the Audit Committee
  5. Any matter that may materially impact the audits conducted by the Audit Committee or its members
- h. Other Systems to Ensure Effective Audits by the Audit Committee
- (i) Internal Audit works closely with the Audit Committee and the Audit Committee Members by discussing the internal audit plan and handles the reporting of the results. Audit Committee Members and Internal Audit also work closely with the External Auditor and exchange opinions about internal audit issues.

(ii) The Audit Committee or the Audit Committee Member designated by the Audit Committee may retain any lawyers, certified public accountants, consultants, and other outside advisors at Ichigo's cost without prior approval from the Board or the Statutory Executive Officers.

(iii) The Audit Committee Member designated by the Audit Committee reports the status of the execution of duties by the Audit Committee to the Board at least quarterly.

i. Systems to Ensure Fully Appropriate Business Activities by Ichigo and its Subsidiaries

(i) Ichigo's subsidiaries share Ichigo's Management Philosophy, Code of Corporate Ethics, and Code of Conduct.

(ii) In managing its subsidiaries, Ichigo provides advice with respect to each subsidiary's corporate governance, compliance, risk management, and prevention of involvement with anti-social forces pursuant to Ichigo's internal rules, in addition to Ichigo exercising its rights as a shareholder.

(iii) Ichigo has established a Business Development Department to supervise and monitor Ichigo subsidiaries, including determining the subsidiaries' rules and regulations, obtaining ongoing reporting with respect to their business developments, and managing and guiding each subsidiary towards achieving its KPIs.

(iv) The Audit Committee works closely with Ichigo subsidiaries by holding liaison meetings with the Auditors of Ichigo companies to exchange opinions about material internal audit matters.

(v) The business activities of Ichigo's subsidiaries are subject to an internal audit by Internal Audit.

(vi) In the event of any transactions with Ichigo Trust, Ichigo's major shareholder, Ichigo takes special care to protect minority shareholders and has in place and follows appropriate procedures, including Board resolutions and reporting.

(vii) In order to prevent conflicts of interests, Ichigo has established a Policy for Managing Conflicts of Interest and manages any conflicts in accordance with such policy.

(viii) Ichigo subsidiaries hold meetings attended by officers and executives of the respective companies to ensure consistency of decision-making and operational efficiency and establish and maintain a system where execution of duties by subsidiary Directors are reported regularly to Ichigo.

(ix) In accordance with Ichigo's approach, its subsidiaries establish a corporate governance framework, compliance structure (including an internal reporting system), a structure to secure the reliability of financial reporting, an internal audit system, a system against anti-social forces, a structure to prevent insider trading, and risk management systems. Ichigo's subsidiaries also establish and operate a system to ensure that the officers and employees of the subsidiaries execute their duties in compliance with laws and regulations, and the Articles of Incorporation.

**Internal Control Implementation Status**

1. Internal Controls to Ensure that Statutory Executive Officers and Employees Execute Their Duties in Full Compliance with Japanese Law and Ichigo's Articles of Incorporation (Article 416 Paragraph 1 of the Company Law, Article 112 Paragraph 2 Item 4 of the Enforcement Regulation of the Company Law)

Status

(1) The Board is comprised of six Independent Directors and three internal Directors and had a total of 9 meetings during the previous fiscal year with a 100% attendance rate among all Directors. Statutory Executive Officers make decisions and or seek board approval through proposal documents and report their activities to the Board at least quarterly. The Audit Committee is comprised of three Independent Directors and held a total of 17 meetings during the previous fiscal year with a 100% attendance rate.

- (2) (a) Compliance – The Compliance Committee held two meetings to deliberate material compliance matters and conducted training sessions based on Ichigo’s Code of Corporate Ethics and Code of Conduct. A whistleblowing system exists, including the ability to directly notify an external legal counsel.
- (b) Financial Reporting Controls – The President, together with Statutory Executive Officers of each division and subsidiary, work to ensure compliance with internal controls and the evaluation thereof.
- (c) Internal Audit – The objective of Internal Audit for the previous fiscal year was to contribute to management level decision-making through an Ichigo-wide, risk-based approach focusing on recommendations to prevent and improve operations. Specifically, audits examined the appropriateness of the fulfilment of management contracts, security of its information systems, and storage and status of investment securities.
- (d) Prevention of Dealings with Anti-Social Forces – Ichigo has written manuals on how to handle Anti-Social Forces as well as rules that prescribe that Anti-Social Forces clauses must be included in Ichigo contracts. Ichigo also works with the Tokyo Metropolitan Police Department and other external experts in conducting due diligence of business counterparties. (See “System Against Anti-Social Forces”)
- (e) Prevention of Insider Trading – Through its internal rules on the management of insider information, Ichigo strictly manages all critical corporate information and ensures proper disclosure thereof. Internal rules require that all employees must pre-clear any transaction in designated securities with the Statutory Executive Officer of their respective divisions.

2. System to Ensure Proper Storage and Management of Information Required for Execution of Duty by Statutory Executive Officers (Article 112 Paragraph 2 Item 1 of the Enforcement Regulation of the Company Law)

Status

Handling of information is stipulated in the Information Management Policy and handling of documents is stipulated in the Document Management Policy, and all employees conduct business in full compliance with both policies.

3. Risk Management Policies and Systems (Article 112 Paragraph 2 Item 2 of the Enforcement Regulation of the Company Law)

Status

Ichigo continually monitors business execution and risks, and the Chief Risk Officer reports the results of this monitoring to the Board. Ichigo also has business continuity plans that specify how to recover from natural disasters and other crises, and all employees are fully aware of these plans.

4. Systems to Ensure Effective Execution of Duties by Statutory Executive Officers (Article 112 Paragraph 2 Item 3 of the Company Law)

Status

Statutory Executive Officers execute their duties within their respective delegated scopes of responsibilities without any undue overlap or negligence. Ichigo set its business policies and targets for the previous fiscal year, in accordance with the Power Up 2019 mid-term business plan, and has successfully achieved the targets. The Head of Finance provides analytic support to the Senior Management Meeting to support its effectiveness.

5. Audit Committee and Audit Systems (Article 416 of the Company Law, Article 112 Paragraph 1 Items 1-7 of the Enforcement Regulation of the Company Law)

Status

(1) In accordance with internal rules pertaining to Directors and employees assisting in the duties of the Audit Committee, Ichigo has appointed one Statutory Executive Officer and two employees and has ensured their independence. Furthermore, the prior consent from the Audit Committee has been sought for any organizational or compensation matter with respect to these appointed persons.

(2) In accordance with the Audit Committee Rules, the Audit Committee attended important management meetings and received explanations as well as reviewed all relevant materials. In addition, Ichigo employees have made all required reporting to the Audit Committee, and no disadvantageous treatment has resulted from such reporting.

(3) The Audit Committee approved internal audit plans and received reports on the results of audits. Furthermore, the Audit Committee has received periodic reports from the external auditor and has engaged in discussions of material audit matters.

(4) The Audit Committee holds two liaison meetings a year with Audit Committee Members and auditors of subsidiaries and receives explanations and reports from the employees of subsidiaries.

(5) The Audit Committee has requested that Ichigo bear the costs associated with auditing of subsidiaries.

6. Systems to Ensure Fully Appropriate Business Activities by Ichigo and its Subsidiaries (Article 112 of the Enforcement Regulation of the Company Law)

Status

(1) Structure to Ensure that Ichigo Subsidiaries Execute Their Duties in Compliance with Laws and Regulations and Ichigo's Articles of Incorporation

The Boards of each subsidiary have approved a "Basic Policy for the Establishment of Structure of Internal Controls," pursuant to the one established by Ichigo. Audit Committee Members and internal auditors of respective subsidiaries attend Board meetings as well as any other important management meetings and examine related materials to ensure Directors and officers are executing their duties in compliance with laws and regulations, and Ichigo's Articles of Incorporation.

(2) Structure for Ichigo Subsidiaries to Report to Ichigo on the Execution of Their Duties

The President receives a report from the presidents of each subsidiary with respect to business operations and the execution of duties by Directors and officers at least quarterly.

(3) Structure of Risk Management at Ichigo Subsidiaries

Each subsidiary monitors business risks pursuant to its risk management policy, and reports the results to Ichigo's Risk Management Division. The Head of Ichigo's Risk Management Division compiles and reports this information to Ichigo's Board, and Ichigo's Chief Risk Officer also provides the Board with a comprehensive update on the status of Ichigo-wide risk management.

(4) Structure to Ensure Efficient Execution of Duties at Ichigo Subsidiaries

Each subsidiary has policies in place to ensure clarity of scope of responsibilities, with management decisions being made in line with such policies, therefore resulting in the efficient execution of duties.

## 2. Policies against Anti-Social Forces

Ichigo has included its policy against anti-social forces in Ichigo's Code of Corporate Ethics, as well as established an internal system against anti-social forces based on its Basic Policies on Internal Control System.

### (a) Responsible Departments and Persons

Ichigo has appointed the Executive Vice President & Statutory Executive Officer as the responsible manager and the Business Management department as the responsible department to handle any potential encounter with from anti-social forces in cooperation with relevant departments.

Ichigo also has advisors who help monitor Ichigo's anti-social forces system.

### (b) Cooperation and Coordination with External Experts

Ichigo has established a system against anti-social forces in cooperation and coordination with external experts such as the Organized Crime Investigation Division of Tokyo Metropolitan Police Department, the Marunouchi Police Department, the National Center for the Elimination of Boryokudan, and external lawyers, and is a member of associations to combat anti-social forces in Tokyo and Osaka to receive guidance and share information.

### (c) Collection and Management of Information on Anti-Social Forces

The Statutory Executive Officer (Compliance) is responsible for managing information on anti-social forces gathered in and outside of Ichigo and uses such information to ensure transaction counterparties are not anti-social forces.

### (d) Rejection of Anti-Social Forces

Ichigo shall not accept any contact from anti-social forces and shall reject any and all interactions with a firm attitude and, in cooperation and coordination with external experts.

### (e) Implementation of Provisions against Anti-Social Forces

Ichigo shall set forth provisions against anti-social forces in standard written agreements and terminate any and all contracts if the counterparty is discovered to be an anti-social force.

### (f) Training against Anti-Social Forces

Ichigo Directors and employees expressly confirm their understanding of and adherence to rules against anti-social forces through a statement they sign and submit to Ichigo's Chairmen and President on a yearly basis. Guidance from external experts is also delivered to all Directors and employees promptly to raise awareness and prevent the involvement of anti-social forces in the marketplace.

## V. Other

### 1. Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A
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Supplementary Explanation
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Ichigo has not adopted any takeover defense, poison pill, or any other policy with respect to persons or parties seeking to control decisions with respect to Ichigo's financial and business policies.
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## 2. Other Corporate Governance Issues

### Timely and Appropriate Disclosure

#### (1) Ichigo's Policy on Timely and Appropriate Disclosure

The Code of Corporate Ethics shared across all Ichigo companies stipulates under the section "Transparent and Ethical Management" that Ichigo will maintain an appropriate balance between clients, shareholders, and all other stakeholders, and will make disclosures on a fair and timely basis.

#### (2) Adherence to Ichigo's Policy on Timely and Appropriate Disclosure

The Code of Conduct shared across all Ichigo companies stipulates that Ichigo will comply with all laws and regulations with respect to information disclosure and endeavor to disclose information in a fair, timely, and readily understandable manner. It further stipulates that Ichigo will endeavor to promote appropriate disclosures, strictly control material non-public information (MNPI) and any other non-public information arising from business operations, and deliver a consistent message to the media. To this end, Ichigo strictly complies with all relevant laws, regulations, and exchange rules with respect to the timely and appropriate disclosure of information.

#### (3) Systems to Ensure Timely and Appropriate Information Disclosure

The Chairmen and President have appointed the Executive Managing Director & Statutory Executive Officer (Business Management) to be the Chief Disclosure Officer (CDO) responsible for ensuring timely and appropriate disclosures for Ichigo in accordance with procedures set forth by the Tokyo Stock Exchange.

Material disclosure issues related to management decisions, including that of subsidiaries, are managed centrally by the CDO and IR team, and the need for disclosure is determined, as appropriate, in consultation with external legal counsel.

The CDO and IR team work in close collaboration with subsidiaries to capture and examine all material business issues and make timely disclosures as necessary.

IR releases regarding matters of material importance are circulated, along with all related documents, for review by the Compliance Department and the relevant Ichigo decision-making entity.



