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Corporate Governance Report

Last Update: November 10, 2016
Ichigo Inc.
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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 managing the Tokyo Stock Exchange-listed Ichigo Office REIT (8975) and Ichigo Hotel REIT (3463) and operating solar plants nationwide. Ichigo works to continually strengthen its corporate governance in order to improve its business performance, enhance transparency, and promote sustainable growth. Ichigo is focused on both optimizing its organizational structure and further developing the capabilities of its officers and 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 long-term corporate strategy and management policy and the supervision thereof, and delegates day-to-day operation of the company to Statutory Executive Officers while making clear respective roles and responsibilities for the executive team. Through its supervision, the Board aims to establish 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 field of business, and six Independent Directors with specialized expertise including former CEOs of listed 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 group companies.

・Ichigo has established a Compliance Committee directly under the Board and independent from management in order to monitor and evaluate critical compliance matters.

・As of the date of this report, the number of members of 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 (all of whom are Independent Directors)
Compensation Committee: 5 (of whom 3 are Independent Directors)
Compliance Committee: 4 (of whom 2 are Independent Directors)

(b) Ichigo has taken the following measures to ensure that all staff understand and adhere to its mission:

・Ichigo's mission is frequently communicated to staff such as during corporate planning sessions and personnel evaluations.

・Ichigo shares its Code of Corporate Ethics and Code of Conduct with all group companies to ensure that all group staff are informed of the mission and prepared to adhere to it.

・All staff, including group companies, participate in annual mandatory training where the content of Ichigo's Code of Corporate Ethics and Code of Conduct is reiterated, and furthermore, all staff 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

Supplementary Principle 4.11.3

In addition to formal agenda items presented to the Board, Directors are actively involved in open and constructive dialogue throughout the organization and Ichigo has an open culture of escalating problems and voicing opinions to the Board. As such, Ichigo feels that the Board has effective oversight of Ichigo and therefore has not conducted any formal assessment thereof. However, in light of its pursuit towards continually enhancing its corporate governance, Ichigo will continue to explore if there is a need and/or a better way to assess the effectiveness of its Board.

Disclosure with respect to Compliance with Corporate Governance Code Principles

Principle 1.4 Cross-Shareholdings

Ichigo does not engage in cross-shareholdings. With respect to its minimal current holdings of shares in other listed companies, it will sell down these shares over time.

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 corporate 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 period the audit committee requires all Directors and Statutory Executive Officers as well as Directors of group companies to submit a signed statement confirming the absence of any conflicts of interest, illegal provision of profits, abnormal transactions, and violations of fiduciary responsibilities during the course of their duties.

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 Securities Report.
(iii) Ichigo's policy on Director and Statutory Executive Officer compensation is disclosed in this report, its Securities Report, and its Business Report.
(iv) While the Board has no explicit policy with respect to the selection of Director candidates and the appointment of Statutory Executive Officers, the two principles described immediately below are considered in the Nominating Committee making its recommendations. Furthermore, independence of Independent Directors is determined in accordance with the standards of independence made available by the Tokyo Stock Exchange, thus ensuring the absence of any special personal relationships and equity relationships with Ichigo. The specific reasons for the selection of Independent Directors are disclosed in Ichigo’s shareholder meeting materials.

(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 Directors and Statutory Executive Officers. Nominations holistically consider the candidates' ability to contribute both to Ichigo and to society under Ichigo's mission and in adherence with its Code of Conduct, and also considers the candidates understanding and compliance with relevant laws and regulations.

(2) Nomination of Candidates for Independent Directors
Nomination of candidates 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, and finance; and the candidates' ability to objectively monitor Ichigo’s management.

(v) Explanations with respect to the individual appointments and nominations are disclosed in Ichigo’s shareholder meeting materials.

Supplementary Principles 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.

All Statutory Executive Officers are expected to efficiently and effectively make decisions and lead staff 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, the Chairmen, President, Senior Executive Officers, and 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 Standards for Independence 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, or are former CEOs of listed companies. The specific standards for independence are disclosed both in the Securities Report and Ichigo’s shareholder meeting materials.

Supplementary Principle 4.11.1

Ichigo's view with respect to the knowledge, experience, and expertise of the Board as a whole is consistent with the criteria used to select individual Directors as disclosed its response to Principle 3-1 (iv). Ichigo's policy with respect to selecting Independent Directors is disclosed in the Securities Report.

Supplementary Principle 4.11.2

With the exception of the Independent Directors and Chairman Scott Callon, all Directors and Statutory Executive Officers do not concurrently serve roles at other listed companies, and are therefore able to fully commit and dedicate themselves to their duties at Ichigo.

Although the Independent Directors and Chairman Scott Callon assume roles at other listed companies, these are within reason and such roles are fully disclosed in the Securities Report and the Business Report.

Supplementary Principle 4.14.2

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 with opportunities to participate in seminars and trainings held by these associations. Furthermore, Ichigo will bear expenses with respect to training and materials that Directors feel necessary in order for them to dutifully execute their supervisory responsibilities. Additionally, Ichigo has established Ichigo University, available to all group company staff, in order to provide opportunities for staff to enhance their skills necessary to successfully perform their respective roles, and also has internal policies that permit employees to pursue relevant licenses and qualifications at Ichigo's expense. A group-wide compliance training (including the topic of insider trading prevention) is conducted at least once a year, with staff of the two group companies possessing Financial Instrument and Exchange Law (FIEL) licenses subject to a strict compliance program consisting of four training sessions each year.

Newly appointed Independent Directors are briefed on Ichigo's business and financial statements, and receive detailed explanations of Ichigo's mid-term business plan as well as individual strategies for each of Ichigo's operating segments.

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 1st and 3rd quarters. In addition, an English-language telephone conference is held every quarter for the benefit of global investors. 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. Capital Structure

Percentage of Non-Japanese Shareholders	In excess of 30%

Major Shareholders

Name	Number of Shares	Percentage (%)
Ichigo Trust	298,721,200	59.51%
Chase Manhattan Bank GTS Clients Account Escrow（Standing Proxy: Mizuho Bank, Ltd.）	26,545,020	5.28%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Account)	9,900,500	1.97%
State Street Bank and Trust Company	6,789,641	1.35%
SMBC Nikko Securities Co., Ltd.	5,791,600	1.15%
MORGAN STANLEY MUFG SECURITIES CO. LTD	5,371,966	1.07%
Trust & Custody Services Bank, Ltd. (Security Investment Trust Account）	4,658,900	0.92%
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	4,092,000	0.81%
SBI Securities Co., Ltd.	2,684,000	0.53%
State Street Bank and Trust Company 505311	2,503,000	0.49%

Controlling Shareholder	Ichigo Trust
Parent Company	N/A

Supplementary Explanation

The percentage in the above table is calculated excluding treasury shares (831,200 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 500 and 1000
Revenue (Consolidated) as of the End of the Previous Fiscal Year	Between JPY 10 and 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 Shareholder

When transacting with Ichigo Trust, its controlling shareholder, Ichigo takes special care to protect the interest of minority shareholders and has in place appropriate procedures including the due diligence of all transactions by the Compliance Group, Audit Group, 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 Decisionmaking, Business Execution, and Management Oversight

1. Organizational Structure

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

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

Independent Directors

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											
Takashi Kawamura	Non-Ichigo Company											
Masatoshi Matsuzaki	Non-Ichigo Company											
Kosuke Nishimoto	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 the listed company 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.
Takashi Kawamura		Yes	Ichigo's Nominating Committee and Board have nominated Mr. Takashi Kawamura as a candidate for Director based upon his extensive experience leading and strengthening, as the CEO and Chairman, a major global electronics and machinery manufacturer through a highly successful structural transformation, and his knowledge and experience of 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.
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 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.

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	15

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
Hiroshi Shimazu	No	No	No	No	Yes
Hisayoshi Towata	No	No	No	No	Yes
Kenichi Nagao	No	No	No	No	Yes
Masaaki Yajima	No	No	No	No	Yes
Akihiko Tsukasa	No	No	No	No	Yes
Kenichi Tanaka	No	No	No	No	Yes

Audit Structure

Appointment of Directors and/or Staff to Support the Audit Committee	Yes

Matters Related to the Independence of Such Directors and/or Staff 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.

Cooperation among Audit Committee, External Auditors, and Internal Audit Office

Executive decisions are monitored by both the Audit Committee, from the perspective of supervision, and the Internal Audit Office, from the perspective of execution. The Internal Audit Office 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 the Internal Audit Office work closely with External Auditors by discussing and exchanging views on important matters.

Independent Directors

Number of Independent Directors	6

Compensation & Incentives

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

Supplementary Explanation

a. Basic Policy

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

b. Specific Policies

– 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 Ichigo's performance and the department and individuals for which each Statutory Executive Officer is responsible.

– Stock Options

Stock options are granted to Directors and Statutory Executive Officers to strengthen their motivation to improve performance for the benefit of shareholders. These stock options are granted in addition to the Compensation described above.

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

Supplementary Explanation

Ichigo is working to strengthen its operating performance and increase its corporate value, supporting ongoing distributions to shareholders. To this end, on an annual basis Ichigo issues stock options to Directors and employees to improve performance and align their interests with Ichigo shareholders.

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

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

a. Basic Policy

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

b. Specific Policies

– 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 Ichigo's performance and the department and individuals for which each Statutory Executive Officer is responsible.

– Stock Options

Stock options are granted to Directors and Statutory Executive Officers to strengthen their motivation to improve performance for the benefit of shareholders. These stock options are granted in addition to the Compensation described above.

Support for Independent Directors

- The Board Secretariat supports the effective execution of duties by the Board by compiling agendas and related materials, and supports all administrative tasks regarding the pre-notification of agendas, scheduling, and recording of the minutes.
- The Nominating Committee Secretariat ensures the effective execution of duties by the Nominating Committee by compiling agendas and related materials, and supports all administrative tasks regarding the pre-notification of agendas, scheduling, and recording of the minutes.
- The Audit Committee Secretariat and Ichigo employees selected by the Audit Committee ensures the effective execution of duties by the Audit Committee by compiling agendas and related materials, and supports all administrative tasks regarding the pre-notification of agendas, scheduling, and recording of the minutes.
- The Compensation Committee Secretariat ensures the effective execution of duties by the Compensation Committee by compiling agendas and related materials, and supports all administrative tasks regarding the pre-notification of agendas, scheduling, and recording of the minutes.

2. Overview of Current Corporate Governance System

Ichigo adopted the Company with Committees (Nominating, Audit, Compensation) structure in 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 executive teams. Of Ichigo’s Statutory Executive Officers, there are 14 men and one woman.

Ichigo regularly holds a Senior Management Meeting at which important business matters across all of Ichigo’s businesses are deliberated. All of Ichigo’s executive team participates in the Senior Management Meeting, namely: Scott Callon (Chairman), Kenji Iwasaki (Chairman), Takuma Hasegawa (President), Minoru Ishihara (Executive Vice President & COO), Wataru Orii (President, Ichigo Investment Advisors), Takumi Naito (Executive Vice President, Ichigo Investment Advisors), Masahiko Koketsu (President, Ichigo Estate), and Eiichiro Gotoh (President, Ichigo ECO Energy).

Ichigo works to achieve efficient business execution by setting clear management policy and business targets. Specifically, Ichigo has set 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 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 6 meetings in the previous fiscal year): Chairman: Takuma Hasegawa; Members: Scott Callon, Tetsuya Fujita, Noriko Kawate, Masatoshi Matsuzaki

Audit Committee (Held 24 meetings in the previous fiscal year): Chairman: Tetsuya Fujita; Members: Noriko Kawate, Yukio Suzuki

Compensation Committee (Held 9 meetings in the previous fiscal year): Chairman: Takuma Hasegawa; Members: Scott Callon, Tetsuya Fujita, Noriko Kawate, Masatoshi Matsuzaki

Compliance Committee (Held 3 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 Clause 1 and Article 423 Clause 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 Clause 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 corporate value creation. Since May 2006, Ichigo has adopted the board committee 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 Accessibility	Ichigo always holds its shareholder meetings on the weekends 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 helps to ensure that the broad interest shareholders are being 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 and also employs universal design fonts with the intent to enhance readability for all shareholders.

2. IR Activities

	Supplementary Explanation
Regular Investor Briefings for Analysts and Institutional Investors	Ichigo conducts results meetings semi-annually for Ichigo's half-year and full-year results for analysts and institutional investors, and holds a Japanese-language earnings call for Q1 and Q3 results. Ichigo also conducts small meetings as well as one-one-one investor meetings on a regular basis.
Regular Investor Briefings for Overseas Investors	Ichigo holds an English-language earnings call every quarter along with one-one-meetings.
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 of Ichigo's 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 of 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. As such, 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 Japan's bright future, Ichigo puts environmental protection and CSR at the center of all of its businesses. (Please refer to Ichigo's website for details.)
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	・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. ・Ichigo provides employees with the option of full maternity/paternity leave for two years, subsidies to cover childcare and nursing expenses, paid leave to nurse sick children, and hourly paid leave in order to quickly and flexibly respond to personal issues. ・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. ・Ichigo's retirement age is set at 70. Percentage of women in executive positions: 15.8% Percentage of women in management positions (including team leaders): 24.6% Ratio of women among employees: 39.7% Return rate of employees who take maternity/paternity leave: 100% （as of February 2016） <u>Health Management Initiatives</u> ・Prevention of long work hours (monitoring overtime, interviews with occupational health physicians, management training, and supervision by the personnel division). Average overtime hours were reduced from 20 hours in 2015 to 14.4 hours in 2016. ・Mental healthcare training for all executives and employees ・Enhanced periodic health check-ups and support for re-examination fees ・Promotion of use of paid vacation days ・Sharing health-related topics and tips ・Improved working environment, flexible and versatile office layout, and enhanced common and relaxation spaces

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," 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, Ichigo shareholder meeting resolutions, the Regulations of the Board, the Ichigo Group's Code of Corporate Ethics, the Ichigo Group's Code of Conduct, the Regulations of Administrative Authority, and other rules. The Board has established the Proposal and Reporting Standards to the Board and makes decisions on the execution of business to be determined by the Board pursuant to the Standards.
– 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, the resolution of the Board, 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 once every three months. 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 the Ichigo Group's Code of Corporate Ethics and the Ichigo Group's Code of Conduct which provide rules and regulations for action to be taken by officers and 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 has mandated that the Chairmen, President, Statutory Executive Officers (Business Management and Compliance Officer), and a division in charge of compliance management (Compliance) directly reporting to the President promote compliance.
– Ichigo maintains an internal reporting system whereby Directors, Statutory Executive Officers, and employees may report any questionable acts in terms of compliance through internal reporting contacts or outside lawyers.

(iii) Structure to Ensure Appropriate Financial Reports

– Ichigo has established internal systems to ensure lawful, 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 Audit Department promote and establish an internal structure which complies with J-SOX.

(iv) Internal Audit

– Ichigo has established a Statutory Executive Officer (Compliance) and an Internal Audit Department which reports directly to the Audit Committee. The Statutory Executive Officer (Compliance) and Internal Audit Department conduct an internal audit of business 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 such audit to the Audit Committee, the President, and the Board. The Statutory Executive Officer (Compliance) and the Internal Audit Office reports on corrective activities called for by internal audit to the Audit Committee, the Chairmen, the President, and the Board.

(v) Rejection of Anti-Social Forces

– In order to prevent anti-social forces from entering into the real estate and financial markets, Ichigo has established the Ichigo Group's Code of Corporate Ethics which prohibits interaction with anti-social forces in cooperation and coordination with the Police Department and other institutions.
– Ichigo has mandated the Statutory Executive Officer (Business Management and Compliance) and Compliance Department to eliminate interaction with anti-social forces by enhancing coordination and cooperation with the Police Department, lawyers, and other external experts; become a member of police-related institutions; gather information; screen business counterparties; include provisions against anti-social forces in agreements, etc.
– In the event an anti-social force makes a request with respect to Ichigo, the Statutory Executive Officer (Compliance) shall promptly contact the police, outside legal advisors, and each group company and take a forceful attitude to reject such request.

(vi) Structure to Prevent Insider Trading

– In order to prevent insider trading, the Chairmen and President have appointed the 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 group company in cooperation with the Statutory Executive Officer (Business Management).

b. Systems for the Retention and Control of Information in the Execution of Duties by Statutory Executive Officers

Ichigo properly retains and manages documents and other information in 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 establishes a company-wide, cross-departmental risk management system.

(ii) In order to enhance its risk management, Ichigo has appointed the Chairmen, President, the Statutory Executive Officer (Business Management), and Legal and Risk Management Departments as the risk management heads.

(iii) The Statutory Executive Officer (Business Management) and Business Management and Legal and Risk Management Departments ensure risk management of material matters that involve management decisions.

(iv) With respect to natural disasters and other risks, Ichigo has established risk management systems in cooperation with each department, primarily driven by the Business Management Department. Ichigo has established a system in which the Executive Vice President & Statutory Executive Officer creates a task force, prevents the expansion of damages, and speeds recovery in the event of crisis.

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 Chairmen, President, and each division head & Statutory Executive Officer, 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 Company-wide targets, and annual division targets. The Senior Statutory Executive Officer (Finance) ensures effective and efficient management by tracking Ichigo's progress against these objectives.

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 Audit Department appointed by the head of the 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 Audit Department manages the members of the department or leads the execution of assisting in the performance of the duties of the Audit Committee him/herself.

(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 ask to get such undue constraints eliminated.

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 hear 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 staff members must explain and report to the Audit Committee and Audit Committee Members as required.

(iii) Statutory Executive Officers and employees immediately report to the Audit Committee Members. In case Statutory Executive Officers and employees report following its internal reporting system (including its external reporting system), such officer or employee follows the rules of the system.

1. Details of decisions which may have a material impact on finance and business (including matters regarding compliance or risk management)
2. Matters that damage the establishment of internal compliance systems
3. Matters that affect the operation of internal reporting systems
4. Other matters that the Audit Committee or any member of the Audit Committee recognizes as material

h. Other Systems to Ensure Effective Audits by the Audit Committee

(i) The Internal Audit Office works closely with the Audit Committee and the Audit Committee Members by discussing the internal audit plan, conducting internal audits, and reporting the results to the President, the Audit Committee and the Audit Committee Members. Audit Committee Members and the Internal Audit Office also work closely with the External Auditor and exchange opinions about matters on internal audit.

(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 once every three months.

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

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

(ii) Ichigo's subsidiaries, pursuant to internal rules, are managed and controlled by the divisions that are in charge of managing subsidiaries, which are also responsible for providing advice on matters of each company's corporate governance, compliance, and risk management.

(iii) Ichigo has established Business Planning Departments in charge of Business Management and management regulations of its subsidiaries, obtain reports on business developments from them, and conduct sound management of and guide each subsidiary to achieve its business goals.

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

(v) The business activities of Ichigo's subsidiaries are subject to an internal audit by the Internal Audit Office to the extent that they do not conflict with laws and regulations.

(vi) In the case of any transaction with Ichigo Trust, Ichigo's controlling 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 set a Conflict-of-Interest Control Policy, and takes measures to prevent damage to clients' interests.

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

(ix) In accordance with Ichigo's approach, its subsidiaries establish a corporate governance framework, compliance structure (including the 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 systems regarding risk management. Ichigo's subsidiaries also establish and operate a system to secure that the officers and employees of the subsidiaries execute their duties to comply with the laws and regulations, and the Articles of Incorporation.

2. Policies against Anti-Social Forces

Ichigo has included its policy against anti-social forces in Ichigo Group'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 a responsible manager and the Business Management department as a responsible department which handles claims 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) No Acceptance of Anti-Social Forces
Ichigo shall not accept any claims from anti-social forces and shall reject them with a firm attitude, 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 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 vis-à-vis anti-social forces through a statement they sign and submit to the 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 involvement of anti-social forces in the industry.

V. Other

1. Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A

Supplementary Explanation

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.

2. Other Corporate Governance Matters

I. Timely and Appropriate Disclosure

(1) Basic Policy on Timely and Appropriate Disclosure
The Code of Corporate Ethics shared across Ichigo Group companies stipulates under the section of Transparent and Ethical Management that the Ichigo Group will maintain a balance between clients, shareholders, and all other stakeholders, and will make disclosures on a fair and timely basis.

(2) Adherence to the Basic Policy on Timely and Appropriate Disclosure
The Code of Conduct shared across all Ichigo Group 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 Information Officer (CIO) responsible for ensuring timely and appropriate disclosures for the Ichigo Group in accordance with procedures set forth by the exchange.

Material matters related to management decisions, including that of subsidiaries, are managed centrally by the CIO and IR team, and the need for disclosure is determined, in some cases, upon verification by external legal counsel.

The CIO and IR team work in close collaboration with subsidiaries to capture and examine all material business occurrences, and make timely disclosures of these as necessary.

IR releases regarding matters of material importance are circulated, along with all related documents, for review by the compliance team and the relevant decisionmaking body.

II. Overview of Ichigo's Controls to Ensure Appropriate Business Conduct

(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

(i) Corporate Governance

– As a Company adopting the Committee structure and in order to promote active and meaningful dialogue within the Board, the Board is comprised of six Independent Directors and three Internal Directors also serving as Statutory Executive Officers. The Board held 17 meetings in the previous fiscal year with an attendance rate of 99%.
– The Board focuses on setting long-term corporate strategy and management policy and the supervision thereof, and delegates day-to-day operation of the company to Statutory Executive Officers while making clear respective roles and responsibilities for the executive team. Through its supervision, the Board aims to establish management transparency and agility.
– The Board complies with relevant laws and regulations, the Articles of Incorporation, resolutions adopted at shareholders' meetings, Ichigo's mission, Ichigo's Code of Corporate Ethics, and Ichigo's Code of Conduct in its activity and in its supervision of Ichigo management.
– All Statutory Executive Officers provide business updates to the Board on a quarterly basis to facilitate the Board's understanding and supervision of business execution.
– The Audit Committee is comprised solely of Independent Directors (currently three) and is responsible for auditing business execution by Statutory Executive Officers. The Audit Committee held 24 meetings in the previous fiscal year with an attendance rate of 99%.

(ii) Compliance

– Ichigo has a Code of Corporate Ethics and a Code of Conduct that binds all officers and employees, with regular training conducted to ensure full awareness and compliance thereof.
– Ichigo has voluntarily established a Compliance Committee independent from management, comprised of three Internal Directors and two Independent Directors, to deliberate material compliance matters. The Compliance Committee held three meetings in the previous fiscal year with an attendance rate of 100%.
– Ichigo has mandated that the Chairmen, the President, the Statutory Executive Officer (Business Management), and the Statutory Executive Officer (Compliance), and the Compliance Team (currently one member) take direct responsibility to support and strengthen Ichigo's compliance culture. All significant business decisions also require approval from the Compliance Team. Ichigo conducts compliance training sessions every year, with the previous fiscal year having nine such sessions with an attendance rate of 98.7%.
– Ichigo retains external legal counsel, which it engages when considering legal perspectives on material business matters.
– Ichigo has in place a whistle-blowing system by which any act of business that may be of concern from a compliance perspective can be escalated by an Ichigo employee both through an internal hotline as well as through external legal counsel.

(iii) Internal Audit

– Ichigo has an Internal Audit Department that reports directly into the President and is headed by a Statutory Executive Officer, and is responsible for conducts business audits to ensure the appropriateness and compliance with relevant laws and regulations, the Articles of Incorporation, and all internal rules. All audit results as well as progress on any necessary remedial actions are reported to the Chairmen, President, and Audit Committee as well as the Board.
– The Internal Audit Department carried out eight audits in the previous fiscal year and provided quarterly reporting of results to the Audit Committee, the Chairmen, the President, and the Board. Progress on remedial actions was reported to the same parties at the end of the fiscal year.

(iv) System Against Anti-Social Forces

– In order to prevent the involvement of anti-social forces in the real estate and financial markets, Ichigo has established basic policies with respect to the handling of anti-social forces in its Code of Corporate Ethics.
– As a means of preventing against anti-social forces, Ichigo has appointed the Statutory Executive Officer (Business Management), the Statutory Executive Officer (Compliance), and the Compliance Team (currently one member) as responsible for liaising with external experts such as the Tokyo Metropolitan Police Department and lawyers in creating screening criteria, conducting counterparty due diligence, including relevant clauses in contracts and agreements, and establishing manuals for handling anti-social forces.
– Ichigo has appointed the Executive Vice President to be directly responsible for handling all claims from anti-social forces, working in close collaboration with subsidiaries, the Police, and external legal counsel in rejecting such claims and maintaining a strong and unwavering stance towards anti-social forces.

(v) System to Prevent Insider Trading

– In order to prevent insider trading, the Chairmen and President have appointed the Statutory Executive Officer (Business Management) as the designated information control officer pursuant to exchange rules and as the designated group information control officer as stipulated in internal rules. The information control officer, in collaboration with the Statutory Executive Officer in charge of employee trading and the Statutory Executive Officer in charge of information disclosure, is responsible for establishing systems of information control and preventing the occurrence of any insider trading.

(2) System to Ensure Proper Storage and Management of Information Required for Execution of Duty by Statutory Executive Officers

Ichigo has established rules with respect to Information Handling and Management and rules with respect to Document Management, and all employees are made aware of these rules and subject to compliance thereof.

(3) Risk Management Policies and Systems

As a means to control the various risks that arise from business, Ichigo has established group-wide internal rules with respect to risk management and has appointed the Statutory Executive Officer (Business Management) as the Chief Risk Officer, working in collaboration with the Compliance and Risk Management Teams. Risk assessments of various organizations are conducted with results reported to the Board every quarter.
Ichigo also has rules pertaining to risk management of natural disasters focusing on controlling the scope of damages and business continuity plans so as to minimize the risk of business disruption arising from crisis situations.

(4) Systems to Ensure Effective Execution of Duties by Statutory Executive Officers

Ichigo provides for efficient and agile execution of duties by making clear job roles, scope of responsibilities, and associated authority for all officers.
In order to facilitate the deliberation of material business matters requiring the decision of the President or the Statutory Executive Officer (Business Management), Ichigo regularly holds a management meeting attended by the Chairmen, President, Executive Vice President, and the Presidents and Executive Vice Presidents of major subsidiaries.

Ichigo sets its business plans and tracks their progress in alignment with Ichigo's management philosophy, the President's annual policy direction, and annual business goals for Ichigo and each business unit.

(5) Directors and Employees Supporting the Performance of Duties by the Audit Committee

Ichigo has established rules pertaining to Directors and employees supporting the duties of the Audit Committee, which includes ensuring their independence from Ichigo management.

(6) Reporting by Directors, Statutory Executive Officers, and Employees to the Audit Committee and Other Systems for Reporting to the Audit Committee

Ichigo has established rules pertaining to reporting of mattes to the Audit Committee, which clarifies the scope of matters required to be reported to the Audit Committee by Directors, statutory executive officers, and employees. Furthermore, Ichigo's Audit Committee Rules as well as the Internal Audit Rules stipulate the specific functions of the Audit Committee and the Internal Audit Team, and also specify how any reported matter is to be handled.

(7) Other Systems to Ensure Effective Audits by the Audit Committee

As a means to facilitate effective auditing by the Audit Committee, both the Audit Committee Rules and the Internal Audit Rules require the Audit Committee and the Internal Audit Team to closely collaborate in performing their duties, and allows for the hiring of external advisors without the need of any pre-approval of the Board or Executive Team.

(8) Systems to Ensure Appropriate Business Conduct Across the Entire Ichigo Group

– Reporting With Respect to the Execution of Duties by Directors and Statutory Executive Officers of Subsidiaries

Each subsidiary has established a corporate governance policy and provides updates with respect to the execution of duties by Directors and Statutory Executive Officers during the respective board meetings held on a quarterly basis.
The representatives of group companies are selected by Ichigo's Nominating Committee and comprise of Ichigo officers serving concurrently as the President of subsidiaries.
Ichigo's Corporate Planning Department monitors the financial performance of subsidiaries on a quarterly basis and tracks this against respective business plans. Furthermore, a quarterly business update meeting is held as needed, at which Ichigo's President, Statutory Executive Officer (Business Management), and Corporate Planning Department receive detailed updates with respect to the business performance of each subsidiary.

– Risk Management Policies and Systems at Subsidiaries

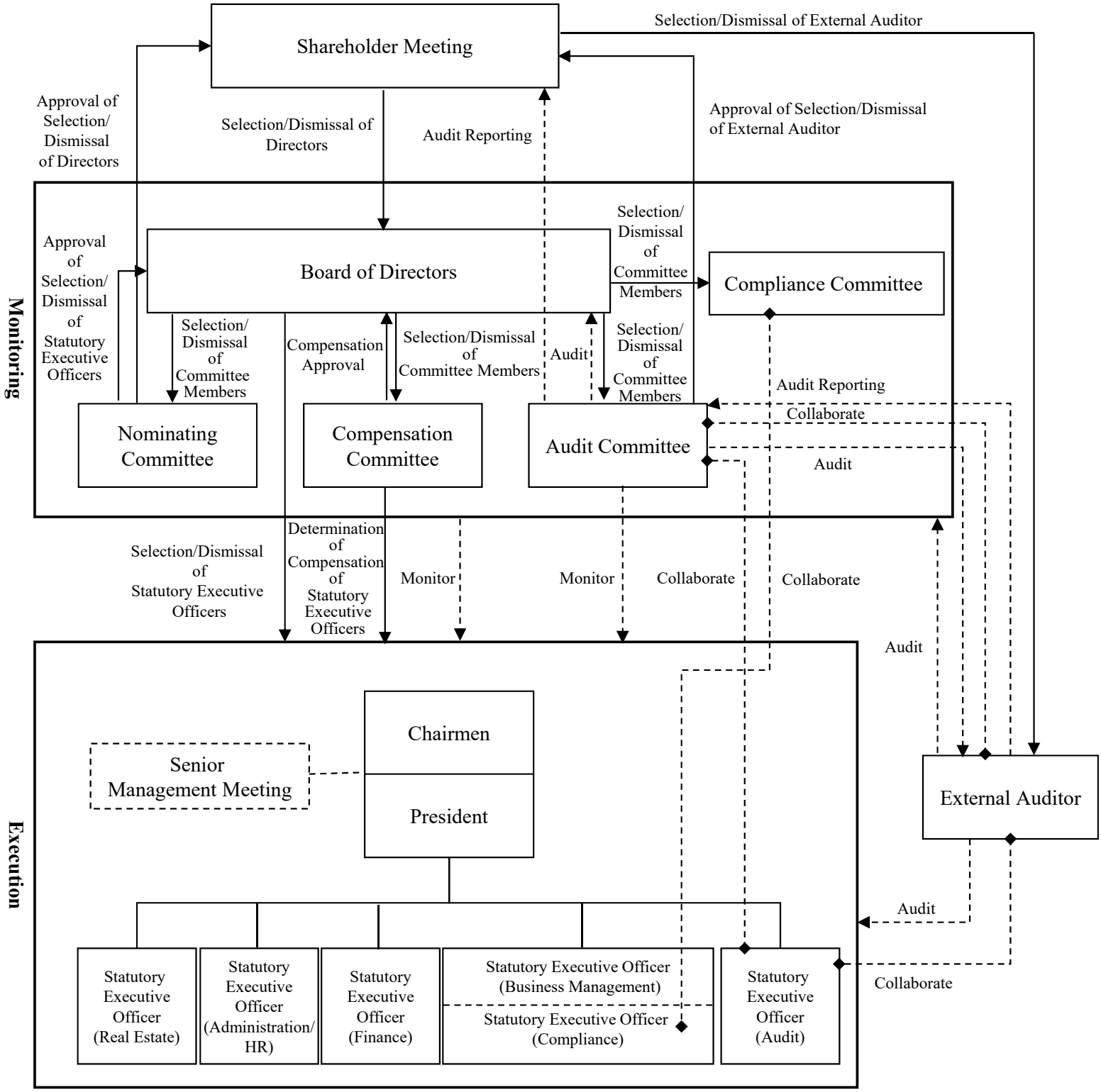
In accordance with Ichigo's group-wide risk management policy, each subsidiary has established a risk management team and a Director designated as a risk management officer.
Each subsidiary conducts a risk management assessment on a quarterly basis and reports the results to its Board. All such results are centrally collected by Ichigo's Statutory Executive Officer (Business Management) and presented to Ichigo's Audit Committee, Chairmen, President, and Board.

– System to Ensure Effective Execution of Duties by Directors and Statutory Executive Officers of Subsidiaries

All subsidiaries share Ichigo's mission, corporate philosophy, Code of Corporate Ethics, and Code of Conduct.
In addition, each subsidiary establishes its own policies and internal rules within the context of their respective businesses and strictly adheres to these policies and rules.
Each subsidiary clarifies the scope of business matters requiring Board decision or escalation to the Board, and further makes clear the scope of delegated decisionmaking authority within the organizational.

– System to Ensure Directors and Statutory Executive Officers of Subsidiaries Perform Duties in Compliance with Relevant Laws and Regulations and their Articles of Incorporation

The board of each subsidiary ensures, through periodic reporting, that performance of duties by their Directors and Statutory Executive Officers are in full compliance with relevant laws and regulations.
Ichigo Statutory Executive Officers also serve as Internal Auditors at Ichigo's subsidiaries.
Audit Committee members and Internal Auditors at subsidiaries evaluate the appropriate conduct of officers by attending board meetings and other important management meetings, and examining meeting minutes and business approval documents.


Shareholder Meeting
Selection/Dismissal of External Auditor
Approval of Selection/ Dismissal of Directors
Selection/Dismissal of Directors
Audit Reporting
Approval of Selection/Dismissal of External Auditor
Monitoring
Approval of Selection/ Dismissal of Statutory Executive Officers
Board of Directors
Selection/ Dismissal of Committee Members
Compliance Committee
Selection/ Dismissal of Committee Members
Compensation Approval
Selection/Dismissal of Committee Members
Audit
Selection/ Dismissal of Committee Members
Audit Reporting
Collaborate
Nominating Committee
Compensation Committee
Audit Committee
Audit
Selection/Dismissal of Statutory Executive Officers
Determination of Compensation of Statutory Executive Officers
Monitor
Monitor
Collaborate
Collaborate
Audit
Chairmen
Senior Management Meeting
President
External Auditor
Audit
Execution
Statutory Executive Officer (Real Estate)
Statutory Executive Officer (Administration/ HR)
Statutory Executive Officer (Finance)
Statutory Executive Officer (Business Management)
Statutory Executive Officer (Compliance)
Statutory Executive Officer (Audit)
Collaborate