Corporate Governance Report

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Iida Group Holdings Co., Ltd.
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Securities Code: 3291
https://www.ighd.co.jp/en/

The corporate governance Iida Group Holdings Co., Ltd. is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The group-wide Management Philosophy of Iida Group Holdings Co., Ltd. (the "Company") is "To contribute to the nurturing of an affluent society through the creation of a living environment where a greater number of people can live truly fulfilling lives."
Based on this Management Philosophy, the Company establish the group management policy and thinks that it is critical to enhance efficiency, transparency, and soundness of the Group management through active initiatives by the Board of Directors and the Supervisory Board for the purpose of ensuring sustainable corporate growth and improving corporate value over the medium to long term.

(1) Securing the rights and equal treatment of shareholders
The Company takes appropriate steps to substantially ensure the rights of all shareholders, including minority shareholders and foreign shareholders. At the same time, the Company strives to treat all shareholders equally in accordance to their equity interest and disclose information in an appropriate manner to prevent information gaps from arising between shareholders.
(2) Appropriate cooperation with stakeholders other than shareholders
The Company has established a group-wide Code of Conduct that clarifies our basic stance on matters such as corporate ethics and legal compliance. The Company strives to cooperate appropriately with our stakeholders by putting this Code of Conduct into practice.
(3) Ensuring appropriate information disclosure and transparency
The Company aims to earn the trust of all stakeholders, including shareholders, by providing information on the management strategies, business results, financial standing and other matters of the Company group (the "Group") in a prompt, accurate and fair manner.
(4) Responsibilities of the Board of Directors
Given its fiduciary responsibility and accountability to shareholders, the Board of Directors sets the overall direction of the Company, including corporate strategies, to shareholders. At the same time, it promotes sustainable growth of the Group and enhancement of corporate value over the medium to long term to lead to higher profitability and capital efficiency by creating an environment supporting appropriate risk taking and engaging in highly effective supervision.
(5) Dialogue with Shareholders
The Company engages in constructive dialogue with shareholders and other stakeholders at the General Meeting of Shareholders and other opportunities to the extent reasonable and works to

establish a system to encourage dialogue.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

[Supplementary Principle 4-10-1 Utilization of Independent Advisory Committee]
The Company has been considering a voluntary mechanism for enhancing the functional independence, objectivity, and accountability of the Board of Directors particularly with respect to material matters while welcoming the involvement and advice of independent Outside Directors. Based on the fact that each independent Outside Director is currently appropriately involved in decision-making on matters of particular importance, taking advantage of their highly specialized knowledge and extensive experience to actively provide their opinions at the Board of Directors meetings and offer advice as necessary, the Company has decided not to establish independent advisory committees such as voluntary nominating committee and remuneration committee at this time.

[Supplementary Principle 4-11-3 Self-Evaluations by Members of the Board of Directors]
The Company has been considering analyses and evaluations of the effectiveness of the Board of Directors along with disclosure of their results. In addition to ensuring high attendance at the Board of Directors meetings and sufficient time to deliberate on agenda items, including the use of prior inquiry at the Group Management Committee meetings, both inside and Outside Directors and Corporate Auditors provide evaluations of and opinions on the status of operations and discussions as appropriate, and attempts are made at improvement whenever that happens. As such, the Company has determined that the effectiveness of the Board of Directors has been sufficiently ensured. From this perspective, the Company has decided not to disclose analyses or evaluations of the overall effectiveness of the Board of Directors nor the results thereof at this time.

[Disclosure Based on the Principles of the Corporate Governance Code]

[Principle 1-4 Cross-Shareholdings]
The Group has no listed shares as cross-shareholdings subject to the Code.

[Principle 1-7 Related Party Transactions]
Transactions by the Company's Directors and Corporate Auditors with related parties are matters to be approved by the Board of Directors, which checks the reasonableness (business-related necessity) of the transaction and the appropriateness of the transaction terms. Additionally, transactions of a certain amount or more between the Company's officers, their close relatives and major shareholders, etc. and the Company or its subsidiaries are monitored each fiscal year and disclosed in the annual securities report.

[Principle 2-6 Roles as Asset Owners of Corporate Pension Plan]
The Company does not have a corporate pension plan, so there are no efforts undertaken as asset owners of a corporate pension plan.

[Principle 3-1 Full Disclosure]
(1) Company objectives (e.g., Management Philosophy), management strategies and management plans
These are published on the Company's website (https://www.ighd.co.jp/ en).
(2) Basic views and basic policies on corporate governance
As set forth in "I. 1. Basic Views" of this report.

(3) The Board of Directors' policies and procedures in determining the remuneration of the senior management and Directors

As set forth in "II. 1. [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof" of this report.
(4) Board of Directors' policies and procedures in the appointment/dismissal of the senior management and the nomination of Director and Corporate Auditor candidates
From the standpoint of emphasizing substantial discussion and prompt decision-making, the Articles of Incorporation stipulate that the Company's Board of Directors is to be comprised of no more than 12 Directors, and efforts are made to ensure that both the Board of Directors and the Supervisory Board are comprised of members possessing the character and discernment befitting of their respective duties as well as diverse and extensive experience and skills.
Primarily persons familiar with the Company's business and in a position to supervise the main subsidiaries of the Group are elected as inside Directors in order to ensure management of the Group as a whole and efficient business operations.
In addition to independence, management experience at other companies, understanding of the Company's challenges, and a high level of expertise are considered in a comprehensive manner when electing Outside Directors, and they contribute to improving management efficiency and strengthening the corporate governance structure from an independent and objective standpoint.
When nominating candidates for Director, they are evaluated and selected in light of the above policy, and the decision is made by the Board of Directors. When nominating candidates for Corporate Auditor, a Representative Director recommends them, and the decision is made by the Board of Directors with the consent of the Supervisory Board.
(5) Explanations with respect to individual appointments/dismissals of the senior management and nominations of Director and Corporate Auditor candidates based on (4) above by the Board of Directors.

[Directors]
■Kazuhiko Mori (Chairman Emeritus and Board Director)
Having served as representative director of subsidiaries of the Company and group companies, he is familiar with the Group's business and possesses deep knowledge with respect to management in general. He has also played a central role in management of the Company as Representative Director since its establishment. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Yoichi Nishikawa (Chairman and Board Director)
Having served as representative director of subsidiaries of the Company, he is familiar with the Group's business and industry realities based on the wealth of operational experience and track record he has accumulated over the years. He has also guided management of the Company as Representative Director since its establishment. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Masashi Kanei (President and Representative Director)
Having served as representative director of subsidiaries of the Company and group companies, he has played an appropriate role in supervising decisions on important management matters and execution of business since the establishment of the Company, taking advantage of his wealth of experience and knowledge in the field of design and sales. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Hiroshi Nishino (Executive Board Director)
Having served as representative director of subsidiaries of the Company and group companies, he is familiar with the Group's business. He has also played an appropriate role in supervising decisions on important management matters and execution of business since the establishment of the Company. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Tadayoshi Horiguchi (Executive Board Director)
He serves as representative director of subsidiaries of the Company and is familiar with the Group's business. He has also played an appropriate role in supervising decisions on important management matters and execution of business since the establishment of the Company. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Shigeo Yamamoto (Senior Advisor, Member of the Board)
He has served as representative director of subsidiaries of the Company and group companies and has supervised the execution of business as a Director since the establishment of the Company. As Senior Advisor, he also plays an appropriate role in providing good advice to senior management. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Yoshinari Hisabayashi (Director)
He serves as representative director of subsidiaries of the Company and has played an appropriate role in supervising decisions on important management matters and execution of business since the establishment of the Company, taking advantage of his wealth of experience and knowledge in the field of sales. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Shigeyuki Matsubayashi (Director)
He serves as representative director of subsidiaries of the Company. He has also played an appropriate role in supervising decisions on important management matters and execution of business since the establishment of the Company, taking advantage of his flexible administrative abilities as Director. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Kazuhiro Kodera (Director)
He serves as representative director of subsidiaries of the Company and group companies and is familiar with the Group's business. He also plays an appropriate role in supervising decisions on important management matters and execution of business. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Yujiro Chiba (Director)
He serves as representative director of subsidiaries of the Company and is familiar with the Group's business. He also plays an appropriate role in supervising decisions on important management matters and execution of business. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Director.

■Toshihiko Sasaki (Outside Director)
He plays an appropriate role in improving the efficiency of the Company's management and strengthening the corporate governance structure, taking advantage of his high level of knowledge as a financial and economic expert and his extensive experience as a university professor and executive officer of other organizations. As such, the Company has determined that he is qualified to be a Director of the Company and proposes that he be elected as Outside Director.

■Eiichi Hasegawa (Outside Director)
In addition to his high-level knowledge as an expert in economic policy, Eiichi Hasegawa has extensive experience as a university professor and at other organizations. He can play an appropriate role in improving the Company's management efficiency and strengthening the corporate governance system. As such, the Company has determined that he is qualified to be a Director of the

Company and proposes that he be elected as Outside Director.

[Corporate Auditors]
■Ikuko Ishimaru (Standing Corporate Auditor)
Having served as general manager of Accounting Department, Financial Department, Administration Division, etc. at a subsidiary of the Company, she possesses specialist knowledge and practical experience, primarily in the area of accounting, finance, and taxes. After serving as director of the subsidiary, she also worked as standing corporate auditor. As such, the Company has determined that she is qualified to audit the execution of duties by Directors and proposes that she be elected as Corporate Auditor.

■Makoto Shimazaki (Standing Corporate Auditor)
In addition to his experience and knowledge gained from having served as officer responsible for sales, operational audit, and administrative departments at financial institutions such as banks, securities companies, and venture capital firms, he has also worked for a long time at financial institutions outside the Group. As such, the Company believes that he can be expected to conduct audits from a neutral and objective perspective and contribute to ensuring the soundness of the Company's management, and proposes that he be elected as Corporate Auditor.

■Chikara Tanaka (Outside Corporate Auditor)
He possesses specialist knowledge and extensive experience with respect to taxes and accounting as a tax accountant. The Company believes that his experience and high level of knowledge from serving as corporate auditor at a subsidiary of the Company can be utilized in strengthening the audit structure of the Company and proposes that he be elected as Outside Corporate Auditor.

■Koji Fujita (Outside Corporate Auditor)
He possesses specialist knowledge and extensive experience with respect to law as an attorney at law. The Company has determined that he is capable of enhancing audits at the Company by taking advantage of his experience serving as corporate auditor at a subsidiary of the Company and proposes that he be elected as Outside Corporate Auditor.

[Supplementary Principle 4-1-1 Scope of Matters Delegated to Management]
In accordance with the laws and regulations and internal regulations such as the Regulations of the Board of Directors, the Company delegates decision-making authority for execution of individual business other than those considered matters to be decided by the Board of Directors to the President and Representative Director and other executive directors. The specific scope of matters delegated has been set forth clearly in the Regulations for Delegation of Authority while a system has been established to discuss matters affecting the group as a whole at the Group Management Committee meetings. The Company is working to ensure prompt and efficient execution of business.

[Principle 4-9 Independence Standards and Qualification for Independent Outside Directors]
The independence standards set forth by the Tokyo Stock Exchange are a precondition for the independence of Outside Directors and Outside Corporate Auditors. In addition, in cases where any of the following applies to individuals, the Company gives especially careful consideration as to whether or not there is risk of hindrance to independence:
(1) A person who executed business for the Company or one of its subsidiaries (the "Group") in the past
(2) A person who executed business for an entity for which the Group is a major business partner in the past
(3) A person who executed business for a major business partner of the Group in the past
(4) A consultant, accounting professional or legal professional (limited to corporations, associations and other such organizations) who received substantial monetary consideration and/or other

economic benefits from the Group besides officer remuneration in the past
(5) A major shareholder of the Company
(6) A close relative of (1) to (5) above
(7) A business partner of the Group or a former employee thereof (excluding those that fall under (2) to (4) above)
(8) A former employee of an entity with which there is a reciprocal relationship in terms of Outside Directors
(9) An entity to which the Group provides donations or a former employee thereof

[Supplementary Principle 4-11-1 Views on Total Balance of Knowledge, Diversity and Size of the Board of Directors]
As set forth in "Principle 3-1-4" above.

[Supplementary Principle 4-11-2 Concurrent Positions Held by Directors and Corporate Auditors at Other Listed Companies]
Concurrent Positions Held by Directors and Corporate Auditors at Other Listed Companies is described in the "Notice of Convocation of the General Meeting of Shareholders" and "Securities Report".

[Supplementary Principle 4-14-2 Policy on Training of Directors and Corporate Auditors]
The Company carries out explanatory meetings, training programs and other professional development for Directors and Corporate Auditors to prepare them for their roles and responsibilities and equip them with the necessary qualifications and knowledge. It also provides and arranges opportunities for individual Directors and Corporate Auditors to participate in training to acquire the necessary knowledge and provides monetary support for the expenses.

[Supplementary Principle 5-1 Policy for Constructive Dialogue with Shareholders]
The Company has set forth the policy below on establishing a structure and efforts to promote constructive dialogue with shareholders, investors, etc. ("Shareholders, etc.")
(1) Directors in charge of making constructive dialogue with Shareholders, etc. possible
The President and Representative Director oversees general matters of constructive dialogue with Shareholders, etc., and certain other directors provide support as necessary. Through these and other efforts, the Company works to enhance dialogue.
(2) Internal structure to facilitate dialogue and other initiatives
The Corporate Planning Department, which is in charge of IR, takes the lead in sharing information with General Affairs Department, Financial Department, Accounting Department, and other departments on a daily basis, working to provide information more effectively.
(3) Efforts to enhance means of dialogue
In addition to the General Meeting of Shareholders and individual consultations, the Company holds financial results briefings (including via online streaming), company information sessions for individual investors, small meetings, and other events with the aim of deepening mutual understanding through direct and proactive dialogue with Shareholders, etc.
(4) Internal feedback
The Corporate Planning Department collects opinions and concerns from Shareholders, etc. and provides regular reports to the Board of Directors. It also provides feedback to senior management and related departments as needed according to the importance and nature of such information.
(5) Management of insider information
Insider information is managed appropriately according to the internal Regulations on Management of Insider Trading.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Iida Kosan Co., Ltd.	52,970,373	18.37
Yoichi Nishikawa	29,143,120	10.11
Kazuhiko Mori	18,420,533	6.39
The Master Trust Bank of Japan, Ltd.	14,801,800	5.13
K. Forest Ltd.	11,662,080	4.04
Custody Bank of Japan, Ltd.	7,570,000	2.63
Yamamoto Shoji Co., Ltd.	6,642,000	2.30
NORTHERN TRUST CO.(AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	6,322,700	2.19
Bamboo Field Aset Co., Ltd.	5,223,020	1.81
Kazumi Iida	5,131,940	1.78

Controlling Shareholder (except for Parent Company)	–
Parent Company	No.

Supplementary Explanation

(1) The status of major shareholders is based on the list of shareholders as of March 31, 2021.
(2) In the change report (change report of large shareholding report), which was made available for public inspection on June 22, 2020, it is stated that Mizuho Bank, Ltd. and its joint holders hold the following shares as of June 15, 2020, but because the Company is unable to confirm the actual number of shares held as of March 31, 2021, they are not included in the above list of major shareholders.
・Mizuho Bank, Ltd. : 3,968,000 shares
・Asset Management One Co., Ltd. : 7,169,600 shares
(3) In a large shareholding report made available for public inspection on January 21, 2021, it is stated that Silchester International Investors LLP holds the following shares as of January 19, 2021, but because the Company is unable to confirm the actual number of shares held as of March 31, 2021, they are not included in the above list of major shareholders.
・Silchester International Investors LLP : 14,730,300 shares

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	President
Number of Directors	12
Number of Outside Directors	2
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toshihiko Sasaki	Academic											
Eiichi Hasegawa	Academic											

* Categories for "Relationship with the Company"

* ”○” 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 the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company 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 the Company besides compensation as a director/company auditor
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/company auditors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors’ Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Toshihiko Sasaki	○	–	Toshihiko Sasaki has a high level of knowledge as a financial and economic expert and possesses extensive experience as a university professor and executive officer of other organizations. As such, the Company has determined that he is capable of improving the efficiency of the Company’s management and strengthening the corporate governance structure and has elected him as Outside Director. There is no special interest between the Company and Mr. Sasaki, so the Company does not believe there is a risk of a conflict of interest with general shareholders.
Eiichi Hasegawa	○	–	Eiichi Hasegawa has a high level of knowledge as an expert in economic policy as well as a wealth of experience as a university professor and in other organizations. As such, the Company has determined that he

			will be able to improve the Company's management efficiency and strengthen the corporate governance system, and has elected him as an Outside Director. There are no special interests between the Company and Mr. Hasegawa, and the Company believes that there is no risk of conflict of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Corporate Auditors work to conduct efficient and systematic audits by working on cooperation through regular meetings with Accounting Auditor and receiving regular reports from the internal audit division, seeking explanations as necessary. They also work to ensure appropriate sharing of information by exchanging opinions as needed, sharing information on issues and improvements and confirming the status of their own audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Chikara Tanaka	Tax Accountant													
Koji Fujita	Lawyer													

* Categories for "Relationship with the Company"

* "○" 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 the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. Audit & Supervisory Board Members of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a company auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Members himself/herself only)
k. Executive of a company, between which and the Company outside directors/company auditors are mutually appointed (the Audit & Supervisory Board Members himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Members himself/herself only)
m. Others

Outside Audit & Supervisory Board Members's Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Chikara Tanaka	○	–	Chikara Tanaka possesses specialist knowledge and extensive experience with respect to taxes and accounting as a tax accountant. As such, the Company has determined that he is capable of enhancing audits at the Company and has elected him as Outside Corporate Auditor. There is no special interest between the Company and Mr. Tanaka, so the Company does not believe there is a risk of a conflict of interest with general shareholders.
Koji Fujita	○	–	Koji Fujita possesses specialist knowledge and extensive experience with respect to the law as an attorney at law. As such, the Company has determined that he is capable of enhancing audits at the Company and has elected him as Outside Corporate Auditor. There is no special interest between the Company and Mr. Fujita, so the Company does not believe there is a risk of a conflict of interest with general shareholders.

[Independent Officers]

Number of Independent Officers	4

Matters relating to Independent Officers

The Company designates all outside officers that satisfy the qualifications for independent officer as independent officers.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

The details of performance-linked remuneration plan are provided in "[Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof."

Recipients of Stock Options	–

Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors

Supplementary Explanation

The individual remuneration of those whose total amount of consolidated remuneration is 100 million yen or more is disclosed, and the remuneration is as provided below.

Kazuhiko Mori ¥266 million

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Director remuneration consists of fixed remuneration and performance-linked remuneration which varies according to the degree of the director's contribution to the Company's performance. Consideration is given to the balance so that remuneration functions effectively as an incentive to improve performance, and the level has been set to one that corresponds to the Company's performance by comparing it to that of competitors or other companies of a similar size.
The amount of Director remuneration is decided by the Board of Directors within the limits of total remuneration decided by a resolution at the General Meeting of Shareholders.
Performance-linked remuneration is not appropriate for remuneration of independent Outside Directors, who are independent from business execution, so they only receive fixed remuneration.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

Support for Outside Directors and Outside Corporate Auditors is primarily provided by the Executive Secretary Department and the Auditor's Staffs. Materials are provided and prepared, information is provided, and opinions are exchanged based on requests from outside officers.

2.Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company has adopted a Corporate Auditor and Supervisory Board system. Corporate Auditors and the Supervisory Board conduct audits, and the Board of Directors supervises the execution of duties by Directors.

The Board of Directors is comprised of 12 Directors and functions as a decision-making body for important matters such as management strategies and plans and a supervising body for execution of duties by Directors. Two members of the Board of Directors are independent Outside Directors, and thus the Company seeks to further strengthen the management supervisory function. The Board of Directors meets once a month on a regular basis, but meetings are also held as necessary to promote prompt management decisions.

In addition, regarding important matters on business execution based on decisions of the Board of Directors, there is an environment in place that clarifies the responsibilities and decision-making authorities of each department to enable prompt and appropriate decision making by executive management.

The Supervisory Board is comprised of four members and audits the status of execution of duties by Directors in accordance with the auditing policy, plan, etc. set forth by the Supervisory Board as well as laws and regulations, the Articles of Incorporation and the Regulations of the Supervisory Board. Two members of the Supervisory Board are independent Outside Directors, and thus the Company aims to strengthen the supervisory function. The Supervisory Board meets once a month on a regular basis, but meetings are also held as necessary to share information, enhance effectiveness and efficiency of audits.

The Group Management Committee is comprised of 12 Directors and employees such as Managing Directors and General Managers of each department. It discusses management issues that affect the Group as a whole and matters stipulated in the Regulations for Delegation of Authority, and works to ensure appropriate decision-making processes for decisions on important management-related matters and matters to be resolved by the Board of Directors by deliberating on the matters beforehand. The Group Management Committee meets twice a month on a regular basis, but meetings are also held as necessary to promote prompt and efficient Group management.

Furthermore, as an initiative to enhance corporate governance, the Group has established a Risk Management Committee comprised of eight Directors and others, including the presidents of the Group's major subsidiaries. In order to ensure an effective and efficient risk management promotion structure is in place, the Risk Management Committee deliberates on various matters related to group-wide risk management. At the same time, it has established subcommittees as committee-structured organizations that operate on a group-wide, cross-departmental basis and hold them quarterly to discuss and promote risk management and compliance. The Risk Management Committee meets once every six months on a regular basis, but meetings are also held as necessary to promote ongoing improvement of the group-wide risk management structure.

The Company has entered into an agreement with each of its Outside Directors and Corporate Auditors to limit his or her liability as specified in Article 423, paragraph 1 of the Companies Act of Japan pursuant to the provisions of Article 427, paragraph 1 of the Companies Act of Japan. The maximum liability amount under this agreement is the minimum amount provided for by Article 425, paragraph 1 of the Companies Act of Japan.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a Corporate Auditor and Supervisory Board system. The present system has been adopted based on the judgment that in addition to the functions provided as Corporate Auditors it was reasonable to appoint Outside Directors to further strengthen the Board of Directors' functions and further enhance the management supervisory functions. The Company has also put in place a system capable of agilely and swiftly addressing changes in its business environment by electing its Directors from among the presidents of its major subsidiaries, which it thinks works sufficiently from the perspective of enhancement of the Group's management supervisory function.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Scheduling AGMs Avoiding the Peak Day	The related departments coordinate with each other to avoid holding the General Meeting of Shareholders on the peak day.
Other	Notice of General Meeting of Shareholders and Notice of Resolutions are published on the Company's website.

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Published on the Company's website.
Regular Investor Briefings for Individual Investors	To be held regularly.
Regular Investor Briefings for Analysts and Institutional Investors	To be held regularly.
Posting of IR Materials on Website	The Company's IR website URL (Japanese) https://www.ighd.co.jp/ir/ (English) https://www.ighd.co.jp/en/ir/ The following materials are made available via the Company's IR website. (Japanese/English) Financial results / IR conference materials (Japanese only) Annual securities reports / Quarterly reports / Notice of General Meeting of Shareholders
Establishment of Department and/or Manager in Charge of IR	The Corporate Planning Department is in charge of investor relations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the Group's Code of Conduct that clarifies our basic stance on matters such as corporate ethics and legal compliance. The Company strives to cooperate appropriately with our stakeholders by putting this Code of Conduct into practice.
Development of Policies on Information Provision to Stakeholders	Based on the Disclosure Policy, the Company has established an Investor Relations page on the website of the Company to fairly provide timely and appropriate information and works to provide information as appropriate.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

1. Framework ensuring that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation
(1) The Group has established the Iida Group Code of Conduct to ensure thorough legal compliance and corporate ethics and has prepared a Compliance Manual as a specific guide for achieving business operations that are in line with the Code of Conduct. These are distributed to all officers and employees of the Group.
(2) The Group has established a Compliance Subcommittee. This subcommittee verifies the status of group-wide compliance and works to enhance and ensure thorough compliance via the planning, drafting, implementation, etc. of a compliance program.
(3) The Internal Audit Department coordinates with the internal audit divisions of subsidiaries and conducts audits based on the Internal Audit Regulations. It provides reports to the president, corporate auditors, Group Management Committee, etc. on matters likely to have a significant impact on management.
(4) The Group has developed an internal reporting system as a system for reporting legal violations and other compliance-related matters, with contact points established inside and outside the Company, and manages the system according to the Internal Reporting Regulations.
(5) The status of execution of duties by directors of the Company and its subsidiaries is audited in accordance with the audit policies and plans of the corporate auditors and the Supervisory Boards of each company. Additionally, corporate auditors may state their opinions and request that improvement measures be established when a problem is discovered in the operation of the Group's internal legal compliance or internal reporting systems.

2. Framework for storing and managing information related to execution of duties by directors
(1) The Board of Directors has developed a framework for storing and managing information related to execution of duties by directors, including requests for decision and meeting minutes, for a reasonable period and established Document Control Regulations to record, sort and store the information in hard copy or digital format.
(2) The Supervisory Board conducts audits of the storage and management of information related to execution of duties by directors to ensure that they are in compliance with the related regulations and reports to the Board of Directors as necessary.

3. Regulations and other frameworks for managing risks of loss of the Company and its subsidiaries
(1) The Group has established a framework, etc., including internal regulations related to risk management, and engages in appropriate risk management according to the type and scope of risk in order to ensure the appropriateness and soundness of business.
(2) Directors and persons responsible in each department at the Company and its subsidiaries

organize the details of the business they are in charge of and ascertain, analyze, and evaluate the inherent risks. They implement appropriate measures accordingly and conduct regular reviews.
(3) The Group has established a Risk Management Committee comprised of the presidents of the Company and its subsidiaries that oversees and manages group-wide risk management. At the same time, it has established subcommittees to discuss and control risk management and compliance as organizations comprising the committee to carry out effective and efficient risk management.
(4) The Risk Management Committee discusses significant group-wide risks and considers measures for them, and the Board of Directors deliberates on those that are particularly significant.

4. Framework ensuring the efficiency of execution of duties by directors of the Company and its subsidiaries
(1) The Board of Directors meetings and Group Management Committee meetings are held regularly as the basis for the framework ensuring the efficiency of execution of duties by directors. Extraordinary meetings are held as necessary.
(2) The persons responsible for business execution based on decisions of the Board of Directors along with their responsibilities and execution procedures are set forth in the Organization Regulations and Regulations for Segregation of Duties. Additionally, excluding the matters that the Board of Directors must resolve in accordance with laws and regulations, authority for business execution is delegated to directors and others based on the Regulations for Delegation of Authority, and frameworks in conformance with the Company's framework have been developed at subsidiaries.

5. Framework for reporting to the Company on matters pertaining to execution of duties by directors of subsidiaries and other framework for ensuring the appropriateness of operations at the corporate group consisting of the Company and its subsidiaries
(1) The representative director and Board of Directors of subsidiaries monitor and supervise the execution of duties by other directors and report on matters of importance to the Company's Board of Directors.
(2) Subsidiary and Associate Management Regulations setting forth matters to be reported to the Company by subsidiaries have been established to provide support for development and effective operation of internal control systems at each company and properly manage group-wide operations via the reporting system and other means.
(3) Audits by corporate auditors and internal audits are conducted on the status of management at subsidiaries and their business activities by the Company and the subsidiary.

6. Matters regarding to employees who assist corporate auditors when corporate auditors request such personnel, and matters regarding to independence of such employees from directors and securing effectiveness of instructions from corporate auditors
(1) The Company appoints supporting personnel from among its employees as necessary to support corporate auditors in executing their duties. Corporate auditors perform evaluations of supporting personnel, and appointment, dismissal, transfer, changes to wages, etc. are decided with the consent of the Supervisory Board.
(2) If the employee serves concurrently in another department, their work for the corporate auditors takes priority.

7. Framework for reporting to corporate auditors of the Company by directors and employees of the Company as well as directors, corporate auditors and employees of subsidiaries, or those who have received reports from said persons, and other framework for reporting to corporate auditors and for ensuring those giving reports are not subjected to unfavorable treatment because of said reports
(1) Officers, employees, etc. of the Company and its subsidiaries report to corporate auditors on important matters that may significantly damage the Group's performance, etc.
Additionally, corporate auditors may request reports from directors and employees whenever

necessary.
(2) Regular reports are provided to corporate auditors on the status of operations, significant misconduct, etc. at subsidiaries via the Board of Directors, Group Management Committee, etc., and reports are also provided whenever corporate auditors request them.
(3) If the content of a report made to the internal reporting hotline pertains to something that falls within the scope necessary for execution of duties by corporate auditors or the internal reporter requests that it be reported to corporate auditors, it is reported to the corporate auditors immediately.
(4) The Company ensures that those reporting to corporate auditors are not subjected to unfavorable treatment at the Company or its subsidiaries due to the report. The Company also ensures that the subject of the report is not subjected to unfavorable treatment at the Company or its subsidiaries due to the report until the true motives come to light.

8. Matters regarding policy on procedures for advance payment or reimbursement of expenses incurred in the execution of duties by corporate auditors, and handling of other expenses or debts incurred in the said execution of duties
If corporate auditors request advance payment, etc. of expenses incurred in the execution of their duties, those expenses or debts are handled immediately, except in cases where it is determined that the expenses or debts claimed are not necessary for the execution of their duties.

9. Other framework ensuring the effectiveness of auditing by corporate auditors
(1) In order to understand the process of important decisions and the status of business execution, corporate auditors may attend the Board of Directors meetings and Group Management Committee meetings as well as other important meetings. They may also browse major requests for decision and other important documents related to business execution and may request explanations from directors and employees.
(2) Corporate auditors hold regular meetings with representative directors to share opinions, coordinate with Accounting Auditor and the Internal Audit Department, engage in appropriate communication and perform effective audit engagements.

10. Framework for ensuring the reliability of financial reporting
The Group has developed and implemented internal control for necessary and appropriate financial reporting based on the Basic Plan and Policy for Internal Control Over Financial Reporting, engages in ongoing evaluation of the system and status of operation, and makes revisions as necessary in order to ensure the reliability of financial reporting by the Company and its subsidiaries.

2. Basic Views on Eliminating Anti-Social Forces

The Group stands firmly against anti-social forces, organizations, and individuals that pose a threat to the order and safety of civil society and does not conduct any transactions with them. Additionally, the Group coordinates with specialized external agencies, including the police and attorneys, to take legal action, both civil and criminal, as necessary with respect to unreasonable demands from anti-social forces.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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2. Other Matters Concerning to Corporate Governance System

(Overview of Timely Disclosure System)

1. Corporate stance on timely disclosure

The basic guidelines of the Company are to provide information on the Company's management strategies, performance, financial standing, etc. to all stakeholders, including shareholders, investors and the local community in a prompt, accurate and fair manner and to earn the trust of and receive a proper evaluation from shareholders and investors.

2. Timely disclosure systems

(1) Timely disclosure system for decisions, occurring events, etc.

Each department reports to the Corporate Planning Department as soon as the possibility arises that a decision, occurring event, etc. may become information subject to timely disclosure requirements. After receiving such a report, the Corporate Planning Department considers the necessity of timely disclosure and, in the event that timely disclosure is required, discloses the information as directed by the General Manager of the Corporate Planning Department, who is the person responsible for information management, with the approval of a representative director.

Reports are also given to the Corporate Planning Department on important decisions, occurring events, etc. related to group companies as soon as the possibility arises that they may become information subject to timely disclosure requirements, and a system has been established for centralized management of the information.

(2) Timely disclosure system for financial results

The Accounting Department takes the lead in gathering financial-related information, including financial results, dividends, and performance forecasts (including information related to group companies) and reports to the Corporate Planning Department as soon as the possibility arises that it may become information subject to timely disclosure requirements. The Corporate Planning Department considers the necessity of timely disclosure and, in the event that timely disclosure is required, discloses the information as directed by the person responsible for information management with the approval of a representative director.

(3) Method of timely disclosure

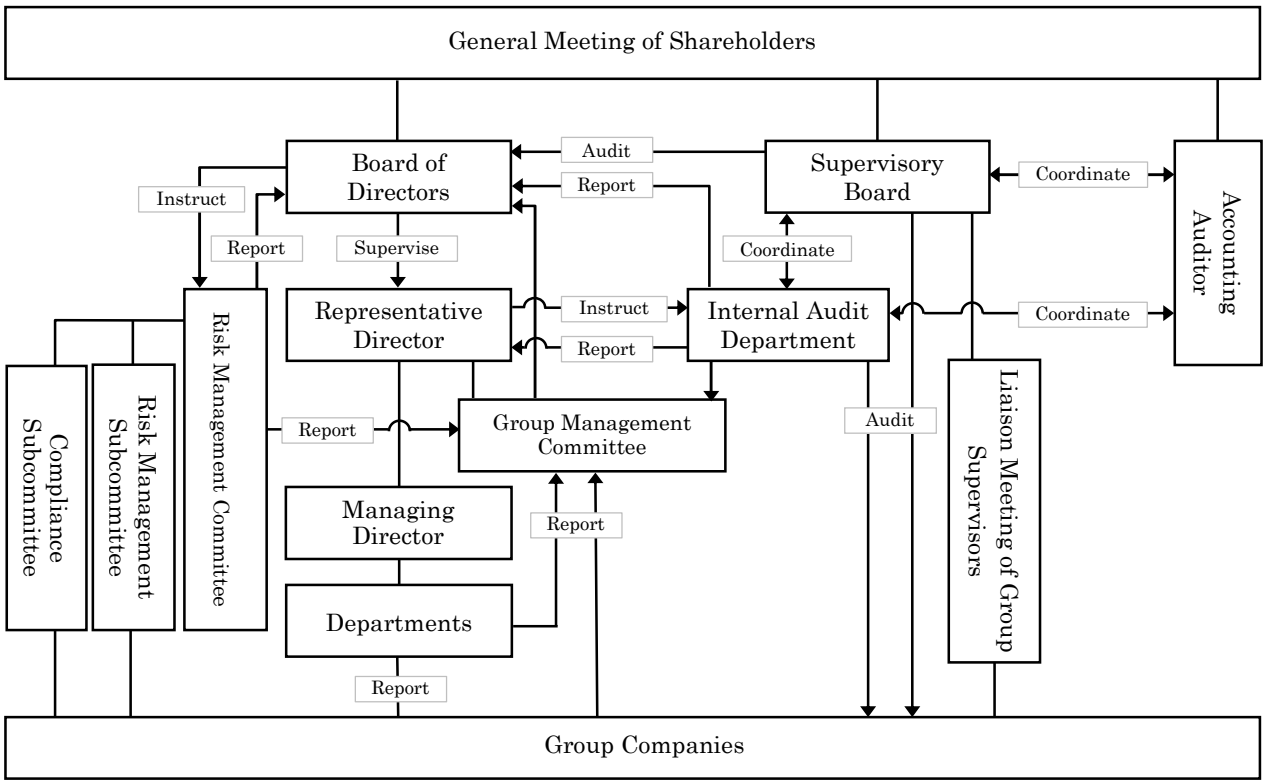
The method of timely disclosure is publishing the information to news media via Kabuto Club, the press club for the Tokyo Stock Exchange, after registering it in the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange.

After disclosure, the information is promptly published on the Company's website.

3. System for managing information subject to timely disclosure requirements

When managing information subject to timely disclosure requirements, the person responsible for information management engages in information control based on internal regulations. The number of people receiving the information is kept to a minimum while internal regulations have been established to ensure confidentiality, prevent leaking of the information and prevent insider trading.

<Overview of Corporate Governance Structure>



＜Overview of Timely Disclosure System＞

