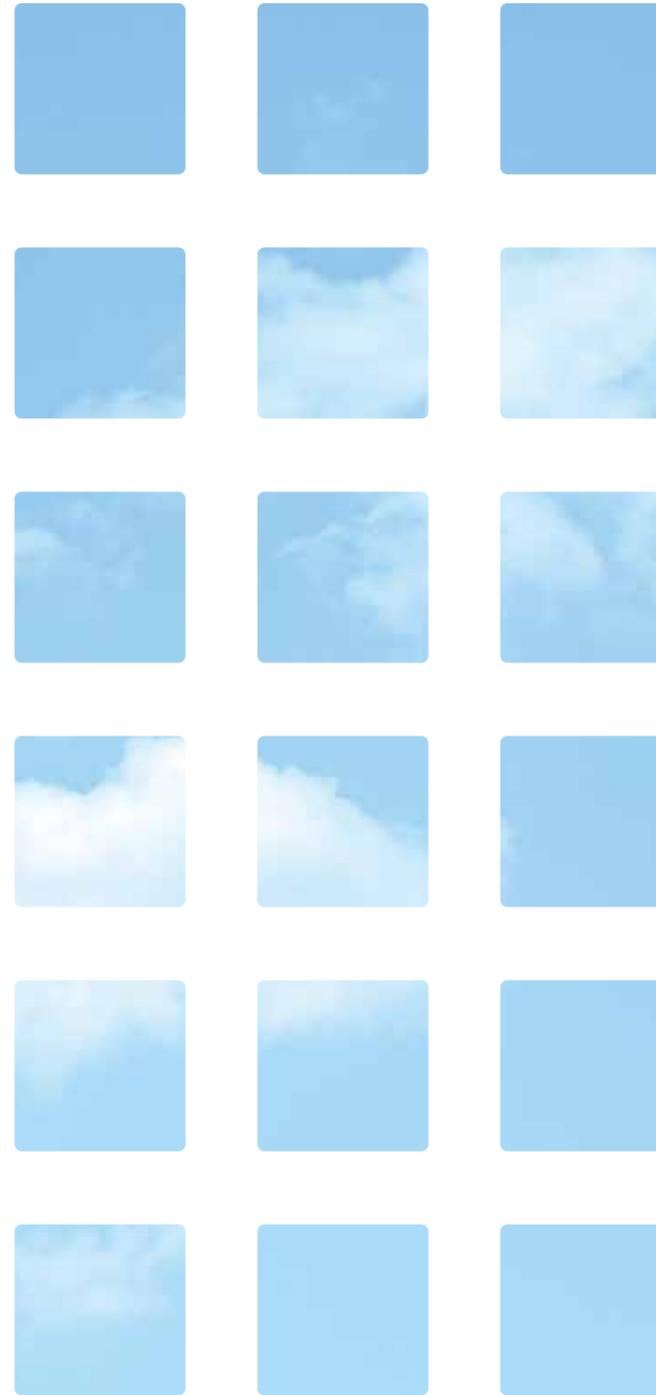


HULIC CO., LTD.

7-3 Nihonbashi Odenmachi, Chuo-ku, Tokyo, Japan 103-0011
TEL 03-5623-8101 FAX 03-5623-8125 <http://www.hulic.co.jp/en>



CSR REPORT 2013

Hulic Co., Ltd.



Contents

Contents/Editorial Policy	1
Top Message	2
Our Businesses	3
Concept of CSR	5
Philosophical Frameworks and CSR	
CSR Promotion Systems	
Key Performance Indicators (KPI) for Priority Items and Promoted Items, and Targets and Results	
SPECIAL FEATURE 01	11
An eco-friendly office achieved by a prototype building with low CO ₂ emissions	
-Challenges at the Hulic Head Office Building	
SPECIAL FEATURE 02	13
Creating Shared Value through PPP Businesses	
Environmental Initiatives	15
Hulic Environmental Policy	
1 Environmental Compliance	
2 Environmental Management System	
3 Environmental Performance	
4 Recycling Society	
5 Environmental Awareness and Education for Employees	
6 Environmental Communication	
Measures against Global Warming (Greening)	
Environmental Accounting	
Social Initiatives	25
Efforts toward the Improvement in Customer Satisfaction	
Work-life balance	
Efforts for diversity and human rights	
Social Contribution Activities	
With Business Partners	
Communication with Shareholders and Investors	
Corporate Governance	35
Corporate Governance	
Compliance	
Information security management	
Third-Party Review/Hulic's responses to Third-Party Review	37
Financial Information/Outline of Group	38

Contact:

Corporate Planning Department
Hulic Co., Ltd.
TEL : (03)5623-8101
FAX : (03)5623-8125

Editorial Policy

Hulic Co., Ltd. has been committed to contributing to communities through business activities, building trusting relationship with stakeholders since it was founded in 1957. We issued "CSR Report 2013" for the purpose of reporting about our activities toward achievement of Hulic's "CSR Vision" in order to have the stakeholders further understand and objectively evaluate them.

In compilation of this Report, "Evaluation of Importance" was implemented from the viewpoints of "Importance for Stakeholders" and "Importance for Hulic" in accordance with the Global Reporting Initiative (GRI)'s Sustainability Reporting Guidelines 2006, in order to select important information to be disclosed. Information which was not included in the booklet is complemented and disclosed on our Website.

[WEB](http://www.hulic.co.jp/csr) <http://www.hulic.co.jp/csr>

Evaluation of Importance



Time of Issuance

June 2013 (Previous issue: October 2012, Next issue: June 2014 (scheduled))

Reporting Period

Fiscal year 2012 (from January 1, 2012 to December 31, 2012)
As for important matters such as the merger with Shoei Co., Ltd., this Report partly contains reports about activities before and after fiscal year 2012.

Scope of this Report

The scope of this Report includes the Hulic Group. Environmental performance data was provided by the primary 20 buildings stated below.

	Total floor area (m ²)	Power consumption	Gas consumption	CO ₂ emission	Waste emission	Usage of water
Nihonbashi Fuji Building	8,475					
Toranomon First Garden	10,155					
Hulic Shinjuku Building	10,886					
Hulic Shinbashi Building	13,983					
Ginza Fuji Building	8,579					
Higashi Ote Building	7,207					
Hulic Kabutocho Building	6,579					
Hulic Kobunacho Building	17,172					
Hulic Kakigaracho Building	4,697					
Hulic Torigoe Building	5,954					
Hulic Nakano Building	4,319					
Hulic Kawasaki Building	6,004					
Hulic Aoyama Building	8,790					
Hulic Mita Building	6,228					
Hulic Osaka Building	30,353					
Hulic Nanba Building	9,147					
Hulic Kobe Building	8,354					
Hulic Sapporo Building	14,254					
Hulic Hamamatsu Building	5,538					
Hulic Fukuoka Building	12,646					

* Environmental performance data related to buildings owned by Hulic is in light blue boxes.
* The total floor area of buildings above is not necessarily consistent with the area owned by the Company.
* On July 1, 2012, Hulic Co., Ltd. merged with Shoei Co., Ltd. As of the same date, the company name was changed to Hulic Co., Ltd.
However, properties of former Shoei Co., Ltd. are not included.

Top Message

Toward Sustainable Growth



Changes in business environment

With new economic measures having been developed, the Japanese economy has been getting brighter. However, if we look at the long-term future of Japan, there are several environmental, social, and economic issues, such as a decrease in the workforce, a low birth rate and aging population, concerns about increasing financial deficit, and global environmental destruction.

CSR of Hulic

Regarding those issues not as mere given concerns but as social demands and needs in the business environment, we intend to create common value while resolving various issues by working sincerely on them from the standpoint of an entity running a real estate business.

For example, as reaffirmed by the Great East Japan Earthquake, Japan is at times struck by earthquakes. In light of this situation, one of our ideals is to provide buildings with an excellent Business Continuity Plan (BCP), including seismic isolation and control. Through Public-Private Partnership (PPP) projects, we develop new social buildings in cooperation with local public entities, trying to build win-win relationships with them by supporting finances of local governments facing fiercer conditions. In response to the advance in aging society, we have pushed ahead with the development of houses for the aged. As for the number of houses our Company has possessed, we have been one of the largest real estate companies in Japan. Also, in order to address the issue of global warming, we have continued to take measures to reduce CO₂. Our attitude in this regard has been highly praised by the mass media and others.

Achievement in fiscal year 2012

Our company steadily executed a growth strategy based on a mid-term business plan for four years which has strengthened the relevance between our management strategy and CSR. First, in our business activities, we enhanced our portfolio by merging with Shoei Co., Ltd. and advanced into new business domains, while acquiring diverse revenue sources. Secondly, in CSR activities, the Company ranked first in the category of the real estate/welfare/other industry of the Nikkei Environmental Management Survey for the third consecutive year. It also moved to a head office building, which would further respond to BCP while realizing high-level environmental functions, and greater promoted diversity management. Like this, we improved the level of the CSR management framework. In fiscal year 2013, we will make efforts for the early achievement of the new four years mid-term business plan.

To stakeholders

We believe that meeting such various social demands by integrating business and CSR activities is a source of our growth and Hulic's Corporate Social Responsibility. Our employees and directors intend to steadily make long-term efforts while enhancing communication with stakeholders. Please look forward to the future of Hulic.

President and Chief Executive Officer

Saburo Nishiura

Hulic is working on the creation of new added value through providing buildings which are excellent in security, environment, and convenience that match needs of the society and the age.

● Office Buildings owned by Hulic in the Tokyo 23 wards

Growth Strategy of Hulic

Hulic is aiming at consistent growth to respond to expectations of all stakeholders and satisfy them.

Reconstruction Strategy

One of Hulic's strengths is possessing leasehold properties at good locations close to stations mainly in the Tokyo 23 wards. Taking advantage of such features, we have continued to grow by increasing income from leases with eco-friendly and well-planned reconstructions and keeping vacancy rates low.

Development Strategy

For sustainable growth, we have made advanced approaches which would be supported by customers through "pursuing safeness" and "considering environment," and continued to challenge new business fields including Public-Private Partnership (PPP) business with the motto of "Change and Speed."

Investment Strategy

Aware of changes in population composition and the market, we enhance our asset portfolio chiefly in central districts of the Tokyo metropolitan area. We also acquire prime properties overseas.

Feature I

Pursuing safeness

We strive to ensure safeness by undergoing reinforcement works to enable our buildings to withstand earthquakes exceeding the new quake-resistance standards. For new buildings, we adopt the quake-absorbing structure in principle, and make structures durable in accordance with the Hulic Long-life Building Guidelines. In preparation for large-scale disasters, joint drills are systematically implemented.



Sendai First Tower (Completed in June 2009)

Sendai First Tower (office building) was completed in 2009, which is provided with cutting-edge quake absorbing equipment. In the Great East Japan Earthquake in March 2011, as the quake-absorbing equipment effectively worked, there were no human sufferings and damages on office spaces, as well as adverse impacts on facilities, infrastructures, and information systems. Consequently, the office environment could be preserved.

SPECIAL FEATURE 01 P11~

▶ An eco-friendly office achieved by a prototype building with low CO₂ emissions

Environmental Initiatives P19~

▶ Hulic Environmental Policy

- Environmental performance

Society Initiatives P33

▶ With Business Partners

- Cooperation with building management companies
- BCP measures based on the experience in the Great East Japan Earthquake

Feature II

Environmental consideration

Regarding tackling global environmental problems as our priority issue, we pursue environmental management. With the goal of becoming a leading eco-friendly company in the real estate industry, we promote various environmental measures. We also make effective investments in energy conservation by using environmental accounting.



Hulic Asakusabashi Building (Completed in February 2013)

Hulic Asakusabashi Building introduced multiple environmentally friendly approaches; for example, the natural ventilation system developed in joint research with MIT, heat insulation and barrier for buildings with wall greening and colorful planting design, solar power generation, highly efficient air conditioning equipment, and a rain water recycling facility.

SPECIAL FEATURE 01 P11~

▶ An eco-friendly office achieved by a prototype building with low CO₂ emissions

Environmental Initiatives P15~

▶ Hulic Environmental Policy

- Environmental Compliance
- Environmental Management System
- Environmental Performance
- Recycling Society
- Environmental Awareness and Education for Employees
- Environmental Communication

▶ Measures against global warming (Greening)

Feature III

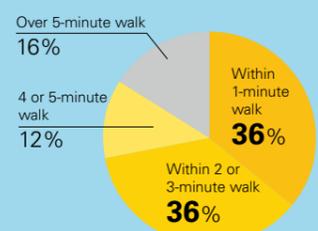
Prime locations close to stations

Our greatest strength is having leasehold properties in prime locations in central districts of the Tokyo metropolitan area. About 90% of our office buildings are located mainly in the Tokyo metropolitan area, especially in its central districts. About 70% or more are within a three-minute walk from the nearest station. About 80% are within a five-minute walk. Like this, Hulic is also featured by having many properties in prime locations close to stations.

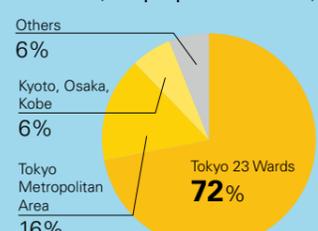


Hulic Kojimachi Building (Completed in October 2011)

Breakdown by distance from nearest station



Breakdown by location (178 properties in total)



(As of end of December 2012)

Feature IV

Creating Shared Value (CSV)*

Hulic strive to create CSV with stakeholders by resolving various social issues through business activities.



Hulic Asakusa Building (Completed in February 2013)

Using expertise cultivated so far in the reconstruction and development of office and condominium buildings, we have worked on development of real estates owned by national and local governments (public properties) as PPP projects.

We advance the development with an eye to efficient use and operation of those properties, while taking into account potential needs of municipalities and future development of private business.

SPECIAL FEATURE 02 P13~

▶ Creating Shared Value through PPP Businesses

* Creating Shared Value means creating economic and social values while resolving social issues through the main business.

On the basis of Corporate Philosophy and CSR Vision, we incorporate CSR into our management strategy, set priority items and goals for each activity, and establish the framework to promote such initiatives.

Philosophical Frameworks and CSR

Corporate Philosophy



Relationships among Corporate Philosophy, Basic Stance, Basic Principles of Corporate Conduct, and Our Code of Conduct

All of our business activities have been based on the Corporate Philosophy of "society full of security and trust"

Basic Stance shows us what we should do to achieve the Corporate Philosophy. From four viewpoints, i.e., Ideal Company, Corporate Culture, Stance to Customers, and Ideal Employees, the Basic Stance clarifies how we should conduct our businesses on a daily basis in order to become closer to the ideals.

The Basic Principles of Corporate Conduct and Our Code of Conduct, which were established separately from viewpoints of a company and each employee, concretely describe the Basic Stance in an easy-to-understand manner. Basic Principles of Corporate Conduct and Our Code of Conduct respectively underlie decision-making in business and what Hulic's employees and directors should conduct.

CSR Vision

By putting our corporate philosophy into practice we're contributing to the betterment of society. We take an honest approach to all our stakeholders.

To this end;

- 1 We take compliance seriously, respect human rights, and transparently conduct business activities based on high ethical standards.
- 2 We strive to protect the local environment while contributing to local revitalization through our businesses.
- 3 By providing high value-added products and services, we are giving our customers security and laying the foundation for the future.

Relationships between the Philosophical Frameworks and CSR Vision

Our Corporate Philosophy advocates "society full of security and trust". It means the reason why Hulic exists is to contribute to the society through our business activities developed in connection with society. Accordingly, as Hulic is socially responsible for realizing the Corporate Philosophy, the basic policy of CSR (CSR Vision) and the Corporate Philosophy are inextricably linked together.

The Basic Stance which is derived from the Corporate Philosophy, the Basic Principles of Corporate Conduct, and Our Code of Conduct are all naturally supported by the CSR Vision, which is based on the philosophy of CSR to be a good corporate citizen at all times.

Relationship between Management Strategy and CSR

As Hulic considers that its management strategy should be closely associated with CSR, the new medium-term management plan for four years advocated boosting the level of CSR management systems.

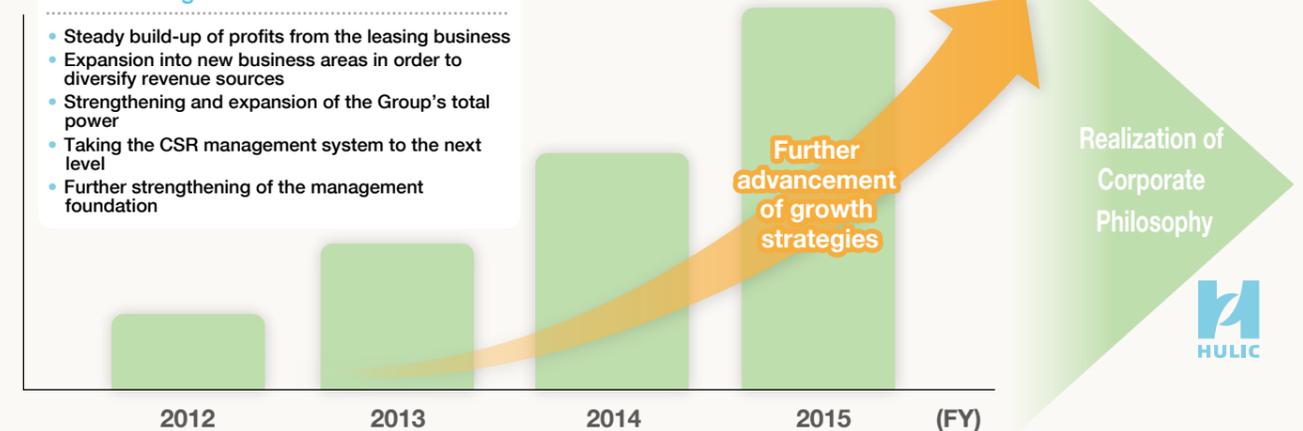
Relationships between the Philosophical Frameworks and CSR Vision



New Medium-term Management Plan from 2012 through 2015

Basic Strategies for the Medium-term Plan

- Steady build-up of profits from the leasing business
- Expansion into new business areas in order to diversify revenue sources
- Strengthening and expansion of the Group's total power
- Taking the CSR management system to the next level
- Further strengthening of the management foundation



Profit Plan (FY2012 - FY2015)

(100 million yen)

Fiscal Year	Achievement in FY2012	Forecast for FY2013	Forecast for 2014 - 2015
Operating Income	225	265	250~280
Ordinary Income	200	225	210~240
Net Income	114	115	120~140
EBITDA	300	-	320~360



CSR Promotion Systems

Establishment of the CSR Committee

In order to incorporate CSR initiatives into management and effectively promote various measures, Hulic established the CSR Committee in May 2008.

It is essential for management personnel to be involved in boosting the level of CSR initiatives in the medium- and long-term while striking a balance between CSR-related measures and business activities. Therefore, the CSR Committee is chaired by the President, consists of Senior Executive Managing Officers, the Chief of Human Resources and General Affairs Department, the Chief of Real Estate Planning Department, the Chief of Property Development Department, and the Chief of Corporate Planning Department. The Committee is held annually in principle, and as needed. Company-wide CSR activities are performed in accordance with the basic policy decided by the CSR Committee.

To be more specific, the Committee formulates various kinds of policies concerning Company-wide CSR activities and an annual CSR schedule, sets concrete numerical targets, and considers and deliberates diverse proposals made by employees, etc. Like this, in the Committee as a place to practically implement CSR management, there are a lot of active discussions.

Activities of the CSR Committee are reported to Board of Directors on a regular basis.

Activities of CSR Supporters

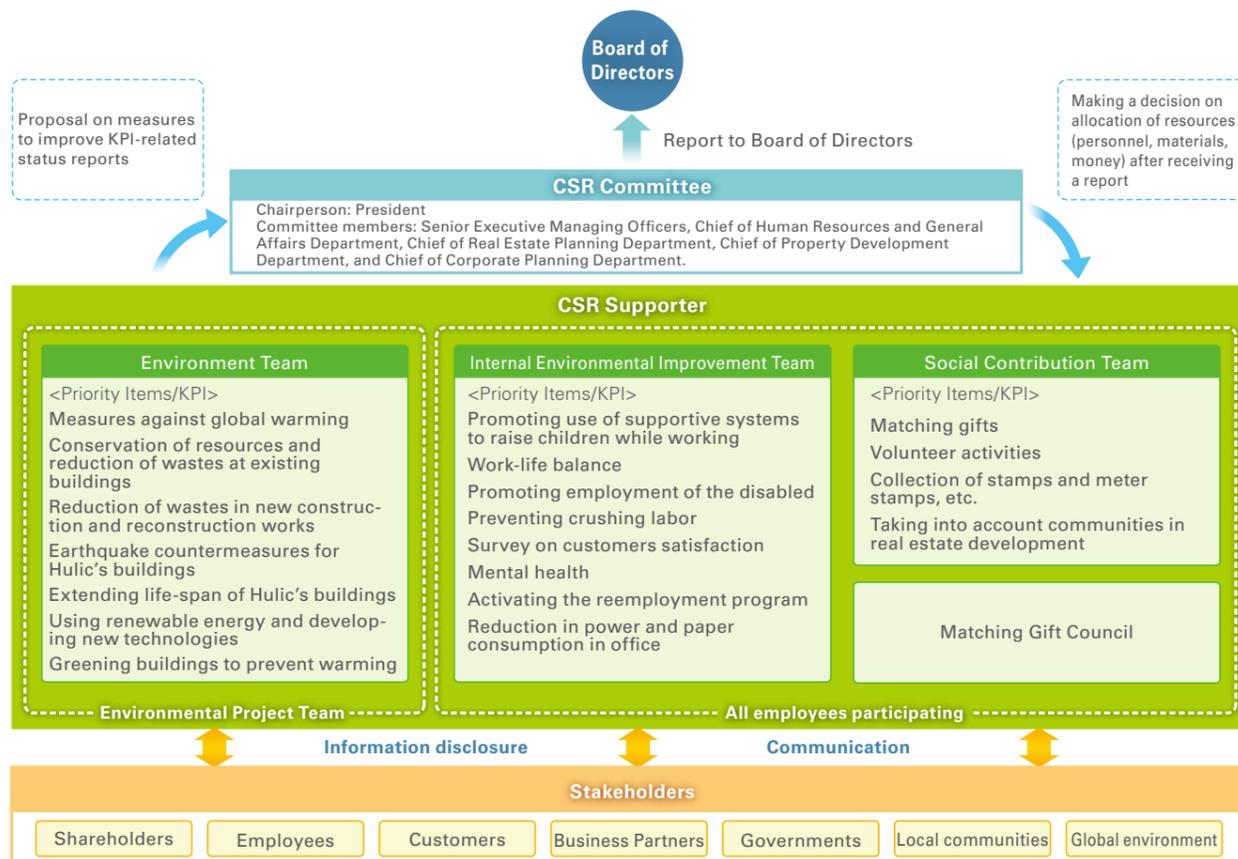
Previously, the CSR Task Team was in charge of promoting CSR activities at workplaces including improving the internal environment and social action programs. In 2009, however, with an eye to raising all employees' awareness of promoting CSR activities, CSR Supporters started to conduct them in place of CSR Task Team. One person is appointed as CSR supporter from a unit composed of about ten people, and is relieved by another member of the unit after completing one-year term of office. Since 2011, CSR supporters have been appointed also from Hulic Group companies, and made efforts for establishing CSR activities in all employees of Hulic Group.

In the environmental field, an environmental project team consisting mainly of members of Real Estate Division discusses environmental measures.



CSR Supporters Meeting

CSR Promotion Systems (As of end of December 2012)



Stakeholders of Hulic Group



Evaluation of Importance

In an attempt to disclose information in a fair, timely and appropriate manner, we implement an "Evaluation of Importance" to select information to disclose, taking into account outside viewpoints such as the "interests of external important stakeholders" and "changes in political trends", as well as inside viewpoints such as "impacts on business strategies" and "employees' opinions".

Variety of Communication Tools

In order to have all stakeholders further understand our various efforts, we proactively transmit information using our Website and a variety of other communication tools.





Key Performance Indicators (KPI) for Priority Items and Promoted Items, and Targets and Results

By establishing "Priority Items" which are especially important in light of business contents, we set Key Performance Indicators (KPI) and Targets in order to improve while objectively assessing CSR activities. Items other than the priority items were also positioned as "Promoted Items." In this way, we can now follow the results of our activities. While reflecting matters socially demanded by the GRI Guidelines, targets were set in the context of our business reality and direction through surveys, hearings, and discussions.

In fiscal year 2012, the KPIs were enhanced in accordance with the third-party review in "CSR REPORT 2012".

We will make efforts for constant improvement using PDCA Cycle, while disclosing data on the progress of our CSR activities to stakeholders.

* Targets are not set for some items.

Key Performance Indicators (KPI), and Targets and Results

○: Achieved △: Almost Achieved x: Not Achieved

Fields	Priority Items/Promoted items (★ attached to priority items)	Key Performance Indicators (KPI)	Targets	Scopes	Results					Major achievements in FY2012	Evaluation	Reference			
					FY2008	FY2009	FY2010	FY2011	FY2012						
Environment	Prevention of global warming	Power consumption (MWh)	Reducing 5% for five years from 2008 to 2012 compared with 68.42, an average during period from 2005 to 2007. (per unit floor area)	20 existing primary office buildings	31,157	29,843	30,370	27,095	26,028	<ul style="list-style-type: none"> Environmental consideration for new buildings (Adoption of LED lighting system, Advanced heat shield/insulating multilayered glass, and highly efficient air conditioning system) Renovation works of existing buildings for energy saving (Upgrading to highly efficient lighting equipment and air conditioning systems) Initiatives toward reduction of power consumption in collaboration with management companies and tenants (Setting higher temperature of air conditioners, Decreasing the number of lights on, Adjusting brightness) 	○	P17-20			
		Gas consumption (m ³)			670,867	620,086	683,318	561,116	612,235 ^{*2}						
		Basic unit of CO ₂ emission ^{*1} (kg-CO ₂ /m ²)			74	60	66	56	68						
		Using renewable energy and developing new technology	Number of capital investments for renewable energy	3 investments or more per fiscal year	All Hulic's buildings	—	—	3	3	7	Introduced natural ventilation and lighting systems into Hulic Head Office Building	○	P20		
		Promotion of greening	Number of greening projects	1 project or more per fiscal year	All Hulic's buildings	—	—	3	3	8	<ul style="list-style-type: none"> Toranomon First Garden won the "9th Minato Ward Creation of Green Town Award" Kyodo Project and Hulic Residence Nagaokakyo obtained rank A of JHEP certification. 	○	P22-23		
	Reduction of waste/ Conservation of resources	Reduction of waste at Hulic's buildings	Amount of waste (t)	Reducing 10% for 3 years from 2012 to 2014 compared with average during period from 2005 to 2007.	16 existing primary office buildings ^{*3}	1,348	1,317	1,307	1,179	1,145	Achieved a reduction by 11%.	○	P19-21		
		Reduction in water consumption at Hulic's buildings	Water consumption (m ³)	Reducing 15% for 3 years from 2012 to 2014 compared with average during period from 2005 to 2007.	20 existing primary office buildings	185,265	177,039	176,715	169,768	164,037	Achieved a reduction by 17%	○	P20		
Reduction of waste in new construction and reconstruction works		Number of technological measures (PC construction method/extension of life span) implemented to reduce the amount of waste in reconstruction projects	1 case or more per fiscal year	All Hulic's buildings	—	1	6	3	5	<ul style="list-style-type: none"> Adopted Long-life structure for Hulic Head Office Building, Hulic Kaminarimon Building, and Hulic Komagome Building. Adopted PC (Precast Concrete) method for Hulic Residence Tsudanuma and Hulic Residence Nagaokakyo. 	○	P19-21			
Reduction in paper consumption at office		Paper consumption per person (10 thousand)	20,000 pieces or more per fiscal year	Hulic Head Office Building	—	—	—	—	0.4 ^{*4}	Introduced multifunction printers into Hulic Head Office Building	—	P17			
Society	Customers	Measures against disasters	Earthquake countermeasures for Hulic's buildings ★	Percentage of properties with quake-absorbing structure, quake-damping structure, and quake-resistance over 1.25 times stronger the standard (%)	100%		All new office buildings completed	N/A	100% (1 building)	100% (3 buildings)	100% (2 buildings)	100% (3 buildings)	Adopted quake-absorbing structures and quake-damping structures for all office buildings.	○	P11
			Business Continuity Plan (BCP) ★	Number of inspections for BCP drills, stockpiled food and goods	Once or more per fiscal year	Hulic Group	1	1	1	1	1	Delivered the disaster response manual to all employees. Opened Twitter account a secondary tool for information exchange during emergencies	○	P33	
		Improvement in customer satisfaction	Improvement in customer satisfaction ★	Number of surveys on customer satisfaction	Once or more per fiscal year	Hulic Group	1	1	1	0	1	Surveys on satisfaction of tenants were conducted by Hulic Building Management Co., Ltd.	○	P25-26	
	Employees	Work-life balance	Promoting the use of the next generation nurturing support system ★	Usage rate of childcare leaves (Number of person)	70% of eligible women or more in average and one man or more for four years from 2012 to 2015	All eligible female employees of Hulic (As of the end of December)	100% (2 eligible employees)	100% (3 eligible employees)	100% (1 eligible employee)	100% (1 eligible employee)	100% (1 eligible employee)	<ul style="list-style-type: none"> Changed the amounts of celebration money for childbirth to 100,000 yen for first child, 200,000 yen for second child, and 1 million yen per child for third and subsequent children (previously 10,000 yen per child) Introduced Babysitter Program (Subsidizing all amount of enrollment fee of 21,000 yen and annual fee of 10,500 yen, as well as monthly fee up to 15,000 yen, providing discount tickets and coupons) 	○	P27	
					Percentage of those who use the Childcare Center Subsidy System.	60% or higher per fiscal year	All eligible employees of Hulic (As of the end of December)	87.5% (7 users/8 eligible employees)	100% (8 users/8 eligible employees)	100% (5 users/5 eligible employees)	100% (6 users/6 eligible employees)				100% (7 users/ 7 eligible employees)
				Promoting the planned use of paid leaves ★	Usage rate of paid leaves	60% or higher per fiscal year	All employees of Hulic	65%	68%	64%	70%				71%
			Restraining overtime works	Annual total number of employees who worked overtime for 45 hours or longer for three months in average	No target	All employees of Hulic	0	4	3	1	2	Implemented inspections toward full-scale execution of No Overtime Day.	—	P28	
			Promoting mental health care	Percentage of employees who received medical checkups (%)	100%	All employees of Hulic (As of the end of December)	100%	100%	100%	100%	100%	100% of employees received checkups.	○	P27	
	Local communities	Contribution to society	Promoting employment of the disabled ★	Employment rate of the disabled	Maintaining the statutory employment rate of 2% or more	All employees of Hulic (As of June 1)	2.10%	2.03%	5.26%	5.66%	5.30%	Newly employed two people with disabilities.	○	P29	
				Improvement of systems to develop women's careers	Number of women's career promotion project team meetings held	No target	Hulic	—	—	1	7	4	In addition to meetings by the women's career promotion project team, lunch meetings for female employees were held to exchange opinions.	—	P27
		Corporate social contribution	Number of social action programs	4 programs or more per fiscal year	Hulic Group	3	3	3	7	7	Donations of used postal stamps and clothes, local cleanup activities, and various donations (Aflac National Associates, Keidanren Committee on Nature Conservation, Red Cross, and Ashinaga Scholarship Society)	○	P31		
	Supporting employees to conduct social contribution activities	Number of social contribution activities by employees	3 activities or more per fiscal year	Hulic Group	1	2	2	4	5	Satoyama conservation activities, Donation to Ashinaga Scholarship Society, Matching gift, Collection of PET bottle caps, Assistance for activities to support disaster-hit areas	○	P32			

*1 For city gas, CO₂ emission coefficient of the Manual for Calculations and Reports of GHG Emissions issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry is used. For electric power, an actual emission coefficient of a power supplier that relevant building uses is used. As CO₂ emission coefficient increased, basic unit of CO₂ emission increased

*2 Usage of city gas increased in FY2012 compared with FY2011 as more gas was used for heating due to lower outside temperature in FY2012.

*3 16 primary office buildings are included in the scope of waste emissions, of which accurate data can be obtained.

*4 Paper consumption per person only from October to December 2012 when accurate data could be obtained was disclosed.

SPECIAL
FEATURE

01

An eco-friendly office achieved by a prototype building with low CO₂ emissions

-Challenges at the Hulic Head Office Building

In addition to increasing environmental performance of buildings, Hulic works on creating new value while offering security and amenity.

Advanced systems of Hulic Head Office Building

Outfitted with the functions of disaster response, extended building life-span, and environmental features, Hulic Head Office Building has embodied the “security” and the “environment” we desire to provide customers.

While using the building as a new head office, we monitor the effects of new technologies introduced. Furthermore, positioning the building as the Company’s showroom, we will challenge projects with the themes of security, environment, and convenience.

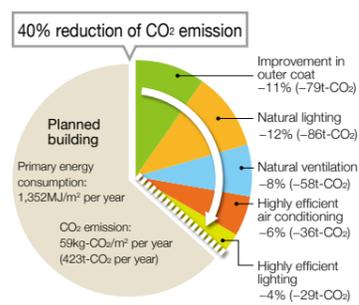
* We introduced the Natural Ventilation and Lighting systems in Hulic Head Office Building, which were developed as a result of the three-year joint research with MIT.

Safe and secure office to protect people, properties, and information

We enhanced various measures for BCP, in addition to the adoption of the “Quake-absorbing Structure + Hybrid Structure” which realized the aseismic performance of the highest rank, as well as specifications for the building to be durable for 100 years. We are equipped with privately-owned electrical power generators which can consecutively operate for six days and flood barriers as countermeasures against tsunami, and have ensured water supply and drainage for three days in preparation for floods. Furthermore, water and food for all employees for seven days has been stockpiled just in case. Wireless telephones for emergency have been secured as communication tools so can be grasped at an early stage damages to all Hulic buildings during disasters.

Obtaining DBJ Green Building* Platinum Certification for the first time for small and middle-sized buildings

With a variety of environmental technologies, CO₂ emission were reduced approximately 40%. The building was adopted as the 1st housing/buildings CO₂ reduction leading business project in 2010 by the Ministry of Land, Infrastructure, Transport and Tourism, and obtained DBJ Green Building platinum certification for the first time as a middle-sized building.

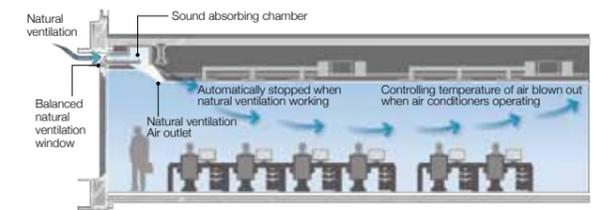


* DBJ Green Building Certification Program: Development Bank of Japan comprehensively evaluates building’s environmental performance, measures for crime and disaster prevention, amenity and convenience for users, cooperation with stakeholders, and other factors.

Toward the acquisition of DBJ Green Building Certification P19

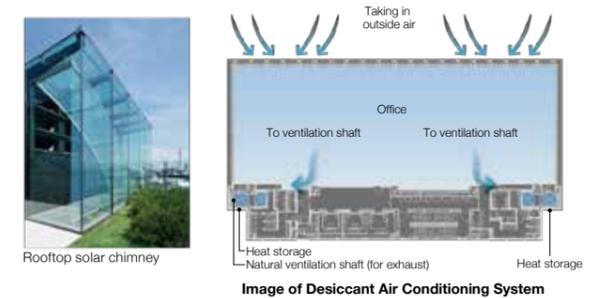
“Natural Ventilation System” independent from mechanical air conditioning

This natural ventilation system can ensure a certain amount of ventilation under wind speed from 0 to 10 m/s. Air is taken in through a balanced low air volume ventilation system, and expelled via two ventilation shafts for each floor. Effectiveness of this system was simulated in the joint research with MIT. Air conditioning only with natural ventilation in spring and fall was achieved.



“Desiccant Air Conditioning System” to realize comfortable energy saving

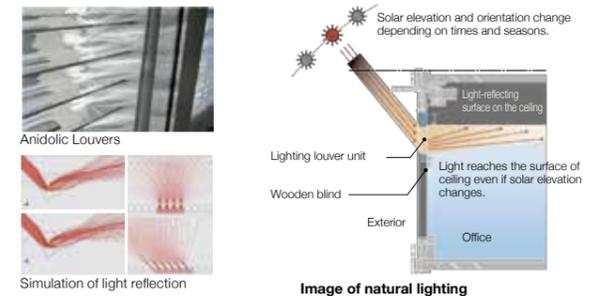
Desiccant Air Conditioning System was adopted for air conditioning of offices, which can realize a comfortable indoor environment even at 28°C by adjusting moisture. With hybrid control of this system and the natural ventilation system, the annual CO₂ emission was reduced by approximately 100t. The status of use of natural energy and effects of various energy saving measures are monitored with BEMS, in order to improve the operation based on the data.



“Natural Light Louvers” responding to changing solar elevation

For offices taller than 5 floors, Anidolic Louvers, which were a result of the joint research on natural light louvers with MIT, have been installed. With specially-shaped fixed louvers installed on the column, gentle and natural light can be taken into the room without using any motors.

* The patent of Natural Lighting System is pending.



VOICE

Participating in the new head office building project



Masashi Fukuda
Deputy General Manager, Property Development Department
Hulic Co., Ltd.

As an approach to Hulic’s unique eco-friendly technologies, we started our challenge with the following three themes:

1. Supporting from the existing idea of focusing only on design to the idea of fusing engineering and architecture, and combining environmental countermeasures with design;
2. Fully tackling environmental issues in a cutting-edge manner in the real estate industry;

3. Carrying out the above in the development of small and medium sized buildings.

Then, it was decided to move Hulic’s head office to the present Nihonbashi Odenmachi for the redevelopment project. I remember being further motivated as it would be a precious chance to embody the results of our research soon. I intend to build new environmental standards in Japanese architecture through competition with top-level wisdom.

Through the joint research with Hulic



Stephen Ray
Ph. D., MIT Postdoctoral Researcher

“Natural Ventilation and Natural Lighting” systems were invented with the fusion of innovative technologies developed by the research team of building technology group, the architecture department of MIT headed by Professor Glicksman, Hulic’s and other design offices, as well as a technology center for general contractors. By incorporating the technologies successfully, it would be possible not only to make people in the room feel comfortable, but also to produce significant energy-saving

effects through making good use of natural energy. Through commissioning monitoring for a year after completing the Hulic Head Office Building, we have been making efforts to obtain better-than-expected effects.

I am proud of being able to continue the joint research as a partner of Hulic, which constantly challenges to develop new technologies. I expect the technologies to spread in the real estate industry.

SPECIAL FEATURE
02

Creating Shared Value through PPP Businesses

Hulic promotes the creation of social and economic values through PPP projects from the viewpoint of not only real estate business but also addressing social needs and problems.

Example: Project to effectively utilize the land for the Tokyo office of Hokkaido Government (Scheduled to be completed in September 2013)

In the project to effectively utilize the land for the Tokyo office of the Hokkaido Government, we reconstructed the Tokyo office of Hokkaido Government in Nagata-cho. The project has been developed under the concept of building a new bridge to Tokyo and overseas, aiming to improve communication.

Diverse firms including venture companies gather at the shared office to create various business opportunities, and restaurants use materials produced in Hokkaido as a base to promote their food culture. In addition, through 70-years of sound management, it is aimed to improve the value of Hokkaido.

Significance of PPP Projects

The purpose of PPP (Public Private Partnership) projects is to contribute to local economies. Public and private sectors cooperatively aim to improve new added values through exchanging information with local communities by using know-how concerning office buildings and rental apartments in order to resolve problems on land policies of national or local governments, as well as financial issues.

Taking into account what the national or local government wants through the project, we build a mechanism to increase the value through private business as in the PPP project.

Examples of PPP Projects



Nara Yotokugakusha innovation project (completed in March 2010)
Community square to connect private facilities and Yotokugakusha



Hulic Asakusa Building (completed in February 2013)
Multi-purpose hall to create festivity



Shibaura Water Recycling Center restructuring project (scheduled to complete in March 2015)
Green relaxing space of approx. 3.5ha

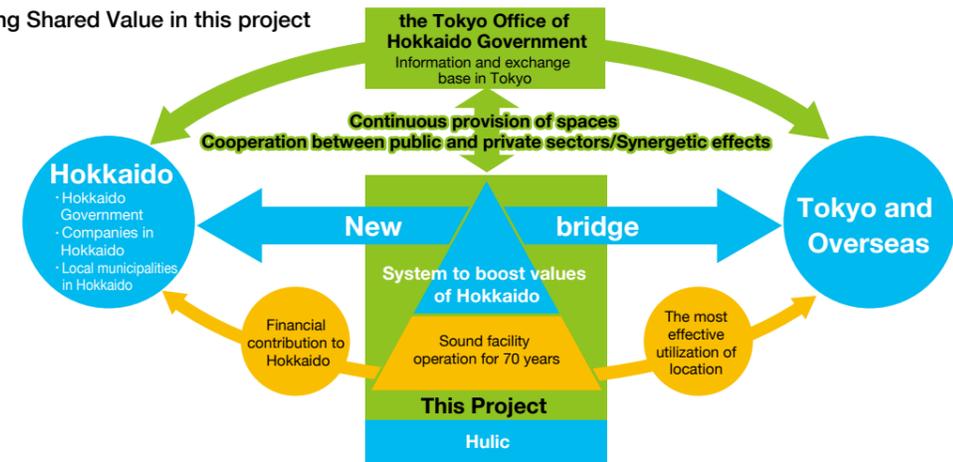
A base to offer information about Hokkaido food culture

As a facility to assist industrial promotion in Hokkaido, a restaurant is on the first floor of the building, in which people can enjoy food products and meals from Hokkaido. The restaurant not only provides food but also functions as a publicity agent for Hokkaido food culture and a facility to promote internal and external communication in cooperation with the upstairs shared offices and the Tokyo Office of Hokkaido Government.

Creation and Development of Corporate Businesses in Hokkaido

The Shared Office is planned to be on the second and upper floors, where venture companies, individuals, and various companies mainly from Hokkaido and Tokyo gather. In addition to leasing a space, the Shared Office is scheduled to build a system to promote business information exchange and collaboration among tenants by holding social gatherings and name card exchange meetings.

Creating Shared Value in this project



Long-term Business Development for 70 years

In order to enable a long-term stable business for 70 years with the appropriate utilization of public land, it is planned to use the building mainly as an office. The purpose is to operate shared offices, which can be expected to be a long-term stable business with a high affinity with the Tokyo Office of Hokkaido Government and has high social significance, in an attempt to avoid getting obsolete. Furthermore, the long-life architecture was adopted, which can be durable for 100 years with the earthquake-absorbing structure to provide safety and security to tenants.

The Best Consortium in alliance with Companies in Hokkaido

The business is performed with the participation of not only firms in Tokyo but also Hokkaido JR Shoji Inc. and Kuribayashi Co., Ltd. in Hokkaido. Through this project, we intend to expand business opportunities for firms in Hokkaido and contribute to Hokkaido economy by increasing sales of firms in Hokkaido, and proactively provide expertise as a consortium with abundant experience.

VOICE

Participating in the Project to effectively utilize the land for Tokyo Office of Hokkaido Government



Hideo Suzuki
Counselor, Property Development Department
Hulic Co., Ltd.

We made our best effort to seek what customers need, deeply consider this issue, and investigate and select various ideas. The concept of this project is composed of those ideas condensed. The customer is Hokkaido Government that is a holder of limited proprietary right of the land. We reconstructed a building with earthquake-absorbing structure, and introduced functions of shared office appropriate to the location of "Nagatacho" and restaurant using food materials products from

Hokkaido, in order to offer systems to create new added values in the entire building. As this project attracted attention, we explained about the purpose of using shared offices to be understood at the conference of mayors in Hokkaido. We intend to continue to promote the "improvement in value of Hokkaido", the slogan of proposal we made in the competition in cooperation with Hokkaido partner companies involved in this project.



Environmental issues are the most important field for Hulic.
We sincerely think over what we can do as a company engaged in the real estate business, and put it into practice.

Hulic Environmental Policy

Hulic Environmental Policy has been established, which embodies the conservation of global environment advocated in our CSR Vision. Matters required by the contemporary society were consciously incorporated into Hulic Environmental Policy. We will push ahead with various activities in accordance with the Environmental Policy.

Hulic Environmental Policy



COLUMN

Ranking first in the real estate industry for the third consecutive year in "Environmental Management Survey"

1 Environmental Management Survey

"Environmental Management Survey", which has been annually conducted by Nikkei Inc. since 1997, announces rankings of companies excellent in their approach to environmental management based on each company's answers to the questionnaire. Hulic has ranked first in the real estate industry for the third consecutive year since the 14th Environmental Management Survey in 2010.

Score [Total]	Measures against global warming	Resource Recycling	Systems to promote environmental management	Measures against pollution, Biodiversity
387	100	94	100	93

2 Undergoing an assessment of Environmental Management Survey

Hulic achieved a perfect score, highly praised in recognition of setting targets to reduce total CO₂ emissions and construction of eco-friendly buildings toward achieving the targets as "Measures against global warming", as well as environmental management in consideration of external expert opinions by Environmental Advisory Council as "Systems to promote environmental management".

Meanwhile, for "Resource recycling", there is much room for improvement. We will try to further reduce the amount of waste and use of water resource at our buildings, in cooperation with tenants. Triggered by continuously receiving a high evaluation following the previous survey, we will be further aware of environmental management than ever before.

1 Environmental Compliance

With the aim of thorough compliance with laws and regulations related to the environment including waste and soil pollution, Hulic Group conveys to all employees information on the latest trends in environmental laws and regulations and legal systems through "Kompura Support Bin" published by the Legal & Compliance Department, and provides environmental compliance training as needed.

In fiscal year 2012, as high environmental performance of Hulic Head Office Building was attracting attention, each department actively discussed problems in activities to save energy and resources by reading through the CSR Report in the training. After the training, Corporate Planning Department serving as CSR Head Office received a lot of opinions, for example, "review lighting on each floor" and "there is room to improve each employee's activities". We are using those opinions in formulation of various environmental measures in the future. We will work on environmental compliance by continuing to provide such training.



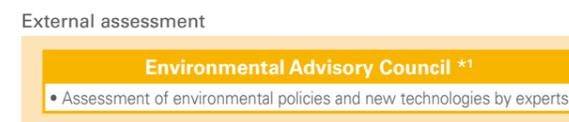
Scene of the training

Major Environmental Laws and Regulations

- Basic Environment Act
- Act on Promotion of Global Warming Countermeasures
- Act on the Rational Use of Energy (Energy Conservation Act)
- Air Pollution Control Act
- Noise Regulation Act
- Vibration Regulation Act
- Soil Contamination Countermeasures Act
- Waste Management and Public Cleaning Act
- Act on the Promotion of Effective Utilization of Resources
- Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging (Containers/Packaging Recycling Act)
- Construction Waste Recycling Act
- Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof
- Basic Law for Establishing the Recycling-based Society
- Industrial Safety and Health Act
- Act on Special Measures concerning the Proper Treatment of Polychlorinated Biphenyl Waste, etc.

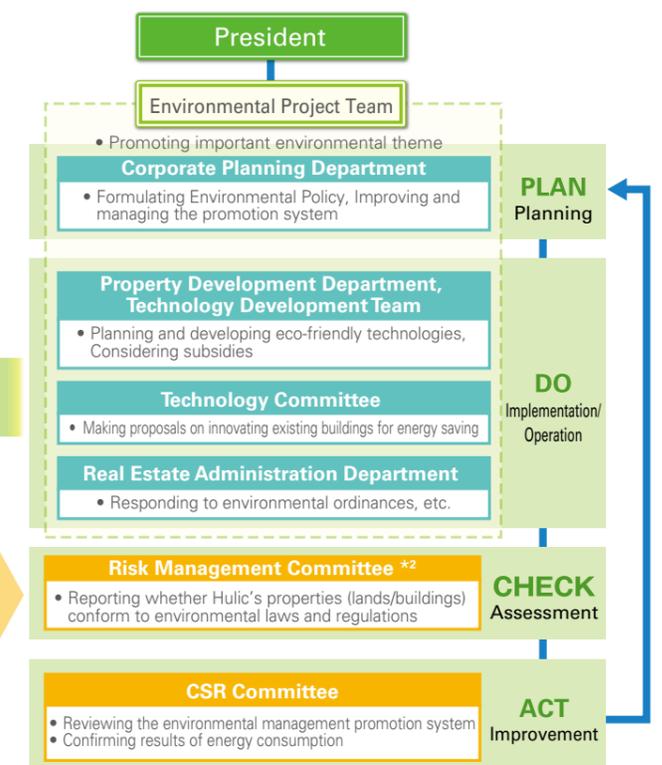
2 Environmental Management System

Hulic Group is smoothly executing the PDCA Cycle with its unique Environment Management System (EMS) built based on the "Hulic Environmental Policy". This system is operated cooperatively with Group Companies, according to targets set by the environmental project team headed directly by the President. In order to monitor the progress in environmental activities of Hulic Group, we use evaluations by the "Risk Management Committee" for internal matters and by "Environmental Advisory Council" for external ones. The result is reported to the CSR Committee and reflected in reviewing the environmental promotion system and setting targets.



*1 Members consisting of President, heads of each department, and external intellectuals
*2 The Council chaired by President, consisting of Senior Executive Managing Officers and chiefs of each department

Environmental Management System of Hulic Group





2 Environmental Management System

Environmental Advisory Council

We have an Environmental Advisory Council in place to assess Hulic's environmental activities. Frank opinions and advices provided by external experts with knowledge concerning environmental issues and objective viewpoints are reflected in medium and long-term environmental plans.

The 4th Environmental Advisory Council discussed the trends of Japan's global warming countermeasure targets, Green Building and environmental businesses, and other topics. External experts gave us their opinions, for example, "as governmental environmental measures are uncertain and unpredictable, Hulic should continue to make efforts for achieving the CO₂ reduction plan" and "from the viewpoint of improving real estate values, one approach to consider is the collaboration of BCP (Business Continuity Plan) and renewable energy."

Main Members

Shunsuke Aoyama
(Director & Special Advisor, EX Research Institute Ltd.)
Toshiharu Ikaga (Professor, Keio University)
Yoshihiro Fujii
(Professor, Graduate School of Sophia University)

Sub Member

Leon Glicksman (Professor, MIT)

Environmental Project Team

By organizing Environmental Project Team, we discuss environmental measures to address in the medium and long term. This cross-sectional Project Team is in charge of general adjustments, sharing of information, and coordination of views. In addition, the Project Team is responsible for introduction of environmental accounting to comprehend costs and effects of environmental investment, compliance with environmental laws and regulations including the revised Energy Conservation Act, consideration of innovation of properties acquired through merger, etc. for energy saving, and calculation estimates of model cases.

Voluntary action plan toward a reduction in power consumption

We formulated a voluntary action plan to reduce power consumption at peak hours by 15%, and organized a power saving measures team in order to work on various activities. Introducing natural lighting and ventilation systems, and LED lighting system with sensors to detect humans and day light into Hulic Head Office Building, we will tackle the further reduction of power consumption.



Office space with LED lighting system (Hulic Head Office Building)

Energy consumption and Basic unit of CO₂ emissions

Fiscal year	2008	2009	2010	2011	2012
Power consumption (GJ)	310,638	297,530	302,791	270,142	257,109
City gas consumption (GJ)	29,184	26,977	29,726	24,410	26,632
Basic unit of CO ₂ emission (kg-CO ₂ /m ²)	74	60	66	56	68

* Energy consumption and CO₂ emission were calculated respectively based on the Ordinance for Enforcement of Rationalization in Energy Use Act (revised in November 2007) and the Enforcement Order of Law Concerning the Promotion of the Measures to Cope with Global Warming (revised in June 2008).
* City gas consumption increased in FY2012 compared with FY2011 as more gas was used for heating due to lower outside temperature in FY2012.

Efforts to reduce paper consumption at office

With an eye to increase awareness of paper consumption reduction inside the Company, we are promoting both-side printing and intensive printing, and switching to an electronic circulation of documents and an electronic approval system. In fiscal year 2012, however, paper consumption significantly increased due in part to the increase in personnel and procedures for the merger. We will have the activities take root through training for new employees and mid-career employees, etc., and also use the newly introduced multifunction printer.

Amount of paper purchased and paper consumption per person

(Unit: 10 thousand sheets)

Fiscal year	2008	2009	2010	2011	2012
Amount of paper purchased (on a A4 basis)	350	329	323	320	377
Paper consumption per person	-	-	-	-	0.4

* The data of amount of paper purchased was provided by Hulic Co., Ltd. and Hulic Insurance Service Co., Ltd. The data of paper consumption per person was provided by Hulic Head Office Building. 100% of paper purchased was recycled paper.
* Paper consumption per person only from October to December 2012 when accurate data could be obtained was disclosed.

VOICE

Participating in the 4th Environmental Advisory Council



Nobuyoshi Tanaka
Chief of Technology Development Team
Property Development Department
Hulic Co., Ltd.

We started the "initiative toward the reduction in CO₂ emissions" after having adequate discussions in the Company. External Council members with special knowledge highly appreciated this initiative, saying "it is very progressive." We received the opinion that we should continue to push ahead with the initiative to reduce CO₂ emission in accordance with Hulic's unique scenario concerning the reduction plan formulated without being influenced by changes in CO₂ emission

coefficient. This is because the moves by the government are uncertain due to the recent nuclear power generation issues and the higher CO₂ emission coefficient.

With a goal of reducing CO₂ emissions, we will proactively work on the initiative by monitoring its progress, and verifying the effects.

Road map toward the reduction in CO₂ emissions

We formulated the medium and long-term plan aiming to reduce total CO₂ emissions from all the buildings Hulic owns by 25% relative to the figure in 1990 by 2020. In terms of validity of this plan and accuracy of the figures, we obtained a third-party certificate from Smart Energy Co., Ltd., a third-party review organization, for the first time in the real estate industry.

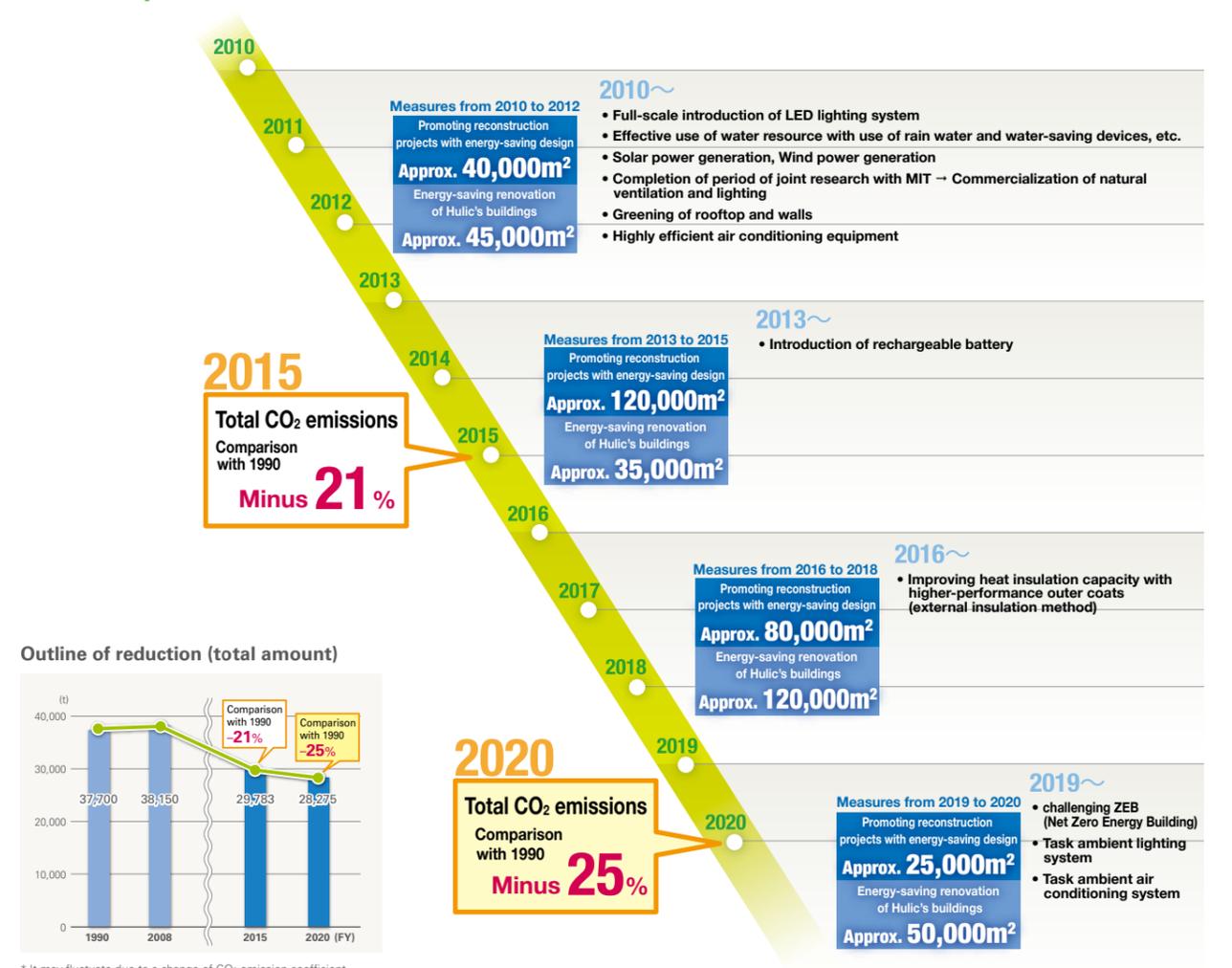
Plan 1:

We have pushed ahead with the project to reconstruct 40 buildings for 10 years. Being able to incorporate various energy-saving technologies at the stage of design, new buildings can significantly reduce CO₂ emissions with overwhelmingly excellent energy efficiency.

Plan 2:

We have jointly conducted the research project concerning the use of natural energy (natural ventilation and lighting) with Massachusetts Institute of Technology (MIT). We lead the project to the reduction in CO₂ by fundamentally improving energy efficiency of lighting and air conditioning to curb energy consumption of buildings.

Road map toward the reduction (calculation as of the end of December 2012)





3 Environmental Performance

Toward the acquisition of DBJ (Development Bank of Japan) Green Building Certification

Hulic focuses on the construction of buildings, considering the environment from the planning stage of development. So far, our three buildings, Hulic Head Office Building, Hulic Asakusabashi Building, and Sendai First Tower, obtained the DBJ Green Building Certification. Hulic Head Office Building won the highest-ranking platinum certification for the first time in buildings with a floor area of 10,000m² or less, in recognition of the introduction of natural ventilation and lighting systems developed jointly with MIT. Hulic Asakusabashi Building also received the first platinum certification as a PPP project. Sendai First Tower obtained the gold certification, in recognition of the introduction of the energy use monitoring system through BEMS (Building and Energy Management System), and greening of the large-sized open ceiling space with wall surface of 499m². We will aim to construct buildings people demand, further considering the environment in the real estate business.

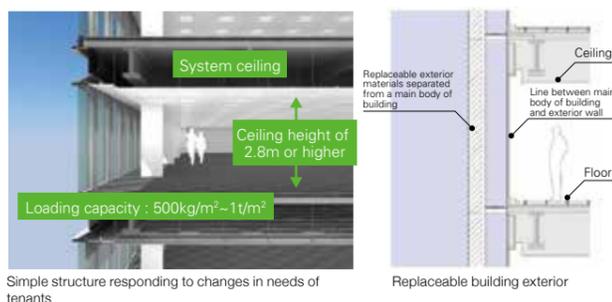
Date of certification	Name of certified property	Assessment rank
Jan. 18, 2013	Hulic Asakusabashi Building	Platinum
Mar. 22, 2012	Sendai First Tower	Gold
Feb. 29, 2012	Hulic Odenma (Head Office) Building	Platinum

CO₂ Reduction Leading Project and Buildings

In the CO₂ Reduction Leading Project, measures for CO₂ reduction of housing and building are strongly promoted to boost their market value. With the aim of improving the housing and living environment, the Ministry of Land, Infrastructure, Transport and Tourism invites leading projects which can effectively reduce CO₂, and subsidizes excellent proposals. Hulic Kaminarimon Building and Hulic Head Office Building have been subsidized.

Promotion of Longer Service Life

We formulated the "Guideline for Longer Service Life", aiming at "smoother updating and renewal" and "ease of maintenance". We significantly increased environmental advantages by promoting the conversion from "the flow-type consumption in which buildings are constructed and dismantled one after another" to "the stock-type consumption in which high-quality buildings are constructed, meticulously maintained in a timely manner, and carefully used for a long period of time".



Simple structure responding to changes in needs of tenants

Replaceable building exterior

Expanding the adoption of the PC method

From the standpoint of a business owner, we proactively adopt the PC method* which can significantly reduce the amount of waste. This method, which can shorten a construction period, and minimize impacts on surrounding environments during a period of construction, is highly appreciated in terms of longer service life. In fiscal year 2012, the PC method was used for Hulic Residence Tsudanuma and Hulic Residence Nagaokakyo.

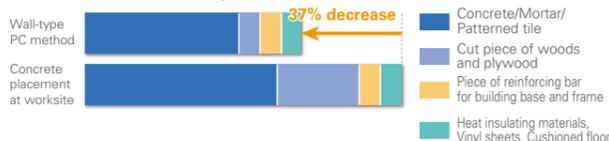
Reduction in construction traffic (No. of raw concrete mixers and pumper trucks decreased by half.)



● AS the number of vehicles to carry temporary materials and concrete to be casted at worksite decreased, loads on surrounding environment such as noise and exhaust gas during idle time was reduced.

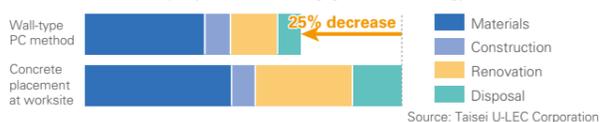
* PC (Precast Concrete) method: Precast panels produced at a plant under consistent quality control are carried in a worksite and assembled.

Reduction in industrial waste (Waste reduction with effective use of valuable resources)



● Reduce plywood formworks for mold making.
● Reduce loss of concrete and use of mortar.
● Reduce industrial waste by 37% compared to the conventional reinforced concrete (RC) method, in general.

CO₂ reduction (helpful for curbing global warming)



● Reduce CO₂ derived from construction and demolition works by 25%

Recycling parts of underground building frames during reconstruction

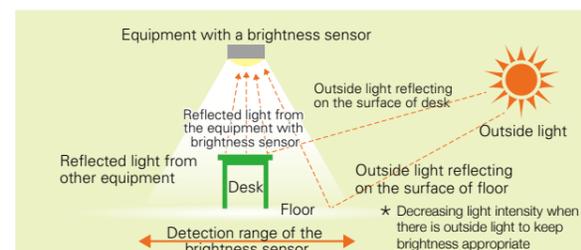
In reconstruction works, we make various efforts for reducing wastes generated in demolition works including concrete debris, for example, by recycling underground building frames of existing buildings for the earth retaining wall of the new building with new underground building frames installed inside. Of course, adequate inspections are conducted to confirm the strength when building frames of existing buildings are recycled.

After considering impacts on neighboring areas by property, we introduced the PC method into the following projects.

- Hulic Ryogoku Building
- Toranomon First Garden
- Ochanomizu Sola City
- Hulic Sukiyaabashi Building
- Hulic Head Office Building, etc.

Introduction of equipment with high energy efficiency

Hulic has realized a significant reduction in CO₂ emissions by introducing lighting systems with high energy-saving performance such as highly efficient lighting and LED lighting, as well as illumination control devices including sensors to detect a human and daylight, etc. We are also working on the introduction of equipment with the air-cooled heat pump method which ensures cooling by circulating refrigerant on each floor. This method is highly evaluated in terms of running cost, durability, restoration time at disasters.



Operating principle of a daylight sensor



Operating principle of human-detecting sensor

Introduction of a system so tenants can easily conserve energy

Hulic Group started to introduce a "visualization system" to control air conditioning freely and grasp energy consumption. This system enables tenants to set the optimum air environment and easily tackle energy conservation.



Visualization system (Hulic Asakusabashi Building)

Promoting the introduction of recyclable energy

With a photovoltaic generation module installed on the rooftop of building, the power generation status and the amount of CO₂ reduced are indicated on a "power generation display panel". The display panel is installed at a place where building users can easily see to practically visualize the amount of power generation. Generated electricity is used for shared spaces inside a building.

Hulic Residence Motoyoyogi adopted hybrid street lights for external street lighting. This street light uses only natural energy, generating electricity with wind power (wind speed to start generating power = 1.2m/sec) and solar power.



Photovoltaic equipment (Hulic Head Office Building)



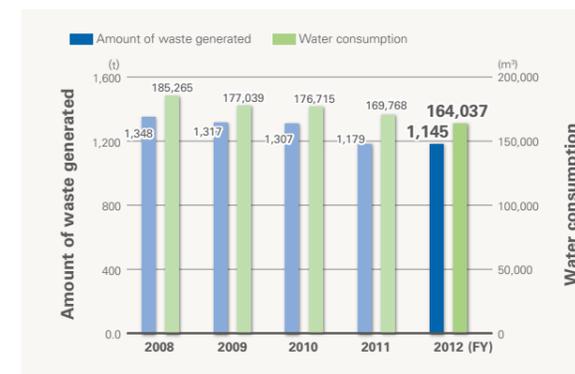
Power generation visualization system (Hulic Hachioji Building)

Reduction in the amount of waste and water consumption

Hulic Group has worked on the reduction in the amount of waste and water consumption in cooperation with tenants and building management companies.

As a result of renovation works of toilets for water conservation, a large amount of water could be reduced at Hulic Osaka Building. We will use a water-saving flushing toilet and wash stands as a standard. With such steady efforts, water consumption has smoothly decreased since 2005. In addition, the amount of waste decreased year-on-year.

Water consumption/Amount of waste generated of Hulic's buildings





4 Recycling Society

Efforts to reduce

We realized environmental advantages by making efforts to curb the amount of waste generated and CO₂ emissions during reconstruction, for example, by adopting buildings which can be in service for 100 years or longer as standard specification with an eye to saving resources*. The Gate Hotel Kaminarimon by Hulic (Hulic Hotel Management) is reducing the amount of garbage by biologically processing raw garbage from the restaurant.

* In the case of a building with a Long Life of 100 years, the amounts of waste generated and resources used in reconstruction works can be reduced 50% or more, compared to the conventional case of reconstruction every 40 years (standard proposal).

Efforts to reuse (Donation of clothing)

The activity to donate clothing, which started in the wake of an opinion given to the President questionnaire, has been conducted through NPO Japan Relief Clothing Center (JRCC). Through this activity, it is possible to not only reduce waste, but also support refugees, displaced people, and disaster victims. We will continue the activity to the extent possible.

Efforts to recycle

As efforts for recycling through day-to-day office work, we started activities to recycle used paper and printer toner, and according to opinions from CSR supporters, to collect caps of PET bottles.

In fiscal year 2012, the amount of paper recycled was 7,230 kg, increasing by 1,930kg from the previous year. We will work on those activities to support the achievement of the recycling society.

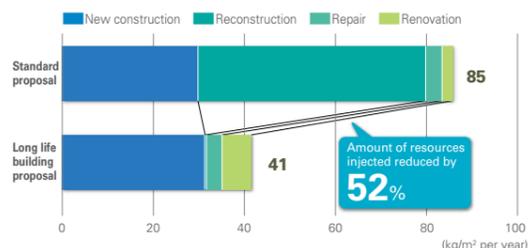
Trends in the amount of used paper recycled*

Fiscal year	FY2011	FY2012
Recycled amount	5,300	7,230

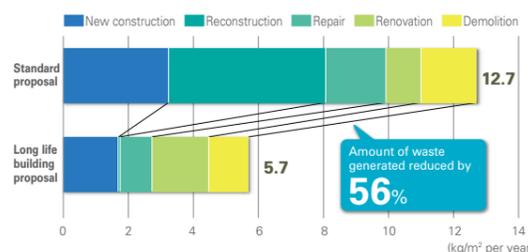
* The scope is Hulic Head Office Building.

Environmental advantages of long life buildings (comparison over a 100-year span)

Amount of resources injected



Amount of waste generated



LCCO₂ (Life-cycle CO₂)



Target for comparison

Standard proposal : The case of reconstruction twice in 40 years
 Long life building proposal : The case of long life building which can be renovated without the need to move tenants out

Effects

As 3/4 of LCCO₂ or more is CO₂ accompanies energy consumption, the effect of reduction in CO₂ emission thanks to extended service life is underestimated. However, the amounts of resources injected and waste generated are reduced 50% or more.

* Calculated with LCA tool of Architectural Institute of Japan

5 Environmental Awareness and education for employees

Hulic Group has made various efforts for increasing environmental awareness. Hulic Co., Ltd. and Hulic Building Management Co., Ltd. are striving to reduce use of copy paper by decreasing misprints, and promoting both-side printing, while enlightening employees about the reduction of paper consumption, in addition to the introduction of multifunction printers in fiscal year 2012. As power supply and demand has been controversial in Japan, the Group increases its awareness of power conservation by inviting employee's attention to temperature adjustment of air conditioning, etc. in the wake of introducing Super Cool Biz in summer and Warm Biz in winter.

Furthermore, using information from Challenge 25 as reference, we transmit information on "power conservation at home" through the corporate intranet. Results of and comments on environmental activities such as the preservation of secondary forests are also placed on the intranet.



Image of relevant intranet

6 Environmental Communication

Considering that the growth of Hulic Group is inextricably linked to the environment, we have enhanced our efforts to become an environmentally leading company. With the aim of creating a society where companies and stakeholders cooperatively tackle the improvement of the global environment, we have strategically communicated with various stakeholders to have them understand our efforts while building a mutually trusting relationship.

Those activities were highly evaluated in the Nikkei Environmental Management Survey. We have also enhanced activities as an environmental leading company, using various certification systems. Furthermore, aiming at the constant improvement by monitoring, we disclose information on various efforts for reducing environmental loads through business activities, activities to conserve secondary forests in which all employees participate, environmen-

tal conservation activities in collaboration with nature conservation groups, and other activities, through the corporate website and the CSR Report, etc.



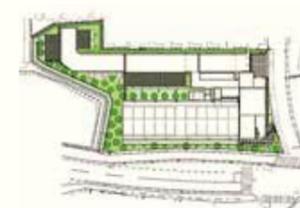
COLUMN Approaches to Biodiversity

Being aware of significant impacts of biodiversity on our living environments, Hulic has made efforts for helping the protection and restoration of local native plants, etc. from the viewpoint of biodiversity in reconstruction projects of Hulic's buildings, in order to contribute to the conservation of biodiversity. The fruitful results of those activities were highly evaluated in JHEP (Japan Habitat Evaluation and Certification Program) of Ecosystem Conservation Society-Japan. In 2011, we established the Biodiversity Guideline to enhance activities to further conserve biodiversity and make them spread within the organization. In 2012, two activities obtained the JHEP certification.

* JHEP (Japan Habitat Evaluation and Certification Program): This is a program to evaluate and certify activities to contribute to conservation and restoration of biodiversity, which was established and is operated by Ecosystem Conservation Society-Japan. [WEB http://www.ecosys.or.jp](http://www.ecosys.or.jp)

Biodiversity Guideline

Strongly recognizing the rapidly vanishing biodiversity worldwide, Hulic strives to conserve biodiversity through activities in harmony with business activities with the goal of handing over a rich nature to future generations.



Map of the Vegetation of Hulic Residence Nagaokakyo



Rhododendron dilatatum



Machilus thunbergii



Camellia japonica

Name of Project	Rank of Certification	Date of Certification
Construction project of Granda Omori Sannou	A	October 2011
Construction project of Hulic Court Yukigaya	A	October 2011
Construction project of Hulic Residence Senriyama	A	December 2011
Construction project of Hulic Residence Tsudanuma/Hulic Garden Tsudanuma	AA	December 2011
Kyodo Project	A	January 2012
Construction project of Hulic Residence Nagaokakyo	A	December 2012
Construction project of Hulic Residence Nishioi	AA	February 2013
Construction project of Granda Gakugeidaigaku	A	May 2013

Photo presented by Ecosystem Conservation Society-Japan



Measures against Global Warming (Greening)

We have put emphasis on greening which can effectively ease the heat-island phenomenon as a part of our measures against global warming. Proactively planting trees and plants on premises, we provide places where people living in the town can relax, for example, the shade of a tree providing comfort in the summer. Our greening project aims to create lush green urban spaces and harmonize with nature, while considering biodiversity.

Greening on rooftops and premises

It is possible to achieve energy-saving effects such as reducing air-conditioning loads and improving in heat insulation performance by blocking sunlight with roof greening to prevent heat accumulation in concrete.

In Toranomon First Garden completed in August 2010, Hulic addressed urban greening with the large scale green wall reaching the 8th floor and planting plants on the ground, in addition to a green roof which tenants can use. Toranomon First Garden won the "9th Minato Ward Creation of Green Town Award" in recognition of this activity.

In greening of office buildings, we choose plants which are easy to care and have resistance to strong wind, taking into account the improvement in landscape and location conditions. We also make efforts for making the best use of rain water by adopting soil with excellent water retention.



Toranomon First Garden (Wall greening) Toranomon First Garden (Greening on the premises)



Toranomon First Garden (Rooftop plaza)

Green wall

On the rooftop garden of Hulic Head Office Building, seven kinds of plants including Canarian ivy and Evergold to cover the wall surface, surrounding terrace benches for approximately 20 people, as measures against the heat-island effect using transpiration effect. With this green wall over approximately 106m², the rooftop garden is a space where employees can relax and rest, feeling the nature while working in Tokyo. At Hulic Asakusabashi, the wall surface along the street on the west side of a lower building has been greened to enrich the exterior and soothe people walking on the street.



Hulic Head Office Building (Wall greening) Hulic Asakusabashi Building (Wall greening)



Hulic Head Office Building (Rooftop garden)

VOICE

Moving to Hulic Head Office Building



Noriko Aida
Legal & Compliance Department
Hulic Co., Ltd.

Moving to the new head office building, what I feel the most is how wonderful coexistence with nature is.

While working in an office for a long time, I can feel changes of seasons and times with natural light from the natural lighting system. I can pace my work according to these changes.

All employees use the rooftop garden enclosed by wall surfaces full of greenery on three sides, from which Tokyo Sky Tree can be seen, as an

oasis where they can feel the nature during work hours while working in Tokyo.

Especially during lunch time on a fine day, I am happy to see the garden crowded with a lot of employees as a place to communicate with colleagues.

Environmental Accounting

Environmental Accounting

We have introduced environmental accounting since 2011, and publicized the result on the CSR Report since the previous fiscal year, in order to conduct efficient and effective environmental conservation activities by understanding the costs to protect the environment in business activities, as well as the effects of these activities. While we only disclosed costs for environmental conservation in fiscal year 2011, we calculated and disclosed effects of the environmental conservation and economic effects from the environmental conservation measures in fiscal year 2012.

Hulic has proactively conducted various environmental measures with the goal of reducing CO₂ emissions by 25% in total. By linking this CO₂ reduction plan with the environmental measure, we expect to achieve more effective investment for energy conservation. With management through figures to understand what kinds of effects could be obtained from which investment, it is possible to effectively allocate budgets for environmental investments next year.

Environmental Accounting Report for FY2012

Reporting Period: January 1, 2012 – December 31, 2012

Scope: 66 buildings owned by Hulic Co., Ltd.
(The number of buildings included in the scope increased from 54 in fiscal year 2011 due to the merger with Shoei, Co., Ltd. in July 2012.)

Calculation method: Calculating based on "Environmental Accounting Guidelines 2005 (the Ministry of Environment)"

Standards for calculation: Investment amounts here refer to the expenditures of investment the Company spends on depreciable assets for the purpose of environmental conservation. Cost amounts are portions of the Company's overall expenses and are the amounts used for the purpose of environmental conservation. Cost amounts do not include depreciation costs.

Environmental Conservation Cost *1

Figures in parentheses indicate the cost of FY2001 unit: thousand yen

Environmental Conservation Cost			Contents of major activities (in FY2012)	
Categories	Investment amounts	Cost amounts		
(1) Business area cost	1,359,542 (1,098,520)	2,324 (2,182)		
Breakdown	(1)-1 Pollution prevention cost	0	0 *2	
	(1)-2 Global environmental conservation cost	1,347,881 (1,093,235)	1,360 (1,360)	Energy saving design introduced with reconstruction of Hulic's buildings (adopting LED lighting for common areas, installing solar panels, etc.) Renovation of Hulic's buildings for energy conservation (adopting LED lighting for common areas, renewing air conditioning equipment, etc.)
	(1)-3 Resource recycling cost	11,662 (5,285)	964 (822)	Water saving measures at Hulic's buildings Recycling confidential documents
(2) Upstream/downstream cost	0 (0)	91 (106)	Cost for recycling toner cartridges	
(3) Administration cost	0 (0)	4,293 (4,068)	Preparation of CSR Report Newspaper ads related to Hulic's environmental efforts	
(4) R & D cost	0 (0)	5,118 (19,172)	Joint research with MIT for development of natural ventilation and lighting for buildings	
(5) Social activity cost	0 (0)	5,779 (548)	Cost for JHEP certification Activities to conserve secondary forests	
(6) Environmental remediation cost	0 (0)	0 (0)		
Total	1,359,542 (1,098,520)	17,606 (26,076)		

*1 Costs of residential buildings are included. *2 Pursuant to relevant laws and regulations, appropriate effluent treatment and measurement of gas emission were conducted, but costs were not calculated.

Effects of Environmental Conservation

Contents of effects	Environmental load index			
	FY2012	FY2011	Year-on-Year (FY2012-FY2011)	Base year (FY2006)
Power consumption per unit floor area (kWh/m ²)	138	147	-9	161
Gas consumption per unit floor area (m ³ /m ²)	2.1	2.1	0	3.7
CO ₂ emission (electricity + gas) per unit floor area (t-CO ₂ /m ²)	68.8	58.8	10	68.4
Water consumption per unit floor area (m ³ /m ²)	0.8	0.7	0.1	1.01
Waste generated per unit floor area (kg/m ²)	7.2	7.0	0.2	7.5
Solar power generation amount (kWh)	30,176	30,722	-546	-
No. of kinds obtaining biodiversity certification (kinds)	4	8	-4	-

* CO₂ emission per unit floor area increased 10% year on year due to higher CO₂ emission coefficient.
* As the number of buildings is different from the one in "Key Performance Indicators (KPI) for Priority Items and Items to be Promoted, and Targets and Results" on P. 9-10, the CO₂ emission basic unit is different.
* Occupancy rate is not taken into account in the calculation of basic unit per floor area.
* The scope of waste generated per unit floor area includes only Hulic Head Office Building. The base year is FY2006.
* For city gas, CO₂ emission coefficient of the "Manual for Calculations and Reports of GHG Emissions" issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry is used. For electric power, an actual emission coefficient used by a power supplier of a relevant building is used.

Economic effects from environmental conservation measures

Details of effects	Results in FY2012 (comparison with FY2011)	
	Electricity/Gas/Water charges per unit floor area (Yen/m ²) ^{*1}	Solar power generation (Thousand yen) ^{*2}
Electricity charge (Yen/m ²) ^{*1}	30	
Gas charge (Yen/m ²) ^{*1}	-24	
Water charge (Yen/m ²) ^{*1}	58	
Solar power generation (Thousand yen) ^{*2}		604

*1 Electricity/Gas/Water charges per unit floor area in FY2011-Electricity/Gas/Water charges per unit floor area in FY2012
*2 This is an amount reduced thanks to solar power generation in FY2012, which is calculated on the basis of 20 yen per 1kWh.



Efforts toward the Improvement in Customer Satisfaction

Activities through the Real Estate Business

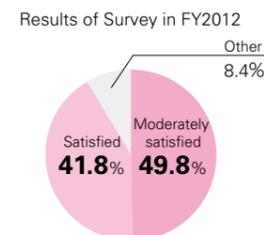
As office buildings, stores, and residences owned by Hulic serve as the infrastructure for customer's social activities, we are aiming to constantly improve their quality under the philosophy of providing customers security and convenience.

In order to satisfy all customers using buildings including tenants and visitors to the buildings, we thoroughly stick to meticulous quality control, careful maintenance, and security to protect assets.

Customer satisfaction survey

We conduct the customer satisfaction survey once a year to have tenants of Hulic's office buildings (corporate tenants) utilize the buildings comfortably. Survey items include matters concerning hardware and software of the buildings, and what customers feel in everyday life. We use customers' opinions and potential needs, etc. learned through the survey for improvement.

As a result of the survey in fiscal year 2012, it was found that 90% of corporate tenants or more were satisfied overall. Furthermore, responsible staff individually explained about or responded to matters requested by customers in relation to the survey items.



To provide comfortable office space

Kazuyuki Matsumoto
Deputy General Manager, PM No.2 Department
Hulic Building Management Co., Ltd.



I am always working with improving customer satisfaction in mind, aiming to have customers use the building pleasurably. In order to improve the customer satisfaction, we make day-to-day efforts to provide better environment of buildings, for example, visiting the building on a regular basis to confirm the status of common areas (management and cleanliness, etc.), and providing feedback about improvement measures to a management company as needed. When problems happen at the building, we take measures to minimize impacts on customers, frequently communicating with the management company. We also pay attention to security in order to allow people to use the building without anxiety, participating in firefighting training and fire prevention council, etc. We will commit ourselves to improve the customer satisfaction by conducting questionnaires for customers, regularly visiting buildings to seek opinions and requests, and deepening relationships with customers.

Activities through the Hotel Business

Since opening on August 10, 2012, we have operated our hotel basically aiming at providing fine-tuned and comfortable hotel services while carefully keeping a moderate distance from guests, in an attempt to realize an "intimate hotel." (intimate = best friend, familiar, close, cozy, and like a hideaway) To this end, we are working on the following issues:

Multi-task method

As believing it is essential for each employee to have all knowledge on commodities and skills so as not to interrupt services to guests from check-in to check-out, we eliminate organizational and time barriers when treating our guests.

Commitment to facility services

In addition to human services, we select all amenities to be used by guests, such as a bed, a bathroom, a restaurant, shampoo and hair conditioner, and sleepwear, etc., in order to have our guests relax.

Integration with the appeal of the town

Each employee serves as Asakusa Concierge to introduce attractive Asakusa with the aim of having guests enjoy not only hotel life but also the town of Asakusa, retains an Edo era atmosphere.

Sympathizing with guests

Yuki Fukuda
Senior Staff, Operation Department
The Gate Hotel Kaminarimon by Hulic
Hulic Hotel Management Co., Ltd.



Under the concept of "intimate hotel", we are striving to make guests' stay more memorable, with Multitask Method introduced to expand a range of services to guests by sharing information and knowledge among all sections as our critical theme. For example, with intercom systems common to all sections, each of our staff can catch information of other sections anywhere. Through the system, dialogue at the front desk can be heard at the restaurant, and dialogue at the restaurant can be heard at the kitchen. There is a case where as a result of sharing the information caught at the restaurant with staff at the front desk to recognize a certain guest, the guest became a repeater. As a matter of fact, the guest gave us pleasant compliment saying "Staff so wonderfully treats me that I could almost say "I'm home!" when arriving at the lobby. It is unthinkable for me to stay at other hotel". All staff intends to devote themselves to creating more comfortable space aiming to have guests feel that our hotel is intimate.

Activities through the Insurance Agent Business

The recent insurance industry has been rapidly expanding sales channels, for example, with solicitation through the Internet, sales at bank counters, and opening shops.

Under such circumstances, we believe that the existence of an insurance agent is to provide "high consulting ability" and "meticulous services represented by speedy and exact advice at time of accidents", given from the customer's standpoint. As there is not a large difference in insurance products handled, quality of customer service depends on human resources. We are aiming to be an insurance agent which is trusted by both companies and individuals, and asked for advice about various matters. Therefore, each of our staff makes efforts for improving knowledge and skills every day, deepening specialties of their own field.

We will provide service which can satisfy our customers, aiming at being ranked first by customers among several agents.

Business Improvement Proposal System

As an insurance agent has an enormous number of operations which directly link to customer's everyday-life, it would not be an exaggeration to say that accuracy and speed of clerical works is a lifeline to confidence of customers. In order to improve accuracy and promptness as much as possible, we operate the Business Improvement Proposal System with the Business Improvement Committee established. It is aimed to improve quality of services by widely adopting opinions and proposals concerning business improvement, and accumulating concrete efforts for improvement.

In fiscal year 2012, among 31 improvement proposals made in the entire Company, four proposals were honored by the Company as the award for excellence. All of those proposals successfully led to improving customer satisfaction directly or indirectly. For example, quality of clerical works is boosted by decreasing risks to make errors in business; and physical energy squeezed through shortened working hours and effects of more efficient operations are used for providing more fine-tuned services to customers. We will continue to operate the system, being aware of the necessity for day-to-day improvement.

Activities at the Customer Service Counter

We think that an insurance agent is a contact point to directly interact and build trust relationships with customers.

When we communicate with customers through postal mails and telephone calls without face-to-face contact, the impression of the staff in charge is quite important.

We are carrying out the following items in order to improve each employee's ability to respond to customers, as well as achieve customer satisfaction.

- Periodical workshops and information exchange with insurance companies
- Brushing up knowledge on products and clerical procedures
- Sharing examples of success and failure
- Training sessions to improve ability to respond to customers, etc.

Encouraged by voices saying "Thank you"

Hiroko Ishizuka
Private Insurance Sales Department
Hulic Insurance Service Co., Ltd.



In the Private Insurance Sales Department, we put emphasis on making a first call for prior notice and a thank-you call at conclusion of contract, aiming to improve customer's satisfaction. Through making a first call, we have been told by customers, "I was relieved by your call", and had more opportunities to receive inquiries about review of coverage, etc. When we make a thank-you call, we reconfirm contents of contracts, and answer various questions in a timely manner. In the department, we are working on information exchange to share customers' opinions, as well as business improvement proposals leading to better customer service. We have become increasingly appreciated by customers through sensitively feeling what the customer wants before asked to do so, and devotedly responding to it. I intend to aim to be an insurance expert who can exactly fulfill customers' requests so as to hear "Thank you."

Efforts for corporate business partners

In recent years, we have taken over businesses transferred from dozens of agents inside companies. We think that so many businesses were transferred on the faith of us as a result of using our consulting ability cultivated for a long period of time through several proposals to business partners, as well as ability to handle contracts.

We will brush up our abilities to make proposals and provide consultation, aiming to be an agent which can help business partners resolve problems.

Creating the environment in which employees can work lively

As the saying goes, "No employee satisfaction, no customer satisfaction", we believe that the attitude of employees who are always working lively will lead to customers feeling secure and satisfied.

While responsible for completing our own works, we try to manage our time in a well-modulated manner, eliminating meaningless overtime work.

With No Overtime Day set on Wednesdays to leave office without overtime work, we pursue more efficient operations and try to reduce overtime work. Furthermore, we make operations interchangeable within a department in order to enable all employees to easily take paid leaves. The numbers of employees who take child-birth leave, and who work a reduced schedule after returning to work from child-birth leave have increased. We will continue to aim to create a workplace where employees can work comfortably.

Planned use of leaves and restraint of overtime work P28

Implementation of No Overtime Day P28



Work-Life Balance

Hulic is aiming to be a professional team consisting of selected few who sincerely work on all issues with a sense of ownership. In order to attract excellent employees and provide them the environment in which they can make the best use of their abilities, efforts to strike a work-life balance are essential.

Efforts to support employees foster the next generation

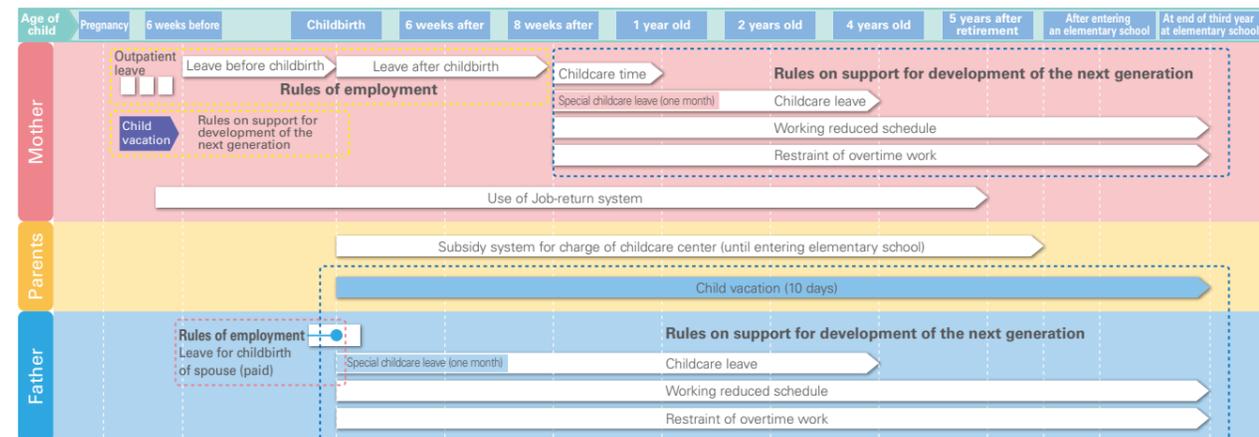
The falling birth rate and aging population, and women's social advancement are important issues for the Japanese economy. In relation to the support for development of the next generation, Hulic aims at a higher level than the legal standard. Regardless of gender, it is possible to use the first month of childcare leave period as a "paid special childcare leave". Furthermore, the system is in place, with which female employees can take the special childcare leave soon after childbirth leave. With the aim of improving employees' work-life balance, we established a new Babysitter Program, and as part of support for child-rearing, increased the amounts of celebration money for childbirth to 100,000 yen for the first child, 200,000 yen for the second child, and 1 million yen per child for the third and subsequent children.

Acquisition of the Next generation accreditation mark "KURUMIN" and the establishment of the next term's action plan

With the action plan formulated to actually make male employees take the childcare leave, we economically support employees taking childcare leaves, aiming to be a well-balanced company in terms of work and life, where male employees can proactively participate in childcare, too. Hulic has been certified as a "first-grade business owner conforming to the standard" based on the Act on Advancement of Measures to Support Raising Next-Generation Children by Tokyo Labor Bureau for three consecutive years, and obtained "KURUMIN" logo certifying support for development of the next generation. We will create the environment in which men can proactively take part in child-rearing.



Relation between age of child and the system to support employees to the next generation



Management of employees' health

Health checkup
We implement the annual health checkup equal to a comprehensive medical examination, in which more items are checked than in the statutory health checkup and adult disease examination. In fiscal year 2012, 100% of employees took the checkup. Among ample optional examinations such as neck ultrasonography and endoscopic test for colon, gynecological exam is especially appreciated by female employees with anxiety about diseases specific to women.

In addition to the system in cooperation with industrial doctors, mental health is also examined during health checkups.

Health Committee

With the "Health Committee" established in the Company, committee members elected from among employees every year promote activities to protect employees' health and security. Our industrial doctor attends the Committee every time to provide advice and instructions.

In the Health Committee, states of taking leaves and overtime works, and results of survey on air environment such as temperature and humidity are reported on a regular basis. Items discussed in the Committee are disclosed by each committee member through the Company's intranet in order to make them known to all employees.

Power Harassment Seminar

In order to spread correct knowledge about power harassment issues in consideration of the current social situation, a seminar with an external lecturer (lawyer) was provided for directors and chiefs of each department (including the Group companies) in March, 2012. After the seminar, individual chiefs of department who participated in it discussed an ideal and comfortable workplace with employees of each department again.

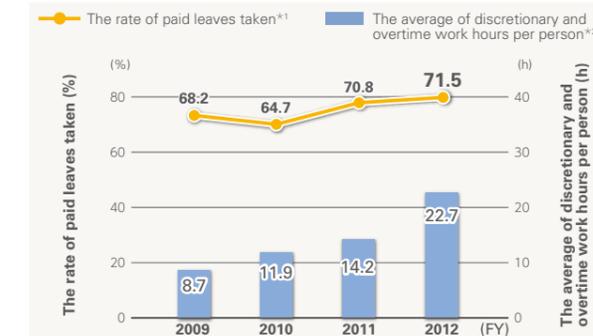


Scene of the power harassment seminar

Planned use of leaves and Restraint of overtime work

In order to boost the rate of leaves taken by employees and be further conscious about their health, we have conducted a campaign to improve the rate of leaves taken. The purposes of the campaign include "making all employees take a three-day vacation once a year, in principle" and "making all employees take a one-week vacation once a year, in principle." Individual departments discuss plans to take vacations in consideration of planned use of leaves. In 2012, while the rate of paid leaves taken was 71.5%, increasing 0.7 points from a year earlier, the average of discretionary and overtime work hours per person was 22.7 hours, increasing 8.5 hours year on year. Two employees worked overtime and at discretion over 45 hours in average in three months. This was exceptionally caused by the merger, the move of head office, and other factors. We will strive to allow employees to take more paid leaves and reduce overtime and holiday work, through instructions and advice provided by the Risk Management Committee and the Health Committee.

The rate of paid leaves taken and the average of discretionary and overtime work hours per person



*1 Calculated with limit of 20 days excluding leaves carried forward
*2 Excluding Hulic Insurance Service Co., Ltd. in and after 2010

Implementation of No Overtime Day

We set No Overtime Day on Wednesdays to leave the office without overtime work, with the aim of preventing health disorder arising from excessive work. The status of implementation is inspected and grasped every month. In 2012, the rate of implementation decreased 26% year on year to 48% in average. In response to voices saying "it is difficult to leave office early on Wednesday,

depending on duties", we encourage each employee to leave office without overtime work once a week, regardless of No Overtime Day in fiscal 2013.

We will also review the way of working, for example, by making operations well-modulated and more efficient.

Personnel Performance Data

Item	Unit	FY2010	FY2011	FY2012
Number of employees (non-consolidated)	Men	83	77	96
	Women	31	29	33
	Total	114	106	129
Number of employees (consolidated)	Person	298	375	429
Annual salary in average	ten thousand yen	908	1,023	1,086
Number of employees who left their job	Person	1	1	1
Number of employees in managerial position	Men	38	37	56
	Women	3	4	5
Employment rate of the disabled	%	5.26	5.66	5.3
Number of employees who took childbirth leave	Person	1	1	1
Number of employees who took childcare leave	Person	1	2	2
Number of employees who returned to work after childcare leave	%	100	100	100
Number of employees who took day off for family care	Person	0	0	2
Number of employees who took family care leave	Person	0	0	0
Number of employees who took day off for nursing care	Person	20	17	15

* Data of Hulic Co., Ltd. Only (except Number of employees (consolidated)) * Excluding transfer between the Group companies

VOICE

Using the Next Generation Nurturing Support System



Tomohiro Nishigaki
Senior Staff of Insurance
Sales No. 3 Department
Hulic Insurance Service Co., Ltd.

When my wife gave a birth to our first daughter as the second child, I took childcare leave for five days. Triggered by words of my boss and colleagues saying "why don't you take childcare leave?", I did so because I wanted to help my wife take care of the children. Working at the sales department, I was anxious about suddenly taking the leave. However, as my colleagues in the department understood about it, I could take the

leave without worry. I began to think about work-life balance when supporting my wife during childcare leave, and now I work while being more conscious about time and quality than ever before.

As the number of young male employees has increased in recent years, I hope that the atmosphere will spread, in which employees can use such systems as a common practice.



Efforts for diversity and human rights

We aim to create an environment in which employees with a variety of backgrounds, such as first-class architects, real-estate appraisers, engineers, lawyers, certified public accountants, and tax accountants, can work lively. It is considered possible to differentiate us from competitors because we proactively take advantage of diversity in our business, which leads us to the sustained growth of the Company.

Employment of diverse human resources

Participating in the "joint declaration on the charter of corporate ethics concerning employment" made by KEIDANREN (Japan Business Federation), we have proactively employed new graduates in accordance with the purpose of the charter. When adopting new graduates, we make efforts for widely ensuring diverse human resources based on their ability, regardless of backgrounds and gender. A female director took office in March 2012, and the rate of female managers has increased, as a result of active efforts for adopting female employees with the enhanced system to support the development of the next-generation.

Employment of the disabled

In 2013, Hulic Sugunami Office, which marked the 5th anniversary, we newly employed two persons with disabilities. Accordingly, the employment rate of the disabled became 5.3%. As of May 2013, 5 employees with disabilities, instructors with experience of coaching and cultivation, and a chief administrator are working at Sugunami Office, and executing operations such as dispatching direct mails concerning Hulic Group Companies. The monthly meeting with the Human Resources and General Affairs Department is held to put the integrated operation with the Head Office in practice. In recognition of those activities to take leadership to employ the disabled and proactively develop their abilities, Hulic has been certified as an excellent corporation in employment of the disabled in Tokyo. We will make efforts for improving the workplace where people with disabilities can feel something worth living through their work.



Logo of excellent corporation in employment of the disabled in Tokyo

Enhancement of systems to develop women's careers

We have enhanced activities toward the development of women's career from the viewpoint of diversity. It is aimed to run high value-added business with a small number of personnel by enabling everybody to make the best use of abilities lively. With the aim of enhancing the environment in which women can comfortably work, the women's career promotion project team was established as an organization to make proposals, conduct researches, and promote planning from women's viewpoint. The project team discuss in line with each theme once in two months. In April 2013, lunch meetings for female employees were held to exchange opinions with the theme of "development of female managers".

Reemployment system for seniors

With the reemployment system introduced, we made the working environment more comfortable for seniors. For example, systems of staggered commuting and a half-day leave were introduced for rehired employees. Full-time rehired employees can use the leave and absence systems almost equal to the ones for active employees. We expect various knowledge and expertise to be inherited through communication beyond generations between employees with abundant knowledge and experience and younger employees.

Internal Communication

Hulic consisting of the selected few is featured by its close distance between employees, as well as between top management and foremen.

The Company-wide trends are communicated to all employees through "Message from President" every month. As it is possible to know what other departments are doing through the Message, the horizontal communication beyond the borders of departments can be made.

In order to promote vertical communication, employees tell their opinions directly to the President through the "President Questionnaire" conducted twice a year, in consideration of the interactive communication with the President.

Enhancement of the Training Systems

As it is important to focus on human resource development aiming to be a professional team with a selected few, as well as strengthening of each employee's ability in order to take advantage of diversity, Hulic has put in place training systems.

In Hulic, employees with various specialties are active, such as first-class architects, real-estate appraisers, engineers, lawyers, certified public accountants, and tax accountants. We put emphasis on acquisition of qualifications which support such specialties, and subsidize their costs. Aiming to obtain multiple qualifications by 30 years of age, young employees formulate a plan to obtain qualifications under instruction of their boss. In addition, we offer a variety of menus, such as dispatching them to graduate schools, English conversation classes in the early morning, and encouraging of reading, etc. in order to help employees enlighten themselves.

Measurement of participants' satisfaction

Hulic conducts questionnaire surveys for participants in English conversation class and training for new graduates and employees in their second and third year at Hulic, with the aim of improving training contents. After completion of each training program, the participants evaluate contents of training and a level of satisfaction with lecturers on a scale of one to five, and submit opinions on improvement proposals. Efforts are made to improve contents of training, using collected opinions of participants.

Results of use of training systems

Name of system	Contents	2010	2011	2012
Human resource development program in real estate division	Fostering abilities for planning, plotting, and presentation through project reviews and projects by theme	—	—	18 person
System to support acquisition of qualifications	Supporting acquisition of qualifications such as real-estate appraiser, architecture, engineer, real-estate transaction manager, and land/building/house specialist; Bearing all amounts of registration, renewal, and training fees, in principle	5 person	11 person	17 person
Dispatch to graduate school, etc.	Dispatch to graduate schools, etc. (Temporary transfer to other company, etc. under consideration)	1 person	3 person	3 person
Overseas visit program	Dispatching two groups or more in a year to visit excellent eco-friendly buildings overseas on condition that the dispatched employees submit a report and take part in a debriefing session after visit	2 person	2 person	2 person
Program to enhance fundamental ability of finance and accounting	Implementing internal financial and accounting seminars, and external seminars concerning review of financial statements, etc.	3 person	2 person	6 person
New comer training	Mastering necessary business skills in a three-year program Experiencing the entire business through rotation within the real estate division, during the period of educational assignment for about 7 years after entering the Company	3 person	2 person	6 person
English conversation class	Holding English conversation class at meeting room of the head office before work; Presenting Hulic Award to excellent students (internal commendation system)	27 person	32 person	26 person
Encouragement of reading, Prize essay	"Book of the month" recommended by President every month; Annually inviting prize essays	20 works submitted 4 works awarded (1 for award for excellence, 3 for honorable mention)	12 works submitted 6 works awarded (3 for award for excellence, 3 for honorable mention)	19 works submitted 6 works awarded (1 for grand prize, 3 for award for excellence, 3 for honorable mention)
Studying-abroad program	In principle, bearing all amounts of costs for studying abroad for employees who want to study abroad for six months or longer	—	—	1 person

List of training programs by class

New comer - (up to around 30 years old)	Mid-career - (up to around 40 years old)	Veteran/Manager - (50 years old or older)
System to support acquisition of qualifications The Company bears costs for registration and renewal (of first-class architecture, real-estate appraiser, etc.), and in principle, bears costs for external seminars on the premise of passing an exam.		
System to encourage early acquisition • Obtaining multiple qualifications by 30 years old • Well-planned setting of target	Dispatch to graduate school Dispatch to outside company	
Overseas visit program		
Studying abroad program		
Human resource development program Project review, Project by theme, etc. (incorporated in works)		
Period of educational assignment New comer training Assigned to 2 departments in 4 years, in principle Enhancement of fundamental ability of finance and accounting		
Top seminar - get-together for President and young employees (monthly in principle)		
English conversation class (held by the Company at meeting rooms in the Company before work.)		
Self-development seminar		

Trends in average of training cost per person (Non-consolidated)

FY	2010	2011	2012
Total amount	134,075 yen	213,690 yen	227,108 yen

VOICE

Toward the employment of the disabled



Zenji Endo
Manager of Sugunami Office,
Human Resources and
General Affairs Department
Hulic Co., Ltd.

Sugunami Office marked the 5th anniversary of its foundation in May 2013. The Office is operated with five employees with disabilities including two new employees who joined in 2013, and five staff including me. Often moved by employees working lively, we are really feeling that it is very important to provide comfortable workplaces to people with disabilities.

Three years ago, we started "My comment" to have employees freely make presentations about

news and personal matters at morning meetings on Wednesdays, in hope of improving employees' sociability. The contents of the presentations for each year are compiled and handed to each employee as evidence of daily growth. I wish that they will work vigorously for a long time, and grow as much as possible through their work.

VOICE

Using the training systems



Yasushi Umeda
Joint General Manager,
Asset Solution Department
Hulic Co., Ltd.

In the recent real estate market environment, as REIT and private placement funds attract attentions, the fusion of real estate and finance is essential. Therefore, it is said that real estate players cannot fight without understanding the idea of finance. Under such circumstances, I was provided an opportunity to go to Graduate School of Finance, Accounting and Law, Waseda University for two years. Although, in the beginning, I had a difficult time studying the entirely new field at my

age, and strike a balance between work and school, I could complete the course thanks to the cooperation of my boss and people around me. I intend to devote myself to creating Hulic's unique schemes which competitors cannot imitate by using knowledge cultivated at the graduate school in day-to-day works, and to share the knowledge within the Company in consideration of the development of younger employees.



As a good corporate citizen, we widely conduct social contribution activities to support the sustained development of the entire society.

Social Contribution Activities

“Policy of Social Contribution Activities” has been established as a basic policy of Hulic’s social contribution activities.

The policy expresses our determination to devote ourselves to resolving difficult social problems, such as the global environmental issues and the falling birth rate and aging population, through individual activities in hope of leading to a sustained development of the entire society.

Policy of Social Contribution Activities

Social contribution as a company

As a good corporate citizen, Hulic proactively and widely pushes ahead with social contribution activities inside and outside business fields. We contribute to the sustained development of the entire society through each activity.

Support for employee’s social contribution activities

Hulic proactively supports each employee to conduct social contribution activities.

Social Contribution as a Company

Donation of used postal stamps to developing countries

As a large volume of mails are handled in the course of our duties, a lot of used stamps are generated. Therefore, we called for collecting used stamps in the entire Hulic Group, and donated the collected stamps to JOICFP (Japanese Organization for International Cooperation in Family Planning) in February 2012. As more postal stamps were collected than expected, it took almost an hour to sort stamps even with the cooperation of CSR supporters. The used stamps collected are used to raise funds for the White Ribbon Activities to protect lives of mothers and babies all over the world. After the donation, we received a thank-you letter from JOICFP, and placed it on the Company’s intranet.



Classification of stamps

Support for orphans of cancer, children with cancer and their families

Participating in “Aflac National Associates Society”, a network organization consisting of sales agents of medical and life insurances, Hulic Insurance Service Co., Ltd. donates a total of 100,000 yen every year for “Aflac Charitable Trust Scholarship Fund for Cancer Orphans” and activities of Aflac Parents House which are conducted by the Society. We will continue to support patients fighting with cancer and their families through such donations.

Aflac Charitable Trust Scholarship Fund for Cancer Orphans

This is a scholarship program for high school students who have economic difficulties in studying at school due to cancer death of a family member who had mainly earned a living. The scholarship money has been granted to a total of 1,771 students until fiscal year 2012.

Aflac Parents House

This is a comprehensive support center for the purpose of reducing economic and mental burdens on children who have suffered from pediatric cancer and other intractable diseases, and need to be hospitalized and get outpatient treatments for a long time at specialized hospital in Tokyo, as well as their families.

Donation to Ashinaga Scholarship Society

Hulic Group decided to start from June 2011, and continue for four years to monthly donate to Ashinaga Scholarship Society 500,000 yen, and a specific amount from directors and employees who want to join the program, in hope of providing continuous support to living and learning children who will play an important role in the future. Since then, 15,848,000 yen in total has been donated by the Company and individuals until March 2013. In order to keep donators interested in it after donation, “Ashinaga Family Tsushin” sent by the Society is posted on the Company’s intranet.

Cleanup activities

Four Group companies participated in “Waste Zero Clean Day (hosted by Chuo-Ward) on May 30, 2012. In the wake of move of the Head Office Building in October, Hulic Co., Ltd. and Hulic Building Management Co., Ltd. have participated in “Community Clean Day (hosted by Chuo-Ward)” held on 10th every month. 10-15 employees appointed from individual units conduct cleanup activities on a rotational basis. Accordingly, almost all employees became able to take part in volunteer activities at least once a year. Despite the short time of about 30 minutes before work, the activity has been taking root with community residents and employees as a new opportunity for communication, promoting beautification of the town.



Scene of cleanup activity

Support for Employees’ Social Contribution Activities

Employee volunteer leave

Hulic Group has a “volunteer leave system” in place for the purpose of supporting and fostering employees who work on social contribution activities with a sense of ownership, conscious about various social issues. This volunteer leave system supports employees who conduct volunteer works benefitting the society greatly. It is possible to take paid leave (special leave) for 20 consecutive days. As the requirement of the leave was eased in 2009, employees with low seniority became able to take the volunteer leave freely. Furthermore, in order to promote the volunteer leave, we put results of and comments on volunteer activities on the Company’s intranet to make them known to all employees, in addition to providing them information on social contribution activities. Like this, we make employees more interested in volunteer activities. In fiscal year 2012, the number of employees who took the volunteer leave was 3, decreasing by 36 as the activity to conserve secondary forests was cancelled due to the typhoon. Therefore, at a later date, information on the significance of supporting environmental protection and maintenance of ecological systems was put on the Company’s intranet, together with photos of plants and insects inhabiting secondary forests.



Trends in the number of employees who took volunteer leave

FY	2010	2011	2012
Number of employees	22	39	3

System to subsidize part of the cost for disaster area reconstruction support activities

Hulic Group has the system to subsidize employee’s participation in volunteer activities for reconstruction of areas hit by the Great East Japan Earthquake up to 40,000 yen. In 2012, two employees used this system. We hope that as many employees as possible will know and become interested in the situation of disaster areas, with this system. In response to voices from the site saying that cooperation of volunteers is essential, it was decided to extend the period of the system for another year. We will further push ahead with support activities, transmitting information on the status of disaster areas and reconstruction support tours through the Company’s intranet.

Matching gift program

Launching the matching gift program, Hulic established “Hulic Fureai Fund” to donate 100 yen deducted every month from the salary of employees who want to take part in the program (300 yen for directors). In the fourth donation in 2012, a total amount of the donation was 397,500 yen. Adding the contribution from the Company, we donated a total of 800,000 yen to Nonprofit Organization Kokkyo naki Kodomotachi (KnK) selected by employees. KnK is supporting deprived youth in Japan and overseas in terms of education, living and psychological care. It also conducts educational projects for the purpose of raising Japanese youth’s awareness. We will provide opportunities of social contribution to employees who cannot make the first step although interested in it, and continue the donation activities.



VOICE

Using the system to subsidize costs for disaster area reconstruction



Koichi Yamashita
Deputy General Manager,
Tenant Leasing Department
Hulic Co., Ltd.

Using the Company’s system to subsidize costs for disaster area reconstruction support activities, I took part in the reconstruction support activities in the Unosumai district, Kamaishi City. At that time, as about a year had passed since the Great East Japan Earthquake, I wondered whether I would be helpful there. However, an acquaintance working at a volunteer group advised me that I should go to disaster areas even on a sightseeing trip so as not to forget the disaster, and hear

voices there myself. Finally, I decided to take part in the activity. In the activity, I mainly helped the renewal of building. I found on the site that even if the disaster was over, damages have continued, and that the cooperation of volunteers is needed. I also found that volunteer activities are important to fulfill social responsibility. I intend to take part in support activities continuously, stressing the necessity of volunteer activities.



With Business Partners

We are developing business in cooperation with various business partners, such as design companies, construction companies, and building management companies. We will build fair and equal relationships with all business partners.

Fair trade with outsourced contractors

As for outsourcing by the real estate business division, we have made fair trades based on the "rules for real estate outsourcing management", respecting relevant laws and regulations including the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, as well as the instructions of administrative organizations.

We select an outsourcing contractor which is most appropriate to the project by confirming the past performance and abilities to execute duties, and clarity of procedures to execute operations.

Taking into account long-term business relationships with outsourcing contractors, we try to make fair trades with them as a partner on an equal footing.

Cooperation with building management companies.

In accordance with the rules for real estate outsourcing management, Hulic's personnel in charge of buildings visit management companies and buildings once a year to inspect the management conditions and evaluate management companies.

The evaluation of management companies is composed of two evaluation categories; management by a management company and management conditions of each building. We try to select an outsourcing contractor for building management in a fair and open way by using the results of such objective evaluations as a reference for the future selection.

Items to evaluate management by management companies

- Whether all matters stipulated in laws and regulations have been performed in a building subject to outsourcing management.
- Whether the management policy been thoroughly has familiarized to homogenize management services.
- Whether the safety and health education has been conducted. Whether necessary tools including a first aid kit have been placed.
- Whether staff have given care to appearance and manner. Whether they have kept favorable communication with tenants.
- Whether education and training systems are in place for personnel responsible for building management.

Items to evaluate management conditions of buildings

- Whether rules in the building have been established and thoroughly familiarized.
- Whether keys and cards have been appropriately managed.
- Whether disaster prevention drills are implemented on a regular basis in preparation for occurrence of emergencies such as earthquakes and fires.
- Whether an appropriate system to communicate with a building owner has been in place.
- Whether security and cleaning services have been appropriately executed.
- Whether staff visit the building and inspect devices and facilities of building on a regular basis.

Educational activities through compliance seminars

We implemented an internal compliance seminar under the theme of "cozy ties with business partners and freeloading behavior", in order to increase employee's awareness. All employees have reconfirmed that cozy ties and freeloading behavior may impair appropriate business relationships and the soundness of business, and that such conducts violate the rules of employment and the compliance manual. Violation of laws and service disciplines, and other problematic matters in terms of legal compliance can be reported directly through a compliance hotline by employees including ones of business partners.

BCP measures based on the experience in the Great East Japan Earthquake

Being aware that it is Hulic's responsibility to ensure earthquake-proof safety of buildings, we have promoted the Company-wide activities such as reconsideration of the fundamental business continuity plan, in preparation for occurrence of large scale disasters including earthquakes occurring directly beneath the Tokyo Metropolitan Area. We decided methods to confirm customer's safety, handle the injured, and confirm safety of employees as initial responses. The contingency plan to be implemented mainly by the emergency task force and the emergency and restoration measures to continue business have been described specifically. Furthermore, a Twitter account was opened as supplementary means to communicate with the Head Office and collect emergency information, linking to sources of disaster information of public organizations.

Disaster prevention drills are jointly conducted with building construction companies, design companies, management companies, and elevator companies. As things we can deal with are limited in an emergency, the cooperation with relevant companies such as construction companies and management companies is essential. Therefore, in the drills, it was confirmed, under the themes mentioned below, whether we can actually act in a speedy and appropriate manner.

- Simulation of emergency network and safety confirmation
- Temporary judgment of building's risks by emergency risk discriminator
- Confirmation of items required to be dealt with in accordance with a checklist of initial responses at emergency
- Implementation of confirmation test in preparation for system restoration
- Emergency contact with management companies (using disaster prevention wireless system)
- Check of stockpiles



Scene of BCP conference

Communication with Shareholders and Investors

We make efforts for disclosing information in a fair, timely, and appropriate manner, in order to maintain favorable IR communication with shareholders and investors.

Information disclosure policy

On the basis of the disclosure policy, we are aiming at fair, timely and accurate information disclosure benefitting shareholders and investors to make a decision on investment. In compliance with relevant laws and regulations, we proactively disclose management strategies and financial data, etc. in order to have them understand our business activities. Information, to which the rules of timely disclosure and relevant laws and regulations, etc. are inapplicable, but which are considered helpful for investment decisions, is disclosed promptly through the Company's website, etc.

Outside evaluation of IR activities

Hulic's website discloses timely and detailed information on various activities of Hulic. In the 2012 All Listed Company Website Ranking hosted by Nikko IR, our website was selected as an "excellent website" for two consecutive years.



Approaches at general shareholders' meetings

The 73th ordinary general meeting of shareholders was held on March 23, 2013 with attendance of a lot of shareholders. In this meeting, we tried to explain about our business activities in an easy-to-understand way, using image materials, etc. in collaboration with the IR division. A day-care center was set up on the premises of the venue in order to enable shareholders with children to take part in the meeting without worry. We will strive to have shareholders more understand Hulic through communication with them.



Scene of the day-care center

Briefing session for private investors

We are proactively working on IR activities to make ourselves further understood by private investors. Having participated every year in seminars and fairs for private investors hosted by Tokyo Stock Exchange and Nikkei Inc. since listed, we have achieved many people's understanding of Hulic. We will promote such IR activities in which we can directly talk with private investors.

Brief sessions for organizational investors and analysts

Briefing sessions on financial results (at the end of the 2nd quarter and fiscal year) are semiannually held by Hulic's top management mainly for organizational investors. The briefing session on financial results at the end of fiscal year 2012 was held at Hulic Head Office Building. We also implement "One on One Meeting" over 100 times in Japan, in which we visit individual organizational investors to explain about Hulic. Furthermore, we have proactively developed IR activities overseas, visiting organizational investors in Europe, U.S., Asia, etc. Through those activities, we make efforts for making ourselves deeply understood by organizational investors.



Financial results briefing session for organizational investors and analysts at Hulic Head Office Building

Enhancement of various IR tools

In addition to correspondences to shareholders issued semiannually, we transmit the latest topics through the IR page on our website in a timely manner. E-mails are also sent to allow shareholders to receive more timely information. Every time news about Hulic is released, we inform registrants by E-mail. (Registration is available on our website.) In the financial results briefing session, we make efforts for easy-to-understand explanations by using image materials produced with PowerPoint. On the website, materials for briefing sessions (in Japanese and English) and videos are distributed.



Correspondence to Shareholders

Incorporation into SRI Index

Hulic has been selected as "FTSE 4 Good", one of SRI (social responsibility investment) indices, in recognition of CSR activities we have conducted so far and our transparent information disclosure. We will strive to create a sustainable society through our business activities, in order to continue to be a company trusted by society.



FTSE4Good



We are working on the enhancement of corporate governance and compliance so as to continue to be a company trusted by society through higher transparency and management efficiency.

Corporate Governance

Concept of corporate governance

Hulic Group recognizes that it is an important business issue to build a corporate governance system with fully functioning "risk management", "compliance", and "internal control." We intend to sincerely execute business, fulfilling accountability to stakeholders, such as shareholders, customers, business partners, local communities, and employees.

Management Advisory Committee

In July 2008, Management Advisory Committee was established, consisting of academics, laws, public accountants, and business professionals. In the Committee, five members (as of June 2013) provide advice and recommendations to the Board of Directors in relation to general management including matters to be discussed by the Board of Directors.

Risk Management

Pursuant to basic rules of risk management, we manage various risks related to Hulic Group's businesses. In the Risk Management Committee held once in three months, a variety of risks are identified, for example, risks peculiar to real estate business such as soil contamination and asbestos, IT risks including information leaks, and risks in affiliated companies, in order to enable the president and relevant departments to understand risks to formulate and implement countermeasures. The Committee also collects and analyzes monitoring indices every month. Through this PDCA cycle, we carry out risk management on a continuous basis to stabilize our business.

In addition to a periodical internal audit, the system review was conducted by an external organization.

Supervision and audit of management

The Board of Directors composed of 8 directors decides important matters of corporate activities including CSR, and supervises business execution. In March 2012, a first female external director took office. Like this, we promote the multifaceted business management from the viewpoint of diversity.

We have adopted the corporate auditor system. All 4 auditors including the full-time auditor are external auditors stipulated in the Companies Act. In accordance with the audit basic policy and the audit basic plan formulated by the Board of Auditors, the audit director executes the duties through attendance at the Board of Directors meetings, full-time auditor's attendance at the management conference, hearing about status of execution of duties, and browsing important documents, etc.

The number of directors and auditors (As of June 2013)

- Directors 8 (including 3 external directors)
- Auditor 4 (including 4 external auditors)

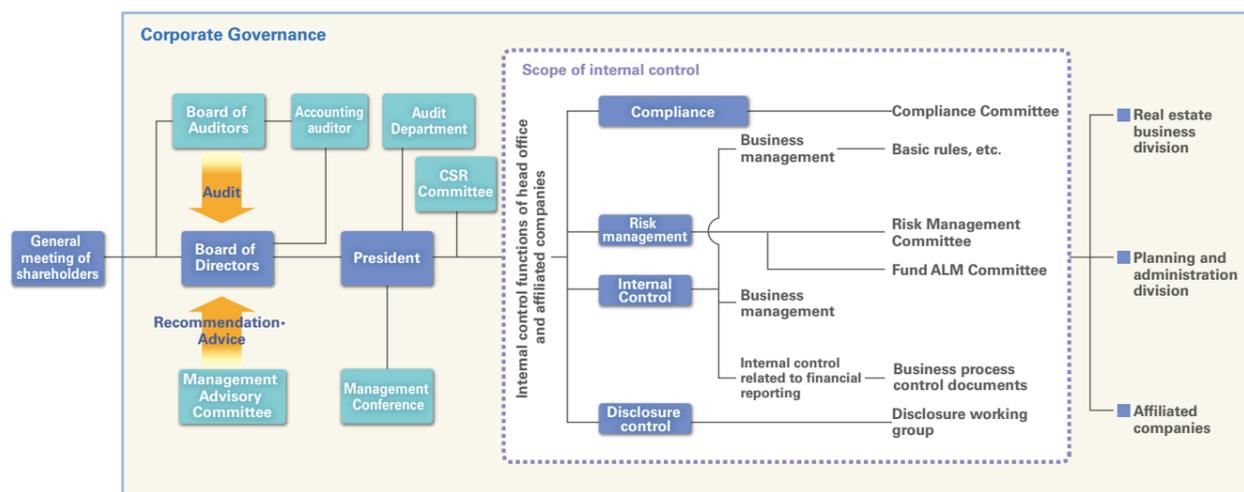
Introduction of Executive Officer System

With the executive officer system introduced in March 2001, we have increased soundness and efficiency of management by separating the Board of Directors functioning as a management supervisor and a function to execute business.

Management decision-making

The Board of Directors resolves important matters specified by laws and regulations and the Articles of Incorporation and matters related to business execution, and comprehensively supervises execution of duties by directors and executive officers. It holds an extraordinary meeting as needed, in addition to a regular meeting held once a month in principle. As an advisory organization of the President, the management conference is held once a week in principle, which deliberates especially important matters related to business execution.

Corporate Governance System Chart (As of June 2013)



Compliance

Promotion of compliance

In accordance with the compliance rules, we have built the Company-wide system composed of the Board of Directors at the top, the compliance committee, executive managing directors in charge of legal affairs and compliance, and compliance officers of each department.

With "Compliance Manual" common in the entire Group, which reflects environmental changes and social trends, matters to be obeyed in day-to-day operations have been familiarized.

- 1 Respect for human rights, Prohibition of discrimination and sexual harassment
- 2 Compliance with laws, regulations, and rules
- 3 Sincere and fair execution of business
- 4 Appropriate management of information
- 5 Insider trading regulations
- 6 Eliminating relationships with anti-social forces
- 7 Considering environmental conservation
- 8 Maintaining and activating best communication
- 9 Respect for intellectual property rights
- 10 Prohibition of bribery, Rules for business entertainment and gift-giving



Compliance through outsourcing contractors

As for outsourcing by the real estate business division, we have made fair trades based on "rules for real estate outsourcing management", respecting relevant laws and regulations, as well as instructions by administrative organizations.

We select an outsourcing contractor, deliberately confirming the past performance and abilities to execute operations, the clarity of procedures to execute operations, and the appropriateness of the operation management system. After selecting an outsourcing contractor through this confirmation, the Legal & Compliance Department checks the relationship for anti-social forces.

Compliance seminar

Hulic provides all employees compliance seminars. So far, seminars on how to handle anti-social forces, power harassment, and insider trading regulations, etc. have been conducted. In consideration of compliance peculiar to the real estate business, we conduct a "seminar by theme" concerning important themes, and place news and Q & A related to compliance on the Company's intranet once a month.

In fiscal 2012, a read-through of CSR report and department discussions under CSR-related themes such as environmental issues and social contribution were implemented. We compile comments on compliance seminars as feedback, and use them for subsequent seminars.

Compliance Seminar in FY2012 (As of the end of December 2012)

- Frequency: 4 seminars implemented, transmission of information 12 times
- No. of participants: All employees (including temporary staff)

Compliance Hotline

When it is expected not to take appropriate corrective actions after consulting with a compliance officer of the department the person belongs to, or when the person feels resistance in consulting because of the nature of the problem, direct reporting to Compliance Hotline is available. The Compliance Hotline investigates the fact, and promptly carries out countermeasures, carefully taking into account the informer's privacy.

Information security management

In an attempt to prevent information leaks, one of the critical risks in relation to the performance of business, we have established an information security management system, and enhanced operation management in accordance with the information management rules included in the information security policy. We more strictly check the right of access to the shared server, regulate the use of storage media, and thoroughly control PC for external use. In our themed compliance seminars by theme held on a regular basis, we thoroughly teach the significance of information management and information security measures in terms of systems, in order to increase each employee's awareness. In fiscal year 2012, there was no case and accident related to information leaks.

Furthermore, independent auditors periodically conduct the information security audit for all Group companies and departments.

Chart of Information Security Management System



Third-Party Review



Yoshito Nakamura
Certified Public Accountant

Adjunct Instructor of Toyo University
Adjunct Instructor of the Open University of Japan
Chairman of Evaluation Committee for Independent Administrative Institutions, Japanese Ministry of Defense
Auditor of Foundation for Accounting Research of Construction Industry
Auditor of the Supporting Organization of JOCV
Auditor of the Kawasaki City Council of Social Welfare

I will make third party comments about the "CSR Report 2013" (hereinafter referred to as the "Report") of Hulic Co., Ltd. ("Hulic"), receiving explanations about Hulic's CSR initiatives from a CSR manager.

1. Systems for CSR activities

Hulic's corporate philosophy is creating a secure and trusting society. In order to realize this corporate philosophy, the "basic principles of corporate conduct" has been established as an action guideline for each employee. Closely linked with the philosophy and actions, the CSR Vision was formulated. In a way, they operate as a single unit. For example, the basic strategy of the new mid-term business plan with profit targets has advocated the improvement of the CSR management system including the contribution to the energy-saving society through its main business, on equal terms with the diversification of revenue sources through the steady enhancement of its leasing business profit and the development of new business domains. Furthermore, as a system to integrate CSR activities and management with the aim of achieving the above, the CSR Committee chaired by the President was launched to promote the practice of CSR management. As the Report explained the above-mentioned matters, we can now understand the CSR promotion system.

I think that, as effective corporate governance has significant impacts on management goals, and may promote their achievement, the reliability on CSR management would increase with explanations linking the CSR promotion systems with governance and compliance systems.

2. Results of CSR activities

The major CSR activities of Hulic are environmental activities closely related to the real estate leasing business. In the Report, KPI (Key Performance Indicators) concerning environmental activities and CSR activities were set, and the results of those targets were stated and evaluated. Accordingly, we can understand the details of CSR activities concretely and quantitatively.

In fiscal year 2012, setting the KPIs of recyclable energy and greening for the first time in order to increase the objectivity of evaluation concerning the activities, the Report was improved. I hope that CSR activities will further develop by formulating KPIs which are necessary for customers, and suitable to business goals.

With the scheduled expansion of the office leasing business, CO₂ emissions are forecasted to increase. In the Report, it was clearly stated that the Company will work on measures against global warming, with the goal of decreasing CO₂ emissions by 21% in 2015, and by 25% in 2020 with conversion to energy-saving buildings. This point can be highly evaluated. As attempts to reduce CO₂ at the stages of building development and construction were explained, we can now understand the cooperation efforts with building constructors.

3. Activities for employees

Aiming to be a professional team with the selected few, Hulic has conducted measures to allow employees to make the best use of their abilities under the personnel policy with high-quality welfare. The status is shown in the disclosure of personnel performance data, which announced specific numerical values such as the employment rate of the disabled and the rate of nursing leaves taken. I hope that data will be further deliberated and enhanced in relation to health management and job satisfaction of employees, as well as in other areas. I expect the average of discretionary and overtime work hours, which increased in fiscal year 2012, to be considered and improved. In addition to data on costs for training systems and the number of users which have been disclosed, it is preferable to devise ways of disclosing data in relation to results, level of satisfaction, effects of training, etc.

(The comments do not express opinions on accuracy and completeness of contents stated in the CSR Report.)

Hulic's responses to Third-Party Review



Hajime Kobayashi
Director (Executive operating officer)
Chief of Corporate Planning
Department (responsible for CSR)

Mr. Yoshito Nakamura gave us objective and precise opinions again this year. Following his suggestions, we hope to further improve our CSR activities.

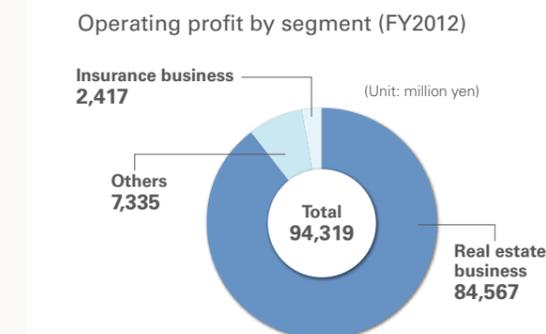
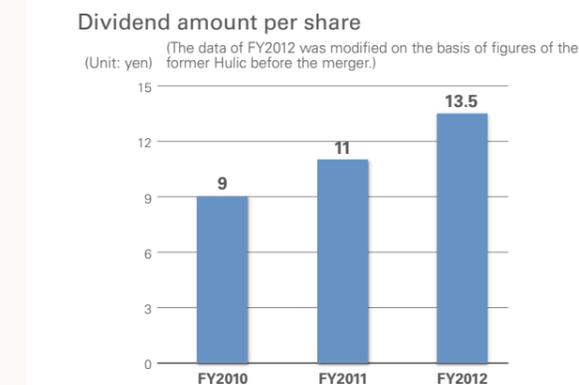
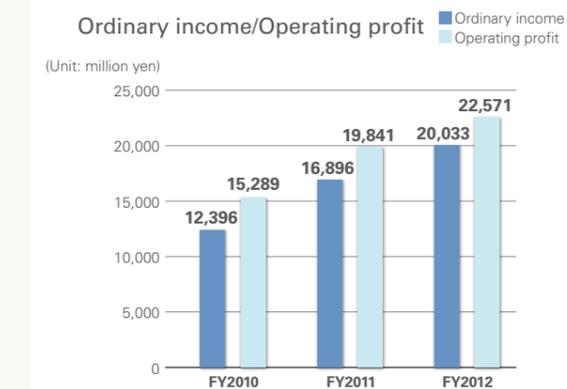
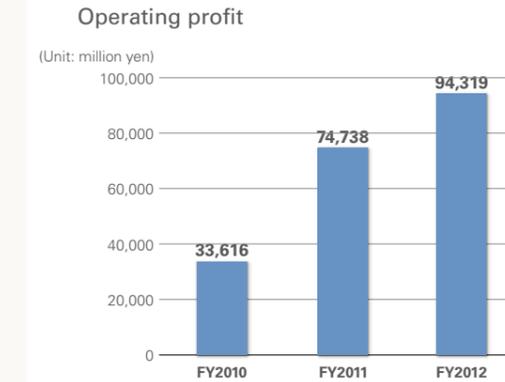
Regarding CSR as issues that affect the basis of management, Hulic is committed to practically fulfilling them. It is necessary to accumulate constant efforts in accordance with the CSR Vision, widely taking into account diverse elements supporting corporate activities. To this end, KPI can be a useful milestone. Following the opinions provided last year, we were creative with and enhanced the KPIs from various angles to indicate the directionality in an easy-to-understand way.

With the goal of a reducing of environmental loads on which we have focused as an approach to social issues, we worked on the realization of an eco-friendly model building by introducing into Hulic Head Office Building the advanced technologies jointly developed with Massachusetts Institute of Technology.

Through the practice of CSR management, we intend to make efforts for fulfilling the expectations of various stakeholders.

Financial Information/Outline of Group

Financial Information



Head Office

Hulic Co., Ltd.

Headquarters: 7-3 Nihonbashi Odenmachi, Chuo-ku, Tokyo, 103-0011
Established: March 1957
Paid-in Capital: 21,951 million yen (As of end of December 2012)
Business Outline: Real estate holding, leasing, sales and brokerage
Memberships: Japan Federation of Economic Organizations
The Real Estate Companies Association of Japan
The Association for Real Estate Securitization
Japan Investment Advisers Association
Japan Building Owners and Managers Association
Japanese Association of Real Estate Appraisal

Group Companies (As of end of December 2012)

Hulic Build Co., Ltd.

Head office: Hulic Kabutocho Building 6-7 Nihonbashi Kabutocho, Chuo-ku, Tokyo, 103-0026
Established: April 2001
Paid-in Capital: 90 million yen
Business Outline: General construction, Total office produce, Real estate leasing

Hulic Building Management Co., Ltd.

Head office: 7-3 Nihonbashi Odenmachi, Chuo-ku, Tokyo, 103-0011
Established: June 1960
Paid-in Capital: 10 million yen
Business Outline: Property management, Consulting related to operation of rental real estate, Management and operation of rental real estate

Hulic Insurance Service Co., Ltd.

Head office: Hulic Torigoe Building 1-8-2 Torigoe, Taito-ku, Tokyo 111-0054
Established: March 2010
Paid-in Capital: 350 million yen
Business Outline: Insurance agency

Hulic Hotel Management Co., Ltd.

Head office: 2-16-11 Kaminarimon, Taito-ku, Tokyo 111-0034
Established: April 2011
Paid-in Capital: 200 million yen
Business Outline: Hotel Management

Hulic Office Service Co., Ltd.

Head office: Hulic Edobashi Building 2-15-3 Nihonbashi Chuo-ku, Tokyo 103-0027
Established: October 1978
Paid-in Capital: 20 million yen
Business Outline: Canteen, office supply

* On July 1, 2012, the former Hulic Co., Ltd. was merged with the former Shoen Co., Ltd. in a form of reverse acquisition in terms of accounting for business combinations. However, the enumeration data of the former Hulic in and before FY2011 are indicated in the financial information shown above.