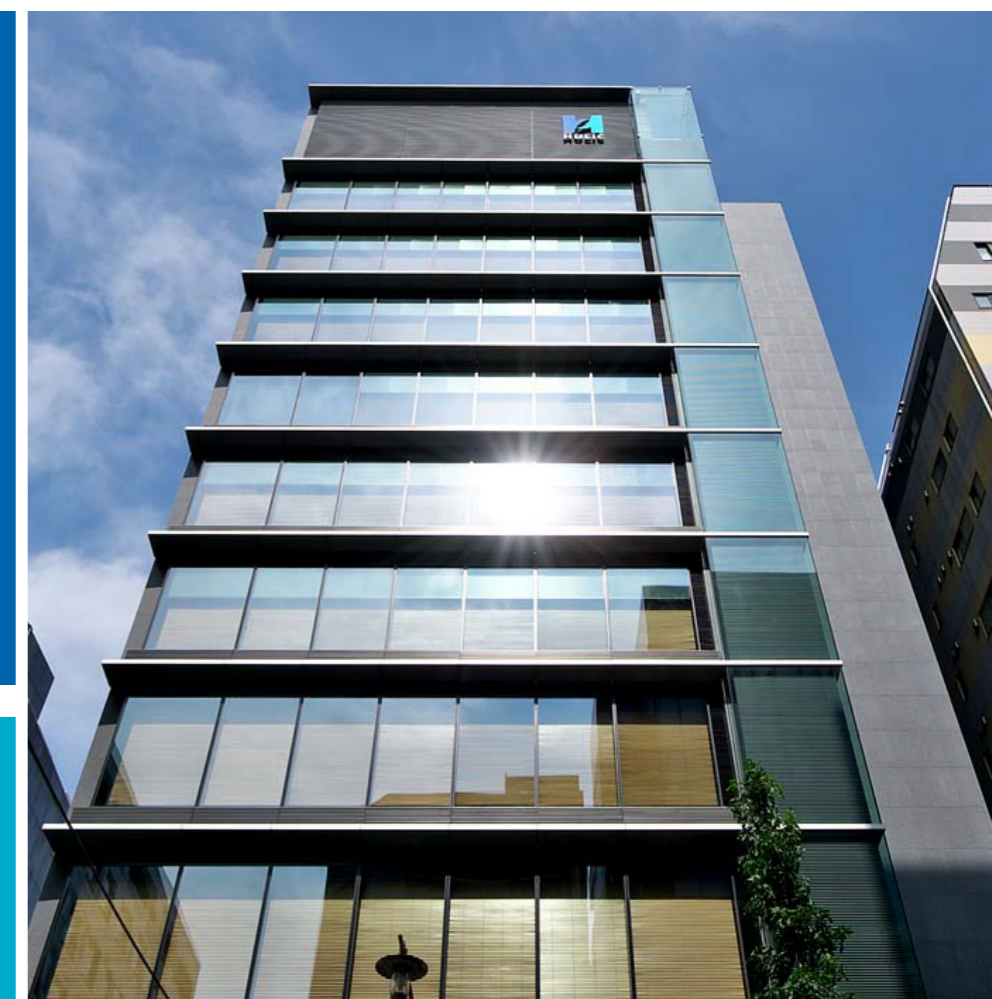


Sustainability Book
2020

 **HULIC CO., LTD.**

7-3 Nihonbashi Odenmachi, Chuo-ku, Tokyo, Japan
Phone: +81-3-5623-8101
URL: <https://www.hulic.co.jp/en/>



Our Approach to Sustainability

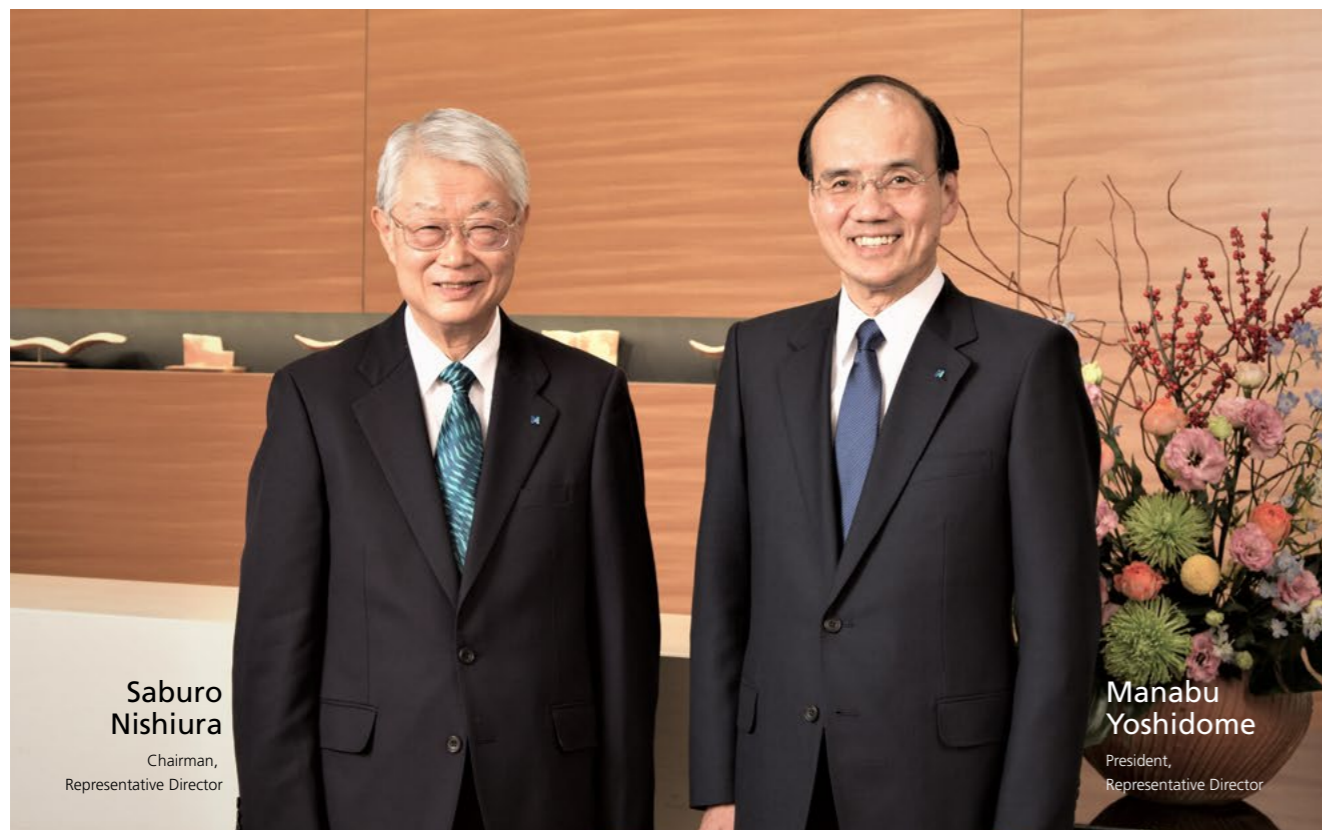
As a corporation with a social presence, we aim to practice management that is linked to our business strategy and ESG* initiatives, and to contribute to the realization of a sustainable society.

* ESG stands for Environment, Social and Governance

Message from the Management

The starting point of Hulic's ESG Management is "For the realization of a society full of safety, peace of mind and trust, and for the continuous improvement of corporate value".

For more than half a century, Hulic has been operating a real estate leasing business focusing on a portfolio of office buildings in central Tokyo. Our strength of having a solid business foundation, based on the prime locations of properties, has allowed us to maintain continued growth of profits and dividends since our listing in 2008, without being affected by market conditions even in the face of adversity, including difficulties associated with the Financial Crisis and the Great East Japan Earthquake. Hulic's sustainable growth is supported by ESG-conscious business operations and value creation to solve social issues and pursue initiatives that combine social value creation with corporate growth. In our corporate philosophy, we uphold the following values: "For the realization of a society full of safety, peace of mind and trust, and for the continuous improvement of corporate value". As part of our management strategy, we consider that taking initiatives to address social issues will create business opportunities. We will further increase Hulic's purpose in society by implementing management that emphasizes sustainability.



Saburo Nishiura
Chairman,
Representative Director

Manabu Yoshidome
President,
Representative Director

Our Performance in FY2019

Our business performance for FY2019 saw record high income, with Operating Income of JPY88.3 billion, an increase of 16.9% from the previous fiscal year, Ordinary Income of JPY84.6 billion, an increase of 16.7% YoY, and Profit Attributable to Owners of Parent of JPY58.8 billion, an increase of 18.7% YoY. We achieved most of our targets under the Long-term Management Plan "Hulic 10 Years from Now" four years ahead of schedule. ROE, an indicator of capital efficiency, considerably exceeded the target level of 10% to reach 13.6%, an increase from 12.7% the previous year, while the annual dividends, which has been increased in every fiscal year since our listing in 2008, was increased again FY2019 by JPY6.0 to JPY31.5. The major factors driving increase in profits were the contributions of increased leasing revenue from completed developments and newly acquired properties in our focus areas of Ginza, Shinjuku East Side, Shibuya/Aoyama and Asakusa, as well as an increase in sales gains resulting from the active property sales to public and private REITs and rebalancing of leasing assets.

One of Hulic's strengths is our corporate culture, allowing us to constantly find challenges in progressive new business fields. For example, in our 3K businesses (koreisha (seniors), kanko (tourism) and kankyo (the environment)), we are moving ahead in these growth fields that have rising social needs. We made steady progress in 3K businesses in FY2019.

Related to senior citizens, in addition to owning nursing homes, we are promoting the smart senior housing project with our business partners. This project refers to state-of-the-art facilities using AI (artificial intelligence) and IoT (the Internet of things) to meet the challenges in nursing settings. In tourism, we are working on diversifying risk by separating the operation of our own brand of hotels and ryokans (Japanese style luxury inns) from other properties that we own and rent.

For the environment, we are developing Japan's first 12-story fire-resistant wooden hybrid commercial building in Ginza 8-chome, Tokyo. Additionally, we are developing ways to achieve 100% renewable electricity with 100% inhouse non-FIT (non-feed-in tariff) solar power generation plants.

* RE100: We are aiming to use 100% renewable energy (the goal of RE100) by developing solar power generation facilities for the entire Group by 2025.

New Medium- and Long-term Management Plan (2020-2029) and Sustainability

The Group has formulated another Medium- and Long-term Management Plan (2020-2029) upon achieving almost all goals in the previous Long-term Management Plan (2014-2023) four years ahead of the original target: FY2023. With this new plan, based on our motto "driving innovation and accelerating progress," we will continue to steadily increase corporate value by flexibly evolving in response to changes in the macro-environment.

As one of our basic strategies, we are implementing management that emphasizes sustainable co-creation and co-existence with society. We aim to execute ESG-conscious business operations and to create value for solving social issues and for tackling initiatives that combine social value creation with corporate growth.

Sustainability Materiality and Our Progress

Following the adoption of the Sustainable Development Goals (SDGs) by the UN General Assembly in 2015, Hulic has considered what it can do as a real estate company toward realizing a sustainable society. We have identified our Sustainability Materiality and are carrying out various initiatives to address those issues. For the environment, we created a long-term vision for the environment that recognizes our commitment to realizing a low-carbon, material-recycling society by 2050. This is our ideal sustainable society for meeting the goals set out in the Paris Agreement adopted by the UN General Assembly in 2015. To achieve this vision, we have set the goal of reducing CO₂ emissions by 45% relative to the 2013 level by 2030, and we are moving forward with energy conservation and using renewable energy. Also, we have mapped out issues that are important to Hulic and our stakeholders, and we have identified those issues with the highest priority as materiality. Every material issue (materiality) is analyzed from the perspectives of opportunity and risk, enabling us to take steps to capture opportunity and respond to risk. To advance this initiative, we set quantitative KPIs and targets for each material issue as we evaluate our progress every year.

To Our Stakeholders

We fulfill the tasks and responsibilities demanded of us through corporate activities in the real estate business, aspiring to further grow as we create value to share with society, customers, local communities, shareholders, employees, and all other stakeholders. In these activities, we look forward to enjoying the continued support of our shareholders.

Saburo Nishiura Chairman, Representative Director
Manabu Yoshidome President, Representative Director

CONTENTS

Our Approach to Sustainability

Message from the Management	
Corporate Philosophy and Sustainability	2
Value Creation Story	8

Environmental Initiatives

Basic Policy for Environment	18
Initiatives for Climate Change	25
Building a Material-Recycling Society	36
Initiatives for Biodiversity	45

Social Initiatives

Initiatives for Customers	48
Initiatives for Business Partners	52
Initiatives for Employees	57
Initiatives for Local Communities	70
Initiatives for Shareholders and Investors	77

Corporate Governance

Corporate Governance	80
External Directors and External Auditors	86
Auditing Mechanism	89
Internal Control System	91
Risk Management	92
Compliance	95

External Evaluation

Third-party Assurance	98
External Evaluations	98

Corporate Philosophy and Sustainability

Corporate Philosophy and Basic Stance

Corporate Philosophy

**For the realization of a society full of safety,
peace of mind and trust,
and for the continuous improvement of corporate value**

Basic Stance

Ideal Company	We aim to be a company that grows each day by utilizing stable corporate infrastructures.
Corporate Culture	We always conduct business from a new viewpoint in an effort to increase our corporate value.
Stance to Customers	We are committed to providing optimal products and services to customers, placing customer satisfaction as our top priority.
Ideal Employees	Each of Hulic's employees strives to provide high quality value as a professional.

Basic Principles of Corporate Conduct

The Basic Principles of Corporate Conduct, which concretely describes our Basic Stance in an easy-to-understand manner from a company viewpoint, underlies our decision-making in business.

1. Awareness of Corporate Social Responsibility

Contribute to domestic and overseas economies and stable development of society by devoting ourselves to sound business based on self-responsibility and fulfilling our social missions.

2. Practice of Customer-first Policy

Treat customers faithfully and kindly, listen to their requests with sincerity and provide sophisticated, efficient and high-quality services.

3. Faithful and Fair Conducts

Always act with sincerity and fairness in compliance with laws and regulations, their spirits, as well as social norms. Decisively confront anti-social forces threatening the order and stability of a civil society.

4. Contribution to and Harmony with the Society

Contribute to social development and improvement through the appropriate use of our fundamental functions. While being aware of responsibilities as good corporate citizens, commit ourselves to corporate conducts in accordance with the social common sense and expectations through close communication with society.

5. Respect for Humanity

Build an organizational culture full of respect for humanity and that values comfort and well-being, such that people can work with high motivation and an open-heart.

Our Code of Conduct

Our Code of Conduct, which concretely describes our Basic Stance in an easy-to-understand manner from the viewpoint of each employee, underlies actions our directors and employees should take.

- | | |
|--|---|
| <ol style="list-style-type: none"> 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. Regulations of insider trading 6. Insulation from anti-social forces | <ol style="list-style-type: none"> 7. Concern for environmental conservation 8. Maintenance and stimulation of optimal communication 9. Respect for intellectual property rights 10. Prohibition of bribery, rules regarding entertainment and gift-giving 11. Transparency of transactions, rules to ensure rational transactions |
|--|---|

Sustainability Vision

We newly established "Sustainability Vision" in April 2020 replacing "CSR Vision" which was the bases for our CSR related activities. The new Sustainability Vision embodies our simultaneous pursuit for the realization of a sustainable society and achievement of continuous corporate growth.

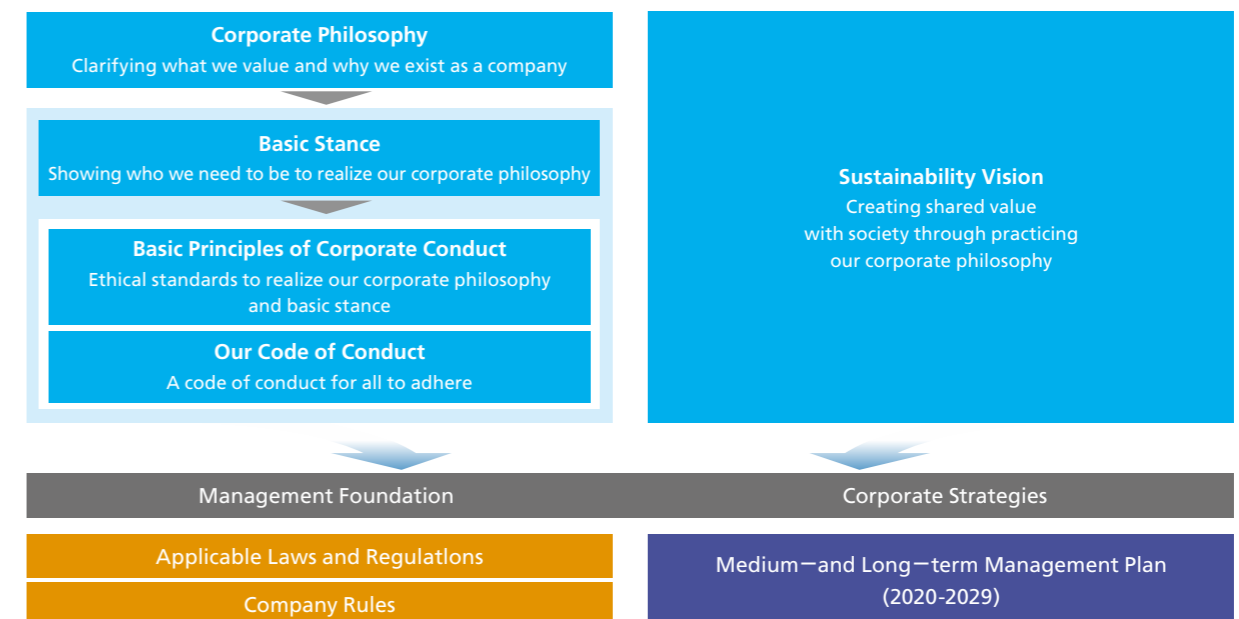
We aim to pursue the realization of a sustainable society and continued growth of Hulic by putting our corporate philosophy into practice.

We commit to take faithful approach to all of our stakeholders. To this end;



Relationships between the Philosophical Framework and Medium- and Long-term Management Plan

Our corporate philosophy is to "For the realization of a society full of safety, peace of mind and trust," which means the purpose we exist is to create shared value with society through our corporate activities. Accordingly, our corporate philosophy and our sustainability vision are on both aspects of social relationships. Based on our corporate philosophy and sustainability vision, we formulated our corporate strategies as well as the Medium- and Long-term Management Plans.

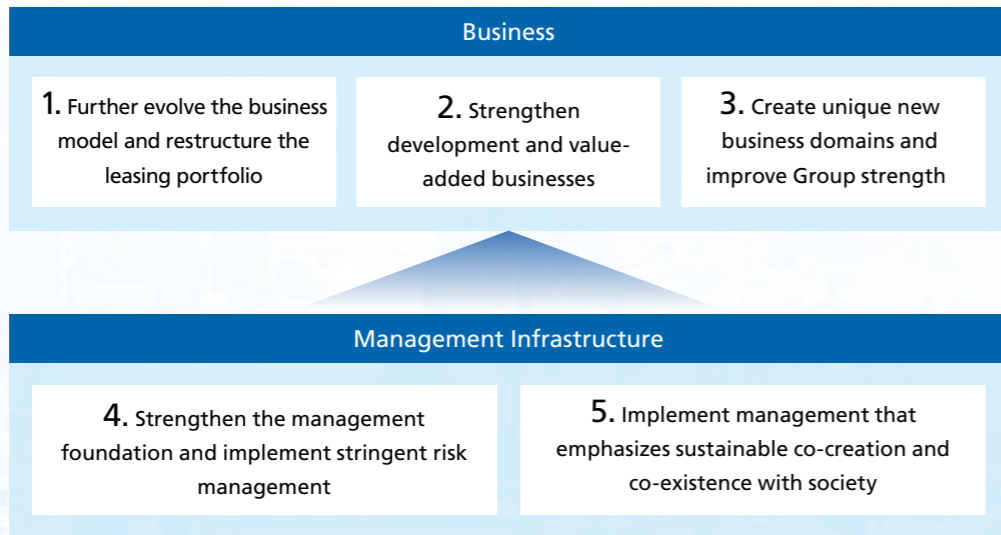


Outline of Medium- and Long-term Management Plan (2020-2029)

Target Profile in 10 years “Driving innovation and accelerating progress” as our motto, we continue to steadily increase our corporate value through evolving ourselves flexibly in response to changes in macro environment

Basic Policy Strike a balance between P/L growth, profitability, B/S soundness, and productivity (efficiency) at a high level and achieve further growth through dynamic transformation backed by overwhelming speedy decision-making

Basic Strategies



Participation in Initiatives

Hulic takes part in a range of global and domestic initiatives aimed at creating a sustainable society as well as increasing our purpose in society as a real estate company.

Sustainable Development Goals (SDGs)

In September 2015, the United Nations Summit unanimously adopted the SDGs as goals to be achieved by 2030. The SDGs consist of 17 goals in such areas as sustainable energy, the creation of a robust infrastructure, climate change countermeasures, and high-quality education. Through our corporate activities, we address social issues and seek to find solutions. In concrete terms, we identify issues of great importance to us and our stakeholders as materiality issues, then implement measures to navigate the related opportunities and risks.



Task Force on Climate-related Financial Disclosures (TCFD*)

Mindful of the importance of disclosing climate-related financial information, we announced our support for the information disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD*) in March 2020 and have begun discussions on business risks and opportunities caused by climate change. We will continue to convey to our stakeholders, in an easy-to-understand way, our initiatives for creating a sustainable society, and we will work to further improve information disclosure.

* TCFD (Task Force on Climate-related Financial Disclosure) was established by the Financial Stability Board (FSB), an international organization that includes the central banks of major countries as well as financial regulators. The TCFD proposes a framework for disclosing climate-related information to investors.



RE100

In 2019, we participated in RE100, an international initiative for member companies to aim to use 100% renewable energy for the electric power required for business activities. We intend to use 100% renewable energy by 2025, developing our own solar power generation facilities that don't apply the feed-in tariff (FIT*) system to cover the power consumption of the Group.

* The FIT system refers to a feed-in tariff system for electricity generated from renewable energy that went into effect in 2012. A portion of the cost of the electricity purchased by a utility company is added to the consumer's bill so the taxpayer must bear some of the costs. Therefore, achieving 100% of our renewable goal with FIT electricity is not compatible with the RE100 initiative.



Challenge Zero

Challenge Zero (Challenge Net Zero Carbon Innovation), originated by the Japan Business Federation, is an initiative that views the creation of a decarbonized society as an important management issue. Companies participate if they are looking to develop innovative technologies early on and to implement them in society. The goal is to produce net zero greenhouse gas emissions as soon as possible, in line with the Paris Agreement. Hulic plans developing power generation and heat supply systems that use food waste from commercial facilities and hotels. The system will be used in buildings to convert waste to energy, to achieve zero emissions, and to save on labor during operations. We are also striving to create a model for revitalizing forestry business by using wood biomass.



Support of the Japan Business Federation's One Percent Club Initiative

We support the One Percent Club initiative, a move advocated by Keidanren (Japan Business Federation). We are committing to spend at least one percent of ordinary income on social causes every year.

Issuing an Integrated Report

Over the years, Hulic has issued annual reports, primarily presenting business results and other financial information, and CSR reports that primarily provided an outline of our nonfinancial activities. This year, for the first time we issued Integrated Report 2020, which improves on both types of conventional report. In the Integrated Report, we describe how our strengths have been used to create value for customers, society, and the Company. We also present financial information and outline the sustainability initiatives supporting our corporate growth in an easy-to-understand way for stakeholders. The aim of the Integrated Report is to create the opportunity for a new dialogue. The Integrated Report is reviewed by the Board of Directors prior to being issued.



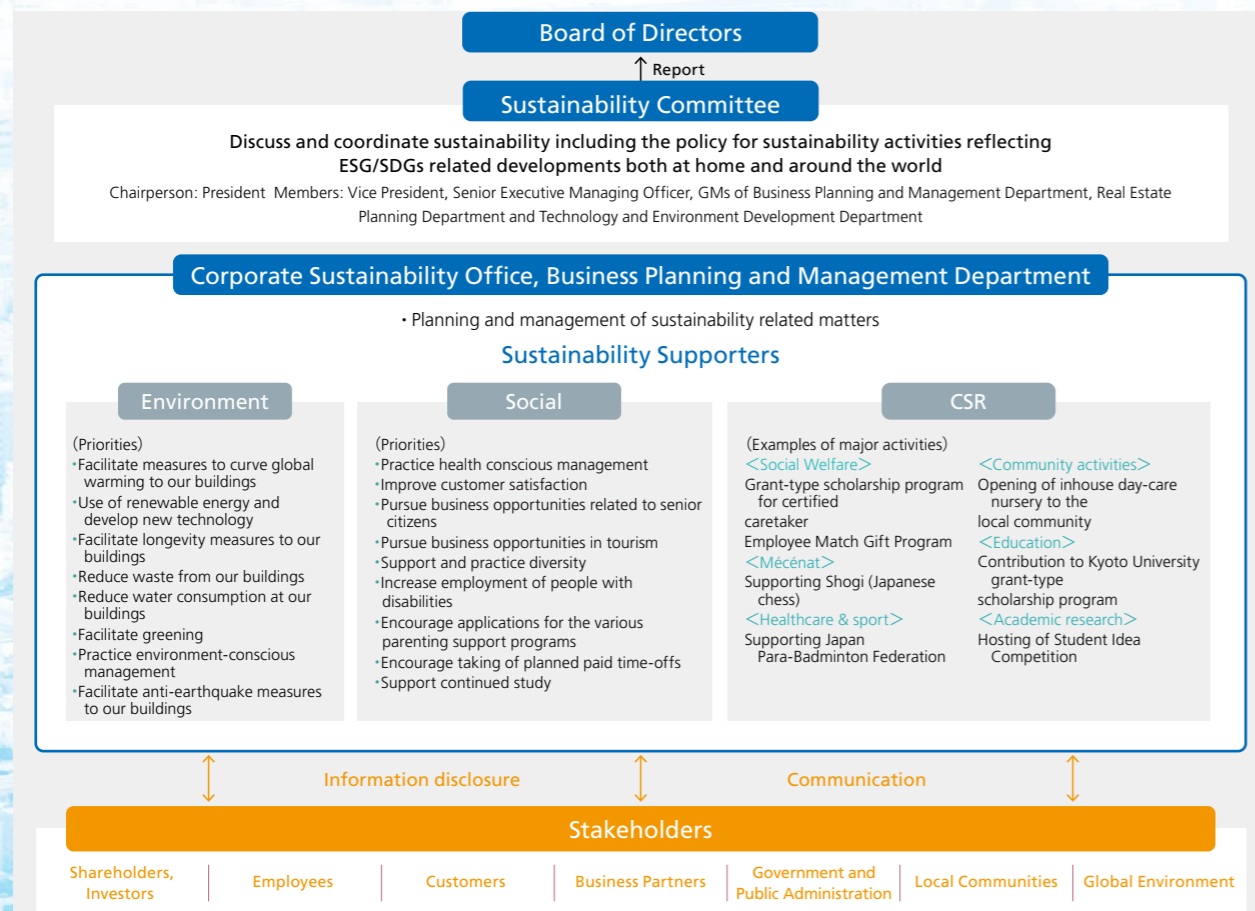
Organizational Structure

Establishment of the Sustainability Committee

We have transformed the "CSR Committee" to "Sustainability Committee" (the Committee) upon establishing the Sustainability Vision. The Committee will discuss and coordinate material management matters relating to strengthening of our long-term competitiveness and risk management reflecting discussions and developments associated with not only CSR but also ESG and SDGs in Japan and around the world.

The President chairs the Committee as commitment of top management is of utmost importance in successful medium and long-term engagements. Other members of the Committee include Vice President, Senior Executive Managing Officer, General Managers of Business Planning and Management Department, Real Estate Planning Department and Technology and Environment Development Department. The Committee meets annually as well as when necessary. The Committee also reports regularly to the Board of Directors.

Organizational Structure



Activities of Sustainability Supporters

Approximately 20 employees are appointed from Hulic Group companies as sustainability supporters. They are relieved by other members after completing a one-year term. The Sustainability Supporter Meeting, where sustainability supporters meet, discuss and propose activities related to sustainability of the entire Group. They are also actively engaged in volunteer activities including summer festival and sorting of used stamps collected from each group company for donation.



Sorting used stamps

Hulic's Value Creation Process

Total commitment to our customers and the community, Creating productive environments, Creating amenity, Promoting peace of mind



Properties in prime locations
(Manufactured capital)

- Approximately 250 properties owned or under management
- Focus areas: Ginza, Shinjuku East Side, Shibuya / Aoyama, Asakusa
- Over 70% of Hulic's properties are in Tokyo 23 wards (excluding residential and related properties)
- Approximately 80% of properties are within a 5-minute walk of a station (excluding residential and related property)

A small group of elite professionals
(Human capital)

- Employees (consolidated basis): 1,878 (of which, 264 are in the real estate business)
- Ordinary Income per employee (parent company basis): JPY 447 million

Initiatives in advanced technology development
(Intellectual capital and natural capital)

- Formulate and implement the Hulic Guidelines for Longer Life Building
- Introducing natural ventilation and natural lighting systems that developed with MIT
- Operational improvement using AI and IoT technologies

Stable financial base
(Financial capital)

- Credit rating: A+
- Equity: JPY 459 billion
- Equity ratio: 30.0%*3

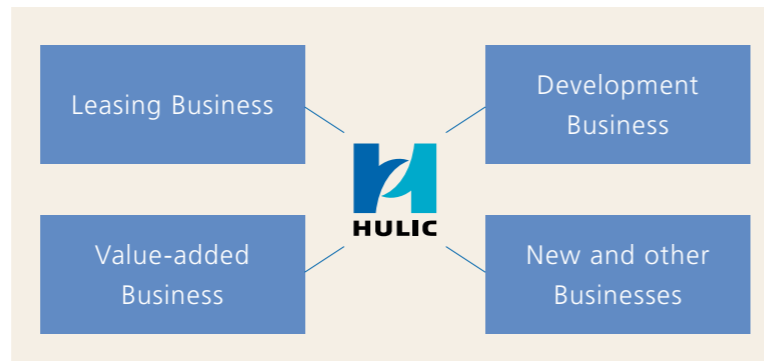
Strong relationships with local communities, business partners
(Social capital)

- Public-private coordination in PPP business
- Coordination and cooperation with management and construction companies
- Corporate culture that fosters robust social contribution activities

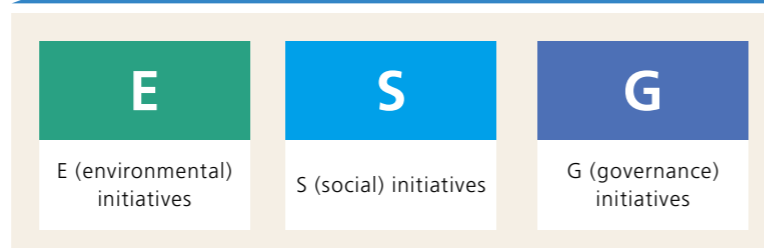
Driving Innovation and Accelerating Progress

Balanced Management
Strike a balance between P/L Growth, Profitability, B/S Soundness, and Productivity (efficiency) at a high level

Business Activities



ESG Initiatives to support business



Financial achievements*2

- Ordinary Income: **JPY84.6 billion**
Average rate of growth of Ordinary Income: 22.9%
- ROE: **13.6%**
- Dividends Payout Ratio: **35.4%**
- Dividends per share: **31.5yen**
- Net D/ E Ratio: **2.0 times*3**
- Debt/EBITDA: **10.1 times*3**

Non-financial achievements

Targets were achieved for;

- CO₂ emissions intensity
- Number of investments in renewable energy facilities
- Number of buildings with longer life designs
- Number of greening buildings
- Percentage of new buildings meeting new earthquake-resistance standards
- Usage rate of paid leaves
- Ratio of female managers
- Employment ratio of persons with disabilities
- No. of BCP drills

Targets KPIs and targets Pages 14 to 17

Peace of mind and amenity for customers (Major related SDGs)

- High value-added real estate
- High energy-saving performance buildings
- Buildings prepared for customers' BCP with particular emphasis on earthquakes and water damage
- Active development of businesses in response to demographic change (aging) and social dynamics (increasing tourists)

Details Pages 48 to 52

Peace of mind and amenity for employees

- Workplace rich in diversity and inclusion
- Workplace with work-life balance
- Providing career development support

Details Pages 57 to 69

Environmental considerations

- Extending the lifespan of buildings
- Developing environmentally conscious and energy-saving buildings
- Protecting the global environment by introduction of environmental technology
- Achieving RE100 and Offsite ZEB

Details Pages 18 to 47

Peace of mind and amenity for investors

- Achieving stable financial growth
- Increased dividends every fiscal year since TSE First Section listing
- Providing diverse forms of mutual communication

Details Pages 77 to 78

Peace of mind and amenity for local communities and business partners

- Contributing to positive long-term relationships
- Contributing to resolution of global issues
- Providing broader social contribution activities

Details Pages 52 to 56, 70 to 76

*1 As of December 31, 2019

*2 FY2019 results
*3 50% (JPY75 Bln) of hybrid finance raised in 2018 (JPY150 Bln) was calculated as nominal equity.

Continue evolving for further progress



Bringing about a society filled with peace of mind and amenity
Continued increase in corporate value

Materiality

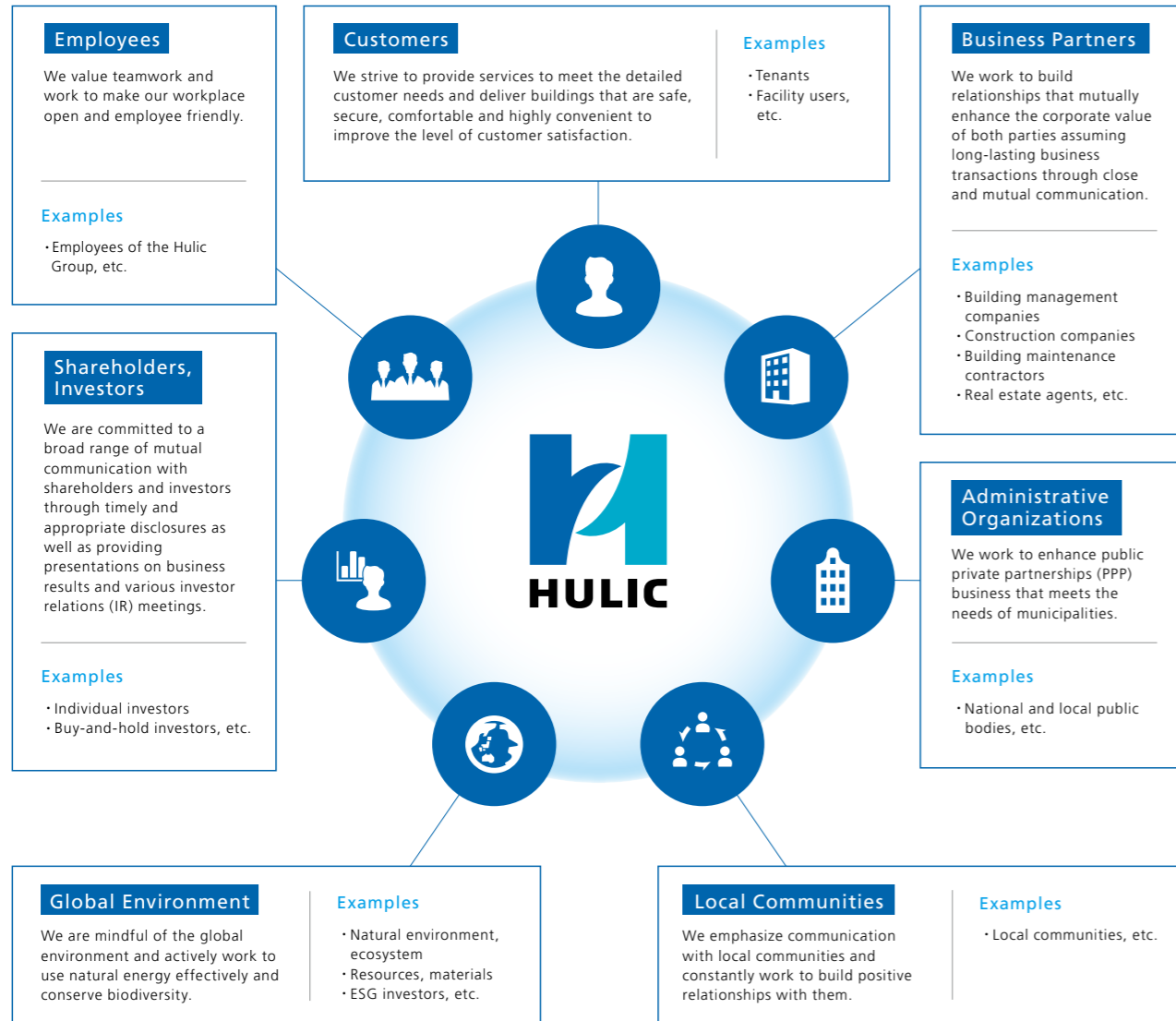
Hulic has been providing buildings that match the needs of the times and society for excellent safety, environmental features, and convenience.

As social issues and stakeholders' interests diversify, we will continue to address issues in society through assessing opportunities and risks in our businesses to achieve sustainable growth.

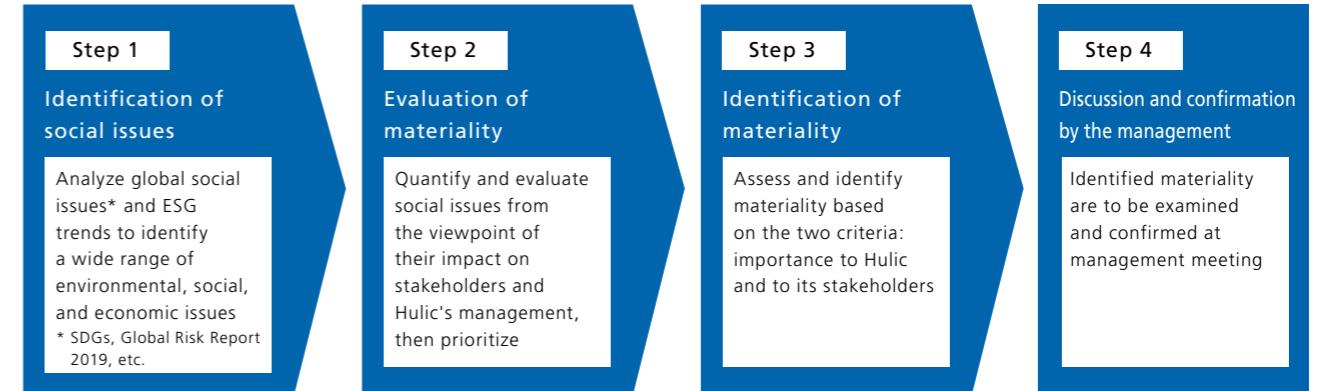
Communication with Stakeholders

The Group is committed to realizing a sustainable society by delivering environmental, social and economic value through interactive communication with all stakeholders. Above

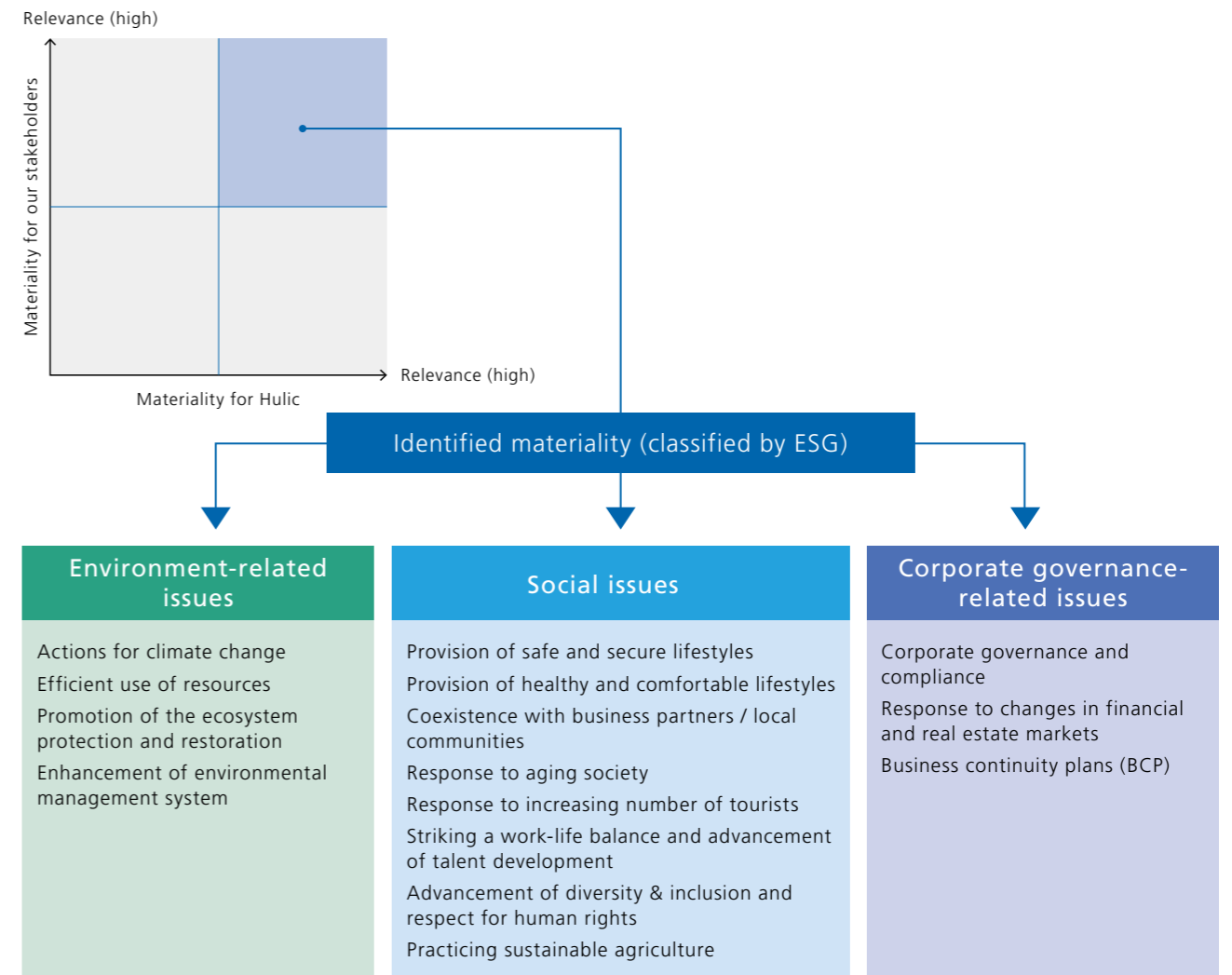
all, the major stakeholders that we actively engage in and collaborate with are identified below.



Materiality Assessment



Materiality Matrix



Opportunities and Risks related to Materiality and Our Actions

	Materiality	Major Opportunities and Risks (○: opportunities, ●: risks)	Hulic's Major Initiatives and Actions	Major related SDGs
Environment	Take actions for climate change	<ul style="list-style-type: none"> ○ Heightened need for buildings and properties equipped with higher energy efficiency and renewable energy ● Need for additional measures to comply with environmental regulations. Increase of utility expenses due to a rise in energy consumption for air conditioning 	<ul style="list-style-type: none"> Active adoption of environmentally friendly technologies (natural lighting systems and natural ventilation technologies developed jointly with MIT, etc.) Investment in renewable energy facilities, promotion of offsite ZEB, support for RE100 initiative and achievement by 2025, support for TCFD initiative Promotion of forest circulation through practicing wooden structure constructions 	
	Promote efficient use of resources	<ul style="list-style-type: none"> ○ Heightened need for facilities utilizing resources effectively and recycling technologies ● Risk that business activity may wane if resources were exhausted 	<ul style="list-style-type: none"> Adoption of longer life building design 3R (Reduce/Reuse/Recycle) initiative (adoption of PC construction method, reuse of construction materials, reduction of plastic waste) Development and adoption of technologies to make effective use of resources (water-saving equipment, etc.) 	
	Promote the ecosystem protection and restoration	<ul style="list-style-type: none"> ○ Heightened need for real estate development that is mindful of conserving local ecosystems ● Residential environment may deteriorate if ecosystem in vicinity of property was damaged 	<ul style="list-style-type: none"> Use of labelling systems including JHEP certification, etc. Promotion of greening in development projects 	
	Enhance environmental management system	<ul style="list-style-type: none"> ○ Creation of new business opportunities through taking actions against environmental issues as our core business ● Risk of delayed action on environmental issues due to lack of environmental management system 	<ul style="list-style-type: none"> Organizing the Environmental Advisory Council which is consisted with outside experts, establishment of reporting environmental issues to the Board of Directors meetings Establishment of long-term environmental vision with targets for 2050 	
Social	Deliver safe and secure lifestyles	<ul style="list-style-type: none"> ○ Heightened need for properties that are safe and secure from natural disasters including earthquakes and flood damage ● Rise of vacancy rate and decline of real estate value due to delayed actions on earthquake resistance techniques and BCP preparedness 	<ul style="list-style-type: none"> Active adoption of earthquake-absorbing and earthquake-damping structures (initiatives to improve earthquake-resistance of buildings) Implementation of thorough natural disaster risk management in newly acquired properties 	
	Deliver healthy and comfortable lifestyles	<ul style="list-style-type: none"> ○ Heightened need for comfortable, healthy and productive indoor environments ● Reputational risk if health damage occurred in one of Hulic's buildings 	<ul style="list-style-type: none"> (Initiatives in business) Delivering a healthy and comfortable indoor environment, confirming specifications of facilities and interior materials in existing properties and those under development (use of interior finishes and equipment containing no hazardous substances) (Initiatives for employees) Promotion of health and productivity management (introduction of no-smoking hours, medical checkups on par with examinations that exceed legal requirements, etc.) 	
	Coexistence with business partners / local communities	<ul style="list-style-type: none"> ○ Better results are expected through synergies brought by aiming for mutual sustainable growth with our business partners and local communities ● Our reputation may suffer and relationships may deteriorate if we neglected local connections 	<ul style="list-style-type: none"> Establishment of long-lasting good relationships through close and continuous mutual communications (Tenants) Implementation of customer satisfaction surveys, delivering fine-tuned response to tenant needs (Business partners) Establishment of close communications with management and construction companies (Local communities) Organizing summer festivals, neighborhood cleanup activities, etc. 	
	Respond to aging society	<ul style="list-style-type: none"> ○ Heightened need for nursing homes and hospitals with the aging of society and increase in number of healthier senior citizens ● Hiring-related costs may rise and shortage of care workers may materialize as the population of young generation declines 	<ul style="list-style-type: none"> (Initiatives in business) Promotion of senior citizen-related businesses (development of and investment in nursing homes) (Initiatives for talent acquisition) Attraction of talent with a series of top-notch fringe benefit programs, securing of workforce through rehiring of elderly persons who wish to work, extension of the retirement age and offering more flexible work styles (Social contribution) Establishment and operation of Hulic Scholarship Program for Training of Welfare Caretakers 	
	Respond to increasing number of tourists	<ul style="list-style-type: none"> ○ Rising need for accommodations due to increase in inbound tourists ● Risk of losing hotel guests if we failed to respond to diverse tourist needs 	<ul style="list-style-type: none"> Promotion of tourism-related business (owned/leased, or managed by the Company) Responses to the diverse needs of tourists by offering a wide range of lodging options (owned/leased: a wide range of business-oriented and luxury hotels in selected locations; Hulic-managed: primarily upscale hotels and luxury hot spring inns) 	
	Strike a work-life balance and advance talent development	<ul style="list-style-type: none"> ○ Improvement of employee motivation and brand value in talent acquisition by enhancing workplace wellness features and enriching talent development program ● Turnover rate may rise if support programs were insufficient for various work styles 	<ul style="list-style-type: none"> Provision of supporting framework for employees during pregnancy, childcare and caring for the elderly, and raising awareness on related programs Enhancement of measures to support nurturing the next generation (monetary gift on childbirth, establishment of onsite daycare nursery, childcare subsidy program, etc.) Advancement of work style reform and thorough tracking of work hours as a corrective measure to change long working hour culture Enhancement of support program for obtaining qualifications and in-house training program 	
	Advance diversity & inclusion and respect for human rights	<ul style="list-style-type: none"> ○ Improvement of operational quality and productivity can be achieved by respecting diversity & inclusion ● Reputational risk may rise if we failed to respond to the need for diversity & inclusion 	<ul style="list-style-type: none"> Awareness raising on diversity management, provision of various programs and mechanisms Initiatives to establish a talent management system that recognizes various work styles including work from home Employment of diverse human resources Active employment of persons with disabilities 	
	Practice sustainable agriculture	<ul style="list-style-type: none"> ○ Heightened need for low-cost, high-quality agricultural products at developing countries due to decline in Japan's farming population ● Increase of investment costs in response to climate change and changing market conditions 	<ul style="list-style-type: none"> Promotion of agricultural business with a company in Vietnam Strengthening of cooperation with and introduction of new technologies with domestic agricultural companies through investments Information gathering on new crop varieties through joint ventures and implementation of trial cultivation of multiple varieties throughout the year 	
Corporate Governance	Further strengthen corporate governance and compliance	<ul style="list-style-type: none"> ○ Improvement of confidence on management is expected when internal controls and corporate governance function effectively ● Non-compliance issue and deterioration of public confidence may occur due to lack of appropriate compliance culture and system 	<ul style="list-style-type: none"> Appointment of external directors / auditors with knowledge in a variety of specialized fields Establishment of nomination committee and compensation committee Provision of compliance trainings for all employees / establishment of compliance hotlines 	
	Respond to changes in financial and real estate markets	<ul style="list-style-type: none"> ○ The Company's prompt response to market changes differentiates itself from competitors ● Decline of real estate leasing revenue, rise of vacancy rate ● Higher funding costs 	<p>(Real estate markets)</p> <ul style="list-style-type: none"> Maintenance and improvement of competitiveness through adding value to our properties by redevelopments, renovations, etc. Stringent selection of investment projects / flexible rebalancing of portfolio mix <p>(Financial markets)</p> <ul style="list-style-type: none"> Establishment of cooperative relationships with financial institutions, procurement policy (raise long-term funds at fixed rates) Periodic analysis of market conditions, implementation of rigorous risk management through careful deliberation and reporting at in-house meetings 	
	Enhance business continuity plans (BCP)	<ul style="list-style-type: none"> ○ A sense of security for employees and their families may be delivered through taking stronger measures to ensure safety in case of a disaster ● Delayed resumption of business due to prolonged restoration of head office functions 	<ul style="list-style-type: none"> Formulation of BCP, implementation of annual drills Establishment of cooperative program with external parties to examine situations and implement response measures on Company properties in times of disaster 	

Key Performance Indicators (KPIs) / Targets and Results for Non-financial Information

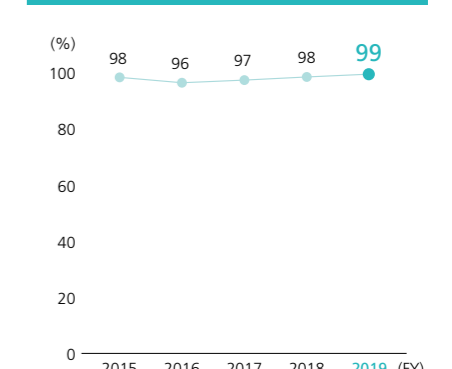
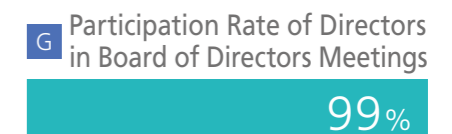
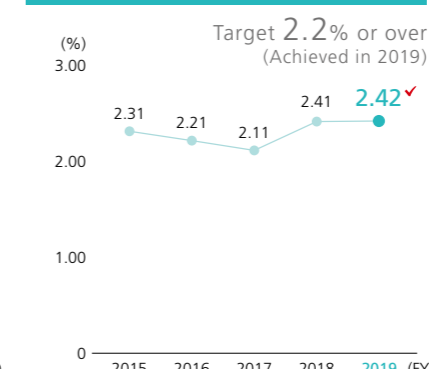
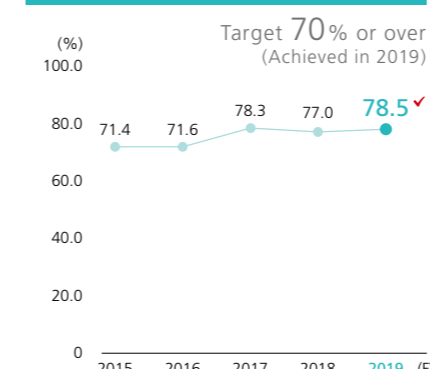
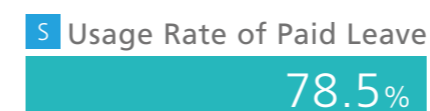
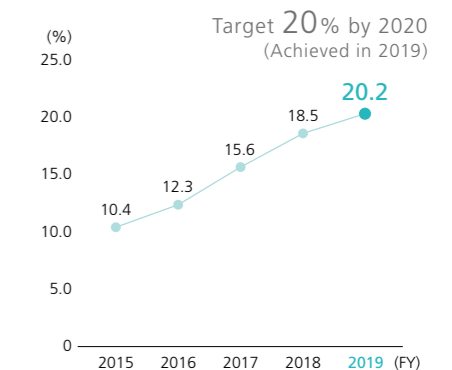
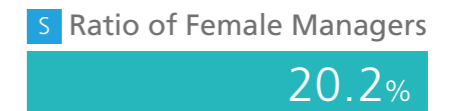
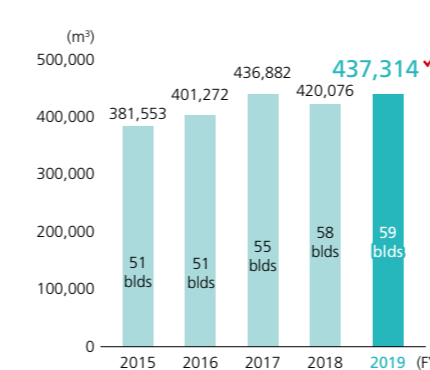
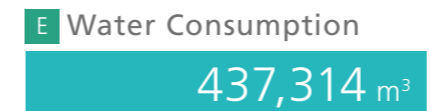
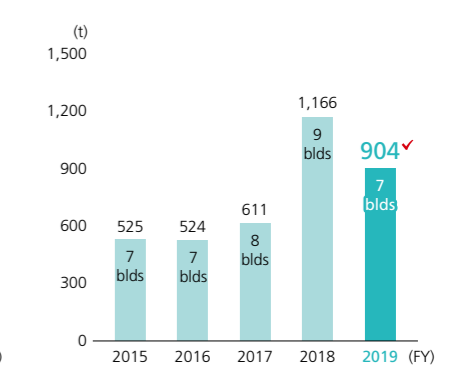
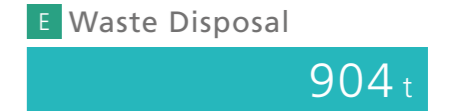
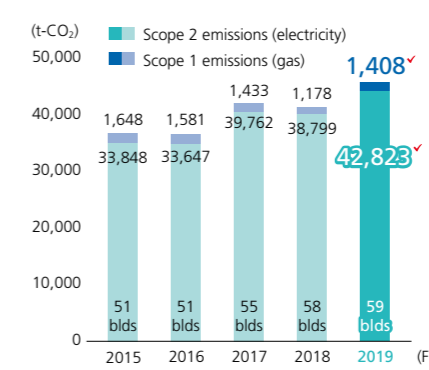
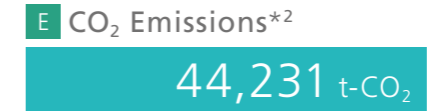
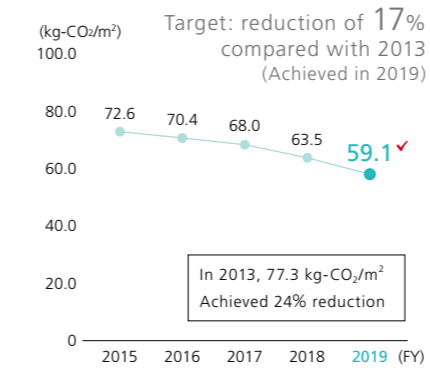
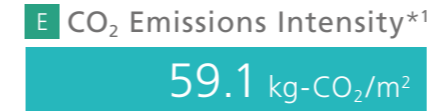
We aim to increase our corporate value and solve social issues simultaneously. Therefore, with respect to key performance indicators (KPIs)/ targets, we are addressing to achieve both financial and non-financial aspects with the same amount of importance.

Non-financial information KPIs/targets and results, classified by ESG, were shown below.

For financial information KPIs, please refer to the pages elaborating Medium- and Long-term Management Plan (2020 to 2029).

Figures marked with "✓" have been assured by an independent assurance provider. For FY2019 results, we received assurance from an independent assurance provider concerning the following eight items: electricity and gas consumption, CO₂ emissions (Scope1, Scope2) and CO₂ emissions intensity, number of greening projects, waste disposal, water consumption, employment ratio of persons with disabilities, usage rate of paid leave, and percentage of employees who received medical checkups. We will continue to disclose information on the progress of our ESG activities to the stakeholders while strive to improve disclosure quality using PDCA cycle.

Major Non-Financial Information E Environment S Social G Governance



*1 CO₂ emissions intensity is calculated by dividing the sum of CO₂ emissions of electricity and gas consumption by the sum of total floor area of the buildings that are in the boundary. The boundary is the buildings Hulic has owned since December 31, 2013 to the end of each fiscal year.
 *2 The unit calorific value and the CO₂ emission factor for city gas are based on values from "Law Concerning the Promotion of the Measures to Cope with Global Warming", while the CO₂ emission factors for electricity are based on the actual emission factors of electric utility companies used by the buildings in the boundary.

Classified by ESG	Initiatives in the Medium- and Long-Term Management Plan, by ESG	Hulic's Materiality	Initiatives	KPIs / Short-term targets, Medium- to Long-term Targets*1 (If no fiscal year is given for a target, the target remains effective every year)	Coverage	Results*14					Assessment (○: achieved, — no target or target lies in future)	Relevant page	
						FY2015	FY2016	FY2017	FY2018	FY2019			
Environment	Advance low-carbon society initiatives through the building business	Take actions for climate change	Take actions for global warming across the entire value chain of Hulic's properties	Electricity consumption(MWh)	59 major existing properties*2	65,973	66,326	80,525	80,800	91,392✓	—	52-57	
				Gas consumption(m ³)*3	59 major existing properties*2	762,552	731,360	662,719	544,919	651,707✓	—	52-57	
				CO ₂ emissions intensity (kg-CO ₂ /m ²)*4: Reduction in CO ₂ emissions intensity (kg-CO ₂ /m ²) by 17% during the period from 2017 through 2020, relative to 2013 (per unit floor area)	16 properties owned since the base year*5	72.6	70.4	68.0	63.5	59.1✓	○	19, 52-57	
		Promote efficient use of resources	Reduce waste at Hulic's properties	Aim for achieving RE100 by 2025	Buildings occupied by Hulic and its Group companies	—	—	—	—	—	—	—	49,54
				Number of capital investments for renewable energy facilities: 3 investments or more each year	All Hulic's properties	6 cases	3 cases	4 cases	6 cases	4 cases	○	55	
				Reduction in the average amount of waste (ton) by 15% during the period from 2017 to 2019 compared with the average during period from 2005 through 2007. (per unit floor area)	7 buildings occupied by the head offices of Hulic and its Group companies*6	525	524	611	1,166	904✓	—*7	19,56	
		Promote the ecosystem protection and restoration	Promote greening	Reduce waste in newly developed buildings	Technical measures (such as longer life design, etc.) to reduce construction waste: Number of cases: 1 or more each year	All Hulic's properties	8 cases	4 cases	6 cases	11 cases	5 cases	○	50,56
				Reduce water consumption at Hulic's properties	Reduction in average water consumption (m ³) by 26% during the period from 2017 through 2019 compared to the average during the period from 2005 through 2007. (per unit floor area)	59 major existing properties*2	381,553	401,272	436,882	420,076	437,314✓	—*7	19,56
		Enhance environmental management system	Implement environmentally friendly management	Number of greening projects*8: 1 or more each year	Number of greening projects*8: 1 or more each year	All Hulic's properties	9 cases	1 case	5 cases	9 cases	3 cases✓	○	57
				Aim to achieve Hulic's long-term vision for the environment (2050 target) and CO ₂ emission reduction plan (2030 target), and organize Environmental Advisory Council once or more each year*14	Aim to achieve Hulic's long-term vision for the environment (2050 target) and CO ₂ emission reduction plan (2030 target), and organize Environmental Advisory Council once or more each year*14	Hulic Group	—	—	—	—	1 time	○	52-53
Social	Advance business with particular emphasis on enhancing earthquake resistance to build a more resilient society	Deliver safe and secure lifestyles	Enhance earthquake countermeasures in Hulic's properties	Percentage of buildings meeting new earthquake-resistance standards: 100% each year	All newly completed buildings	100% (9 properties in boundary)	100% (2 properties in boundary)	100% (6 properties in boundary)	100% (11 properties in boundary)	100% (4 properties in boundary)	○	19, 58-59	
		Deliver healthy and comfortable lifestyles	Advance health and productivity management	Percentage of employees who received medical checkup: 100% each year	Hulic Co., Ltd.*9	100%	100%	100%	100%	100%✓	○	62	
		Coexistence with business partners / local communities	Improve customer satisfaction	Number of customer satisfaction surveys: 1 or more each year	Hulic Group	1 time	1 time	1 time	1 time	1 time	○	59	
		Respond to aging society	Promote senior citizen-related business	Nursing homes *10 (number of properties owned): No numerical target (follow-up item)	Nursing homes *10 (number of properties owned): No numerical target (follow-up item)	Hulic Group	22 buildings	28 buildings	33 buildings	37 buildings	44 buildings	—	46
				Nursing homes *10*14 Number of units: 5,000 in near future	Nursing homes *10*14 Number of units: 5,000 in near future	Hulic Group	—	—	—	—	3,400 rooms	—	46
		Respond to increasing number of tourists	Promote tourism-related business	Accommodation facilities*10 (number of properties owned): No numerical target (follow-up item)	Accommodation facilities*10 (number of properties owned): No numerical target (follow-up item)	Hulic Group	8 buildings	11 buildings	12 buildings	16 buildings	39 buildings	—	47-48
				Accommodation facilities Number of rooms*10*14: 10,000 in near future	Accommodation facilities Number of rooms*10*14: 10,000 in near future	Hulic Group	—	—	—	—	8,200 rooms	—	47-48
		Strike a work-life balance and advance talent development	Enhance measures to support nurturing the next generation	Usage rate of childcare leaves/Number of people: 100% of eligible female employees / 1 male employee or more each year	Usage rate of childcare leaves/Number of people: 100% of eligible female employees / 1 male employee or more each year	Hulic Co., Ltd.	100%/2 people	100%/6 people	100%/0 people	100%/1 people	100%/6 people	○	62
				Ratio of employees returning to work after childcare leaves: 100% per year	Ratio of employees returning to work after childcare leaves: 100% per year	Hulic Co., Ltd.	100%	100%	100%	100%	100%	○	62
		Advance diversity & inclusion and respect for human rights	Encourage the planned use of paid leave	Usage rate of paid leaves*11: 70% or higher each year	Usage rate of paid leaves*11: 70% or higher each year	Hulic Co., Ltd.	71.4%	71.6%	78.3%	77.0%	78.5%✓	○	19,62
				Number of additionally obtained qualifications by employees*12*14: No numerical target (follow-up item)	Number of additionally obtained qualifications by employees*12*14: No numerical target (follow-up item)	Hulic Co., Ltd.	—	10	31	21	23	—	61
				Ratio of female managers: 2020; 20%, 2024; 25%, 2029; 30%	Ratio of female managers: 2020; 20%, 2024; 25%, 2029; 30%	Hulic Co., Ltd.	10.4%	12.3%	15.6%	18.5%	20.2%	○	19,63
		Practice sustainable agriculture	Enhance agribusiness	Number of seminars provided by the Diversity Promotion Project Team: Once each year	Number of seminars provided by the Diversity Promotion Project Team: Once each year	Hulic Co., Ltd.	1 time	1 time	1 time	1 time	1 time	○	63
Employment ratio of persons with disabilities: Maintaining the statutory employment ratio of 2.2% or more (The statutory employment ratio was 2.0% in and before 2017)	Employment ratio of persons with disabilities: Maintaining the statutory employment ratio of 2.2% or more (The statutory employment ratio was 2.0% in and before 2017)			Hulic Group*13	2.31%	2.21%	2.11%	2.41%	2.42%✓	○	19,63		
Corporate Governance	Implement balanced management with attention to group governance	Further strengthen corporate governance and compliance	Corporate governance	Participation rate in Board of Directors meetings: No numerical target (follow-up item)	Hulic Co., Ltd.	98%	96%	97%	98%	99%	—	19, 66-67	
				Number of internal audits conducted: No numerical target (follow-up item)	Hulic Co., Ltd.	8 times	9 times	11 times	9 times	10 times	—	68	
		Respond to changes in financial and real estate markets	Risk management	Number of compliance trainings received: No numerical target (follow-up item)	Number of compliance trainings received: No numerical target (follow-up item)	Hulic Co., Ltd.	5 times	5 times	5 times	5 times	5 times	—	70
				Number of Risk Management Committee and Fund and ALM Committee meetings*14: twice each year, respectively	Number of Risk Management Committee and Fund and ALM Committee meetings*14: twice each year, respectively	Hulic Co., Ltd.	—	—	—	—	4times/13 times	○	69
		Enhance business continuity plans (BCP)	Risk management	Number of BCP drills and inspections of stockpiled food and goods: Once or more each year	Number of BCP drills and inspections of stockpiled food and goods: Once or more each year	Hulic Group	1 time	1 time	1 time	1 time	1 time	○	69

*1 Targets for 2020 onward are being developed.

*2 The boundary is office buildings with floor area of 3,000m² or above and hotels managed by Hulic, and exclude buildings in which a bank branch is the sole tenant, real estate for sale, and shared ownership properties. The number of properties in the boundary were: 2015 and 2016; 51, 2017; 55, 2018; 58 and 2019; 59.

*3 Since 2016, we have aggregated city gas consumption that our group companies have direct contracts with city gas companies.

*4 CO₂ emissions intensity is calculated by dividing the sum of CO₂ emissions of electricity and gas consumption by the sum of total floor area of the buildings that are in the boundary.

*5 The boundary of CO₂ emission intensity has been changed to the properties we owned since 2013 in order to appropriately reflect our initiatives for CO₂ emission reduction. The CO₂ emission intensity figures from 2015 to 2018 were re-calculated accordingly.

*6 The boundary is the buildings occupied by the head offices of Hulic and its Group companies. The number of properties in the boundary were: 2015 and 2016; 7, 2017; 8, 2018; 9, and 2019; 7.

*7 We deemed inappropriate to assess achievement in comparison with the 2005-2007 average as we revised the boundary of properties in 2015.

*8 The number of completed properties in each year among those imposed with greening obligation (excludes real estate for sale).

*9 The executive officers, employees (including seconded staff) and full-time contract staff who were with the Company at the time of medical checkup and as of December 31, 2019 were counted (excluding personnel who were on leaves).

*10 Including properties sold/trusted to REIT

*11 The usage rate of paid leave is calculated by dividing the "number of days of paid leave used in the year" by the "number of days granted in the year excluding leave carried over".

*12 The counted qualifications were those which the Company recommends employees to obtain.

*13 The subsidiaries included are the companies that were certified as affiliated subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities as of June 1, 2019.

*14 With regard to KPIs/targets, actual results before setting them as KPIs/targets were not listed.

Figures marked with "✓" have been assured by an independent assurance provider. For FY2019 results, we received assurance from an independent assurance provider concerning the following eight items: electricity and gas consumption, CO₂ emissions (Scope1, Scope2) and CO₂ emissions intensity, number of greening projects, waste disposal, water consumption, employment ratio of persons with disabilities, usage rate of paid leave, and percentage of employees who received medical checkups. We will continue to disclose information on the progress of our ESG activities to the stakeholders while strive to improve disclosure quality using PDCA cycle.

Environmental Initiatives

Hulic contributes to achieving a sustainable society by executing environmentally friendly management as well as by addressing global environmental issues.

Basic Policy for Environment

Environmental Policy/Environmental Management System

Fundamental Approach

Hulic will implement environmentally friendly management based on the Hulic Environmental Policy and work to resolve issues associated with conservation of the global environment.

Hulic Environmental Policy

Hulic has formulated the Environmental Policy embodied in our Sustainability Vision and is executing environmentally friendly management to work towards solving various issues in the global environment. The following items are clearly stated in our Environmental Policy.

- 1 Environmental Compliance**
We strive to create a sustainable society while conforming to environmental laws and regulations.
- 2 Environmental Management System**
We contribute to the conservation of global environment by setting environmental targets and making continual efforts for improving them.
- 3 Environmental Performance**
We reduce as much of our environmental footprint as possible by introducing eco-friendly designs from the planning stage of development in order to increase environmental efficiency.
- 4 Material-Recycling Society**
We contribute to the creation of a material-recycling, zero waste society, by executing the 3Rs, reduce, reuse, recycle, throughout the life cycle of buildings.
- 5 Environmental Awareness and Education for Employees**
We provide environmental education and awareness raising activities to employees so that everyone can proactively work toward the improvement of environmental performance.
- 6 Environmental Communication**
We extensively disclose information on environmental contribution activities, and communicate with stakeholders including local communities to expand the circle of global environmental conservation.

Consideration for Sustainability in Real Estate Development and Investment

Hulic is committed not only to sustainable real estate investment in accordance with the Corporate Philosophy and Sustainability Vision, but has also formulated regulations on managing real estate purchases and development. When conducting an investigation of the acquisition of real estate, Hulic always carries out statutory investigations and conduct studies on natural environment, specified hazardous substances, and the presence of underground obstacles. In negotiations with communities, we provide explanations to those who live nearby after conducting sufficient investigations and simulations on the impact on

the surrounding living environment so that we can gain their understanding.

When outsourcing design and project management or ordering construction work, we generally hire companies with the solid technologies, credibility, and track records. In addition, when reconstructing and developing real estate, we issue instructions on environmentally friendly designs and check whether environmentally friendly designs are adopted at the basic designing stage, implemental designing stage, and completion stage.

Long-term Vision for the Environment

In 2018, Hulic set out to achieve sustainable growth by alleviating and eliminating the impact of our business activities on climate change. We formulated our long-term vision for the environment with a target year of 2050, and we are working to achieve this through a number of initiatives.

We have decided to set the long-term vision for environment at the center of our environment related initiatives considering the time frame referred to in the Paris Agreement which was adopted in 2015 at COP21 (The 21st Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change).

Long-term Vision for the Environment

Hulic executes environmentally friendly management to realize an ideal society of low-carbon and material-recycling society in 2050.

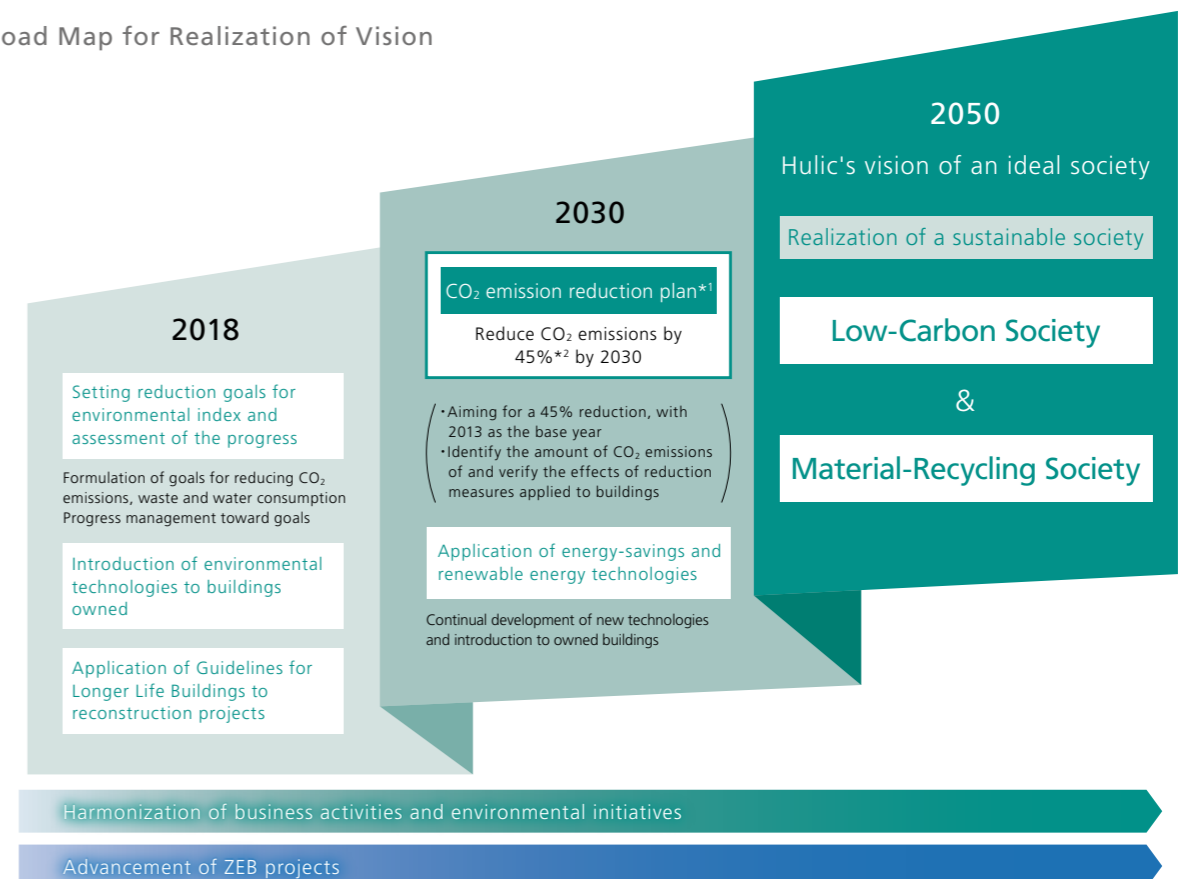
Current Recognition of Climate Change

We consider that climate change, including global warming, will provide our business with the following risks and opportunities in the short and long term. We expressed our support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD)*¹ in 2020, and started discussions on identifying the key drivers of risk and opportunity for us.

* The TCFD was established by the Financial Stability Board (FSB) and recommended a disclosure framework primarily for the investors.

	Short Term (until 2030)	Medium and Long Term (2030 onward)
Risks	<ul style="list-style-type: none"> • Risk of enforcement of CO₂ emissions trading system* *Emission rights purchase requirement on building owners if the amount of CO₂ emissions exceed the reduction target. 	<ul style="list-style-type: none"> • Damages to buildings due to natural disasters such as large-scale typhoons and tornadoes, sudden rainstorms, and heavy snow caused by climate change • Material procurement risk due to environmental changes • A low functionality of air conditioning relative to heat triggered by global warming and an increase in energy consumption
Opportunities	<ul style="list-style-type: none"> • An increase in demand for energy-saving products and services • An increase in demand for renewable energy • An increase in profits from the sale of electric power under the feed-in tariff (FIT) program 	<ul style="list-style-type: none"> • Development of new technologies for efficient use of natural energy • An increase in opportunities for cooperative projects with the central and local governments or private organizations, etc. to realize a low-carbon society

Road Map for Realization of Vision



*1 There is a growing social movement for CO₂ emission reduction in response to adoption of the Paris Agreement at COP21 (The 21st Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change) held in December 2015. Corresponding to that requirement, the Company revisited the existing CO₂ emission reduction plan, and has set a new reduction target by 2030.

*2 This plan is based on the assumption that CO₂ emission factors for electricity are to be decreased. It is expected that the Company could achieve the reduction target earlier or more reduction than planned as we supply 100% renewable energy created at our 100% owned renewable facilities by 2025 to the buildings occupied by the Group companies. (The Company declared support for and participation in RE100 initiative in November 2019, see P26 for more details)

Example of Specific Initiatives for Achieving Vision

- **Achieving RE100 goal and offsite ZEB** : we are aiming to achieve 100% renewable energy (the goal of RE100) by 2025 by developing our own solar power generation facilities to cover all of the power consumption of the Group, including all subsidiaries.
- **Longer life design buildings** : we are reducing waste by making our longer life design of buildings that can accommodate tenant needs flexibly and can be used safely over a 100 years as standard specifications in all developments and reconstructions.
- **Fire-resistant hybrid wooden buildings** : we have been developing fire-resistant wooden buildings using timber that requires less energy for manufacturing and processing as well as contributes in fixing carbon.
- **Environmentally friendly technologies** : we have developed unique natural ventilation and natural lighting systems (louvers) in collaboration with the Massachusetts Institute of Technology. We have also obtained patents for and are commercializing photovoltaic panels, which were jointly developed with another company, and a thin-layered wall greening system, natural lighting films etc.



Rooftop solar chimney (HULIC Head Office Building)



Natural lighting louvers and LED lighting (HULIC Head Office Building)



Photovoltaic panels (HULIC Head Office Building)



Environmental Compliance

With the aim of thoroughly complying with laws and regulations related to the environment, including waste and soil pollution, the Hulic Group communicates to all employees information on the latest trends in environmental laws and regulations and legal systems, as well as our sustainability-related initiatives and actions including environment through the intranet, and provides environmental compliance training as needed.

We use opinions raised during the compliance training

in the subsequent formulation of environmental policies.

There were no violations of environmental laws and regulations in the last four years (2016 ~ 2019).



Major Environmental Laws and Regulations

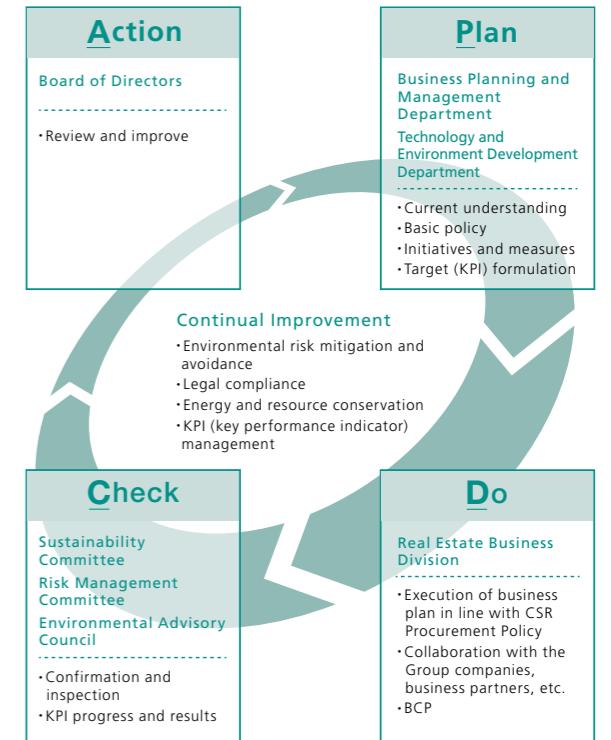
- Basic Environment Act
- Act on Promotion of Global Warming Countermeasures
- Act on the Rational Use of Energy (Energy Conservation Act)
- Air Pollution Control Act
- Noise Regulation Act
- Vibration Regulation Act
- Soil Contamination Countermeasures Act
- Waste Management and Public Cleaning Act
- 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.

Establishing an Environmental Management System (EMS)

The Group has established a unique environmental management system (EMS)* based on the Hulic Environmental Policy and is constantly improving it through a PDCA cycle. In particular, we have expressed our support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) in 2020 regarding climate change, and have started discussions aimed at strengthening corporate governance by increasing involvement of the Board of Directors and committees.

* There is no office that has obtained certification for an environmental management system such as ISO 14001 or EMAS in the Group.

Hulic's Environmental Management System (EMS)



PLAN: Planning and Management related to Environment

Formulate plans and initiatives, and set KPI targets such as reduction of CO₂ emissions on the back of current recognition and understanding.

DO: Operations

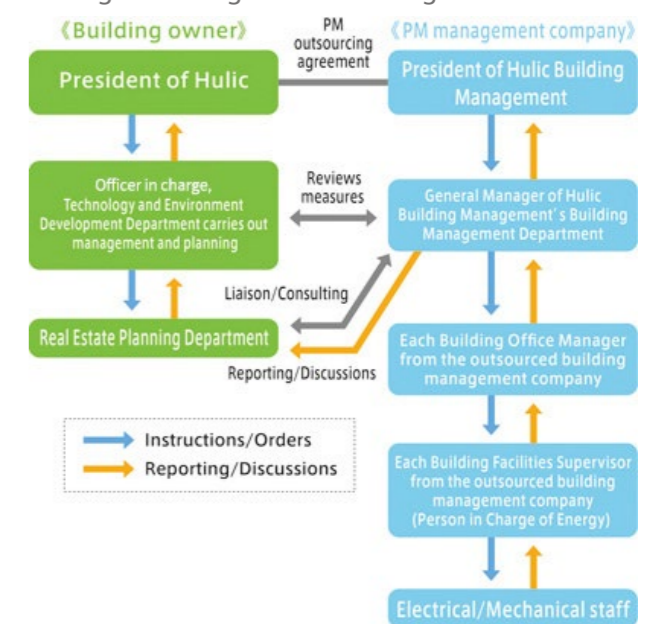
Execute business plans in line with CSR Procurement Policy in collaboration with the Group companies, business partners, etc.

Energy Conservation Promotion Activities for Our Leased Buildings

Activities to Promote Energy-saving Cooperation with Building Management Companies

Hulic has created an energy management standard, which it shares with property management companies in charge of its properties, in order to rigorously manage the progress of energy conservation activities. The energy management standard was created to promote more efficient energy saving activities at buildings, and it serves as a guideline for management, measurement, recording, maintenance, and inspections related to the rationalization of energy use based on building type and size. This standard applies to all forms of energy, including electricity, gas, and water (water and sewerage).

Energy Conservation Promotion Facilities Management Organizational Diagram



Adoption of Energy-saving Technologies

Hulic has actively worked on the promotion of energy savings, use of renewable or unused energies, and greening promotion, etc. as measures for climate change in engaging in new development and managing existing buildings owned by Hulic. Specifically, we use high-efficiency, air conditioning systems, total heat exchangers heat pump systems that use unused energy, and cogeneration systems/storage batteries depending on the features of properties. In addition, we

will proactively introduce new energy-saving technologies and improvements of existing performance. In addition, Hulic will conduct its own research and development on energy-saving technologies.



Measures to Enhance the Effectiveness of Energy Conservation Promotion Activities

Promoting the Visualization of Energy

Hulic prepares a basic unit chart on the amount of energy used annually per square meter at each of its company-owned lease buildings in order to analyze and understand energy sourced from outside each building is being used. The basic unit chart contains data for each year from fiscal year 2010, which makes it possible to evaluate current conditions and carry out more evaluates the supply of electricity

conservation efforts by measuring energy consumption for each individual year. The basic unit chart also calculates and evaluates electricity, gas, heat (steam, hot water, cold water) and water usage for each tenant and facility. Going forward, measures will be considered for how to utilize this data in more energy efficiency renovations and improved building management practices.

Introduction of Energy-saving Measures in Cooperation with Tenants

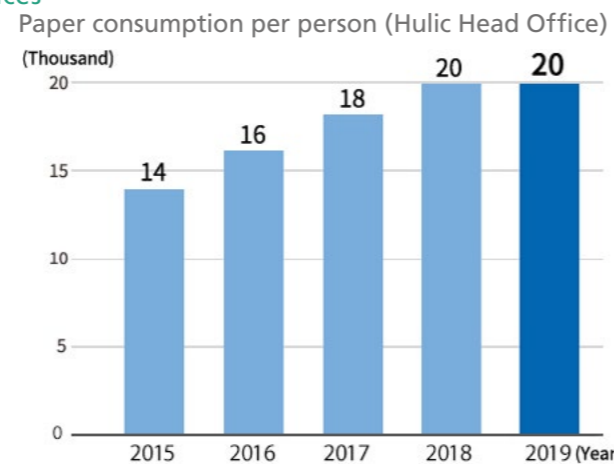
Based on the building's electricity consumption for one year, adjustments will be made with each tenant, then we examine equipment settings and propose utility cost

reduction measures through more efficient operations, and implement small-scale renovations as needed.

Efforts to Reduce the Amount of Paper Use in Offices

With an eye to increase awareness of paper consumption reduction inside the Company, we are calling on employees through the company intranet to reduce paper consumption, promoting both-side printing and intensive printing, and implementing the electronic circulation of documents and an electronic approval system as required.

Going forward, we will promote activities to reduce paper consumption by streamlining operational processes further and digitizing documents.



CHECK: Confirmation and Inspection

Confirmation and inspection of initiatives through monitoring and assessment by both in-house and external parties in order for constant improvement of EMS.



Environmental Advisory Council

We have been regularly holding Environmental Advisory Council from 2010 which is comprised of external advisors who are experts in environment and our top management team. The Council has been providing external views from professional and technological standpoints and has been helping us to advance our initiatives of creating shared value with society.

External Advisors

- Toshiharu Ikaga (Professor, Keio University)
- Yoshihiro Fujii (Representative Board Chairman, Research Institute for Environmental Finance)
- Takao Kashiwagi (Specially Appointed Professor & Emeritus Professor, Tokyo Institute of Technology)
- Keisuke Takegahara (Deputy Chief Research Officer, Chief Manager of Sustainability Management Office, Corporate Planning & Coordination Department, Development Bank of Japan Inc.)

Members from Hulic

Chairman, President, Vice President, Senior Executive Managing Officers, and General Managers of real estate and environment-related departments, etc.

ACTION: Review and Improve

Continual improvements are made on environmental initiatives reflecting the results of in-house and external confirmation and inspection. In addition, we have expressed our support for the recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD)* in

2020 regarding climate change. We will take appropriate actions including strengthening of corporate governance by increasing involvement of the Board of Directors and other committees after assessing the climate-related risks and opportunities on our businesses.

* The TCFD was established by the Financial Stability Board (FSB) and recommended a disclosure framework primarily for the investors.

Environmental Awareness and Education for Employees

We work on environmental education and awareness activities in order to enable each employee to voluntarily act toward the improvement of environmental performance.

Environmental Education

The Hulic Group participates every year in the Tokyo Green Ship Action, organized by the Bureau of Environment of the Tokyo Metropolitan Government, to raise environmental awareness, and engages in volunteer activities such as rice harvesting and trimming weeds and shrubs at the foots of mountains. These activities, with participation by many

employees every year, provide them good opportunities to learn about biodiversity. The Technology and Environment Development Department, which promotes the environmental businesses of the Group, provides training on energy-saving designs, etc. for new employees yearly.



Satoyama Conservation Activities: rice harvesting experience, trimming of shrubs and weeds

Environmental Accounting

We have introduced environmental accounting since 2011, and have been disclosing the result on our website in order to execute 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. Hulic has established the target to reduce total CO₂ emissions from all of its office buildings by 45% compared to 2013 levels by the year 2030,

and to that end, we have actively implemented a number of environmental measures. By linking this CO₂ reduction plan and our environmental measures, we plan to achieve even more effective investments in energy-saving measures. Managing figures to understand what kinds of effects could be achieved from which investment makes it possible to effectively allocate budgets for environmental investments in subsequent years.

Environmental Accounting Report for FY2019

Reporting Period	From January 1, 2019 to December 31, 2019
Scope	59 key buildings of Hulic Co., Ltd.
Calculation method	Calculated based on "Environmental Accounting Guidelines 2005 (the Ministry of Environment)"
Standards for calculation	Company expenditures 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.

(unit: thousand yen)

Environmental Conservation Cost			Contents of Major Activities (in FY2019)
Categories	Investment Amounts	Cost Amounts	
(1) Business area cost	583,524	12,338	*1 Energy saving design introduced with reconstruction of Hulic's buildings/Renovation of Hulic's buildings for energy conservation/Maintenance for mega solar power plant projects
Breakdown (1)-1 Pollution prevention cost	0	0	
(1)-2 Global environmental conservation cost	583,524	10,945	
(1)-3 Resource recycling cost	0	1,393	Recycling documents
(2) Upstream/downstream cost	0	327	Cost for recycling toner cartridges
(3) Administration cost	0	27,148	Plant/vegetation maintenance costs/Preparation of CSR Report/Ads related to Hulic's environmental efforts
(4) R&D cost	0	6,953	Development of energy-saving systems layered green wall
(5) Social activity cost	0	4,186	Activities to conserve secondary forests
(6) Environmental remediation cost	0	0	
Total	583,524	50,951	

*1 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			
	FY2019	FY2018	Difference	Base year (FY2006)
Power consumption per unit floor area (kWh/m ²)	135.1	150.3	-15.2	160.9
Gas consumption per unit floor area (m ³ /m ²)	1.0	4.0	-3.0	3.6
CO ₂ emissions (electricity + gas) per unit floor area (kg-CO ₂ /m ²)	59.1	63.5	-4.4	77.3
Water consumption per unit floor area (m ³ /m ²)	0.6	0.8	-0.2	1.0
Waste generated per unit floor area (kg/m ²)	9.5	8.1	1.4	7.5
Solar power generation amount (kWh)	136,513	139,885	-3,372	—

* 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 the Hulic Head Office Building. The base year is fiscal year 2008.

* For city gas, the CO₂ emissions 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 emissions coefficient used by the power supplier of the relevant building is used.

* The boundary of CO₂ emission intensity has been changed to the properties we owned since 2013 in order to appropriately reflect our initiatives for CO₂ emission reduction. The CO₂ emission intensity for FY2018 was re-calculated accordingly. The base year is FY2013.

Initiatives for Climate Change

Fundamental Approach

Hulic undertakes climate change countermeasures to achieve our CO₂ emission reduction plan targeting 2030 and the long-term environmental vision targeting 2050.

CO₂ Emissions Reduction Plan for 2030

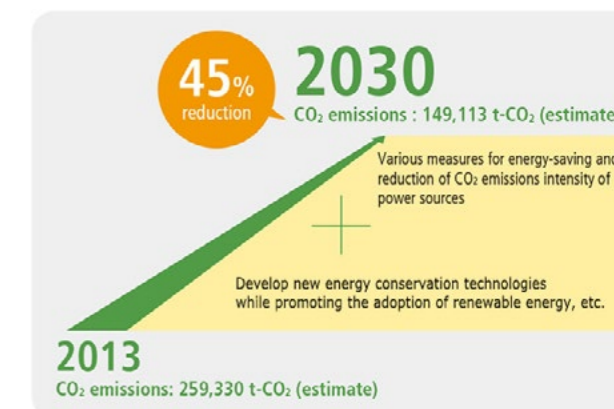
Long-term Goal for 2030

By 2030, we aim to reduce CO₂ emissions by 45%

>We aim to reduce total CO₂ emissions, in principle, from FY2013.
>Along with total CO₂ emissions, we will identify CO₂ emissions from individual buildings with the aim of verifying the CO₂ reduction effects from a single building.

This plan has incorporated that CO₂ emission factors for electricity are to be decreased. It is expected that the Company could achieve the reduction target earlier or more reduction than planned as we are aiming to achieve 100% renewable energy by 2025 by developing our own solar power generation facilities to cover all of the power

consumption of the Group, including all subsidiaries. (We declared support for and participation in RE100 initiative in November 2019.)



Actions on Climate Change

The 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21), held in December 2015 in Paris, adopted the Paris Agreement as a new international framework for reducing greenhouse gas emissions after 2020. In Japan, discussions on specific measures to address climate change were picking up momentum in response with the formulation by the government to set a 26% reduction target on greenhouse gas emissions by 2030 from the level in 2013. As the target reflected a 40% reduction in commercial and other sector, we revisited our existing CO₂ emissions reduction plan with the year 2020 as the target year, and established a new

*The TCFD was established by the Financial Stability Board (FSB) and recommended a disclosure framework primarily for the investors.

reduction plan in 2017 with the year 2030 as the target year. In addition to that, understanding the importance of disclosing climate-related financial information, we announced our support for an information disclosure framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD*) in 2020 and have begun discussions on business risks and opportunities caused by climate change. Going forward, we will work to enhance disclosures in line with recommendations by the TCFD.

In regards to the target to reduce CO₂ emissions by 17% from the base year of 2013, we achieved the target by recording a 24% reduction in 2019.

Basic Plan to Achieve the Goal

- Properties for reconstruction: Reduce energy consumption by an average of 25% by implementing various energy-saving measures.
- Properties requiring maintenance/renovation properties to be newly purchased: Reduce energy consumption by an average of 5% by implementing facility renovation (increasing value), and the use and operational arrangement of green leasing*.
- All buildings: Endeavor to reduce energy consumption with cooperation from tenants by taking measures such as visualizing the energy consumption of each building.
- We commit to achieve 100% renewable energy by 2025 by developing our own solar power generation facilities to cover all of the power consumption of the Group, including all subsidiaries. (Achieving RE100 and offsite ZEB)
- We will consider adding measures and targets while responding to establish a disclosure framework recommended by TCFD.

* Under green leasing, building owners collaborate with tenants and make voluntary arrangements on reducing environmental impacts through energy-saving measures for real estate and improving the work environment by specifying in a contract or memorandum of understanding, etc., and implement the agreements.

Use of Renewable Energy

Commitment to Achieving RE100 Goal by 2025

Hulic joined the RE100 initiative in 2019 with the aim of shifting to 100% renewable energy through our 100% owned renewable energy facilities by 2025.



Background to Efforts

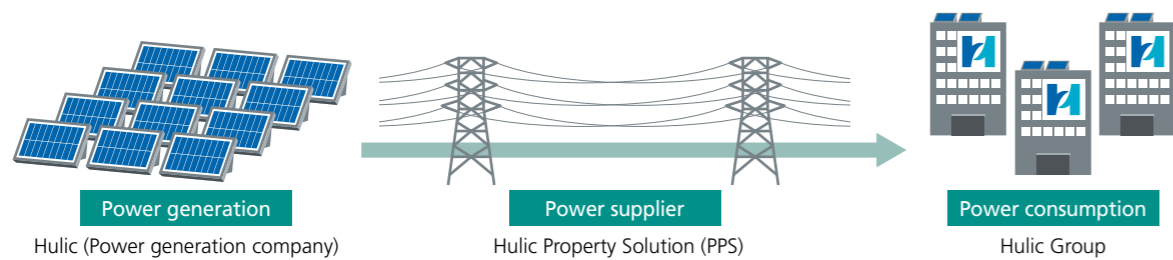
RE100 is an abbreviation of "Renewable Electricity 100%" and is an international initiative in which member companies aim to use 100% renewable energy of the electric energy required for their business activities. The initiative seeks to enhance the proliferation of renewable energy with the aim of reducing the greenhouse gases that cause climate change such as rising temperatures and flooding, now prevalent global environmental issues. Currently, more than 200 companies worldwide participate in RE100, including 33 from Japan as of March 2020.

Overview of Hulic's Plan

We first started the solar power generation business in 2012. From 2020, we started developing photovoltaic equipment that doesn't apply the feed-in tariff (FIT) system*. We are aiming to achieve 100% renewable energy (the goal of RE100) by 2025 by developing solar power generation to cover the power consumption of the Group, including all subsidiaries. The electricity generated by solar equipment will be supplied to every building through Hulic Property Solution Co., Ltd., a Group company, which will act as a power producer and supplier (PPS). This will make us Japan's first company to source 100% of our own power, with this self-supply initiative ensuring we achieve the goal set out for RE100 companies. Under this initiative, we expect to be able

to use renewable energy at a price equivalent to that of electricity generated by fossil fuels. Achieving the RE100 goal of 100% renewable energy through the development of non-FIT solar power generation, a new business domain, will contribute extensively to our CO₂ reduction plan as well as ensure that we are taking a step forward towards realizing a sustainable society (low-carbon and material-recycling society) in our long-term vision for the environment.

*The FIT system refers to a feed-in tariff system for electricity generated from renewable energy that went into effect in 2012. FIT electricity is not deemed renewable energy as a portion of the cost of the electricity purchased by a utility company is added to the consumer's bill so the tax payer must bear some of the costs. (Therefore achieving 100% goal with FIT electricity is not deemed RE100 by definition.)



Initiatives for Achieving Offsite ZEB through Mega Solar Power Plant

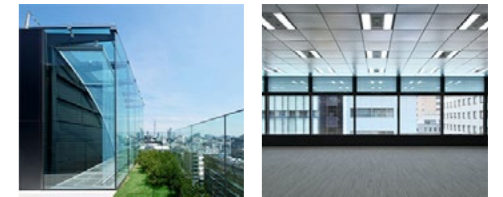
Hulic started developing several mega solar farms that do not apply FIT (feed-in tariff in renewable energy) in 2020.

The Company plans to realize offsite ZEB by 2025 with delivering renewable energy generated from the mega solar farms to head office building, offices of the Group companies and our hotels and *ryokans* under direct management by us through a retail power supplier (PPS)

that operated by Hulic Property Solution Co., Ltd. ZEB is an acronym for net zero energy building, which means that the most advanced building with low energy consumption due to solar power energy, realized by making improvements in energy reductions from using architectural solar shading, natural energy, heat insulation and high energy efficiency programs.

Adoption of Energy-saving Technologies, etc.

- **Buildings:** Improve building envelope performance (improve window specifications and enhance heat insulation capacity, etc.), introduce natural ventilation/lighting systems, and adopt greening of rooftops/walls, etc.
- **High-efficiency devices/systems:** Work to reduce the outdoor air load by adopting optimization control including high-efficiency air conditioning system, total heat exchangers, and CO₂ sensor, illumination control devices such as LED lighting sensors and human detection sensors, and use cogeneration/fuel cells, unused energy, and heat interchange systems, etc.



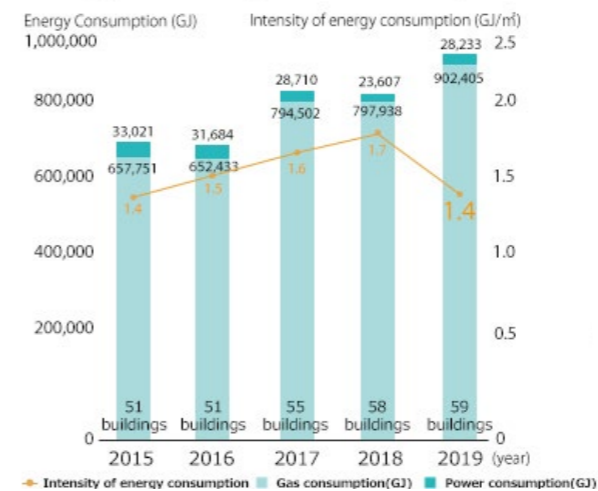
Natural Lighting System (Hulic Head Office Building) Natural Ventilation System (Hulic Head Office Building)

Status of Greenhouse Gas Emissions

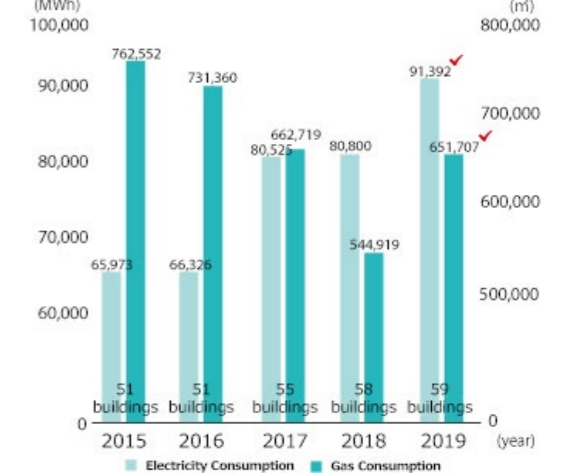
Energy Consumption and CO₂ Emissions at Hulic's Buildings

We will actively work toward our goal of reducing CO₂ emissions by 45% by 2030 relative to 2013.

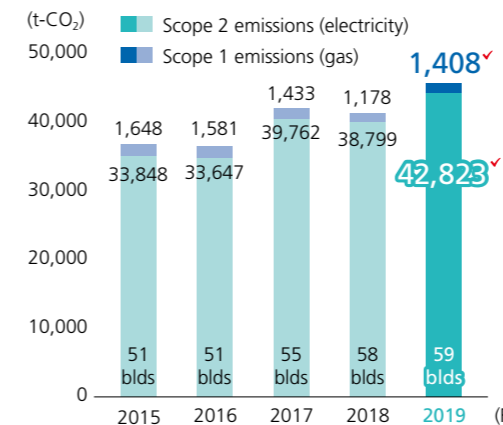
Energy Consumption/Intensity*1,*2



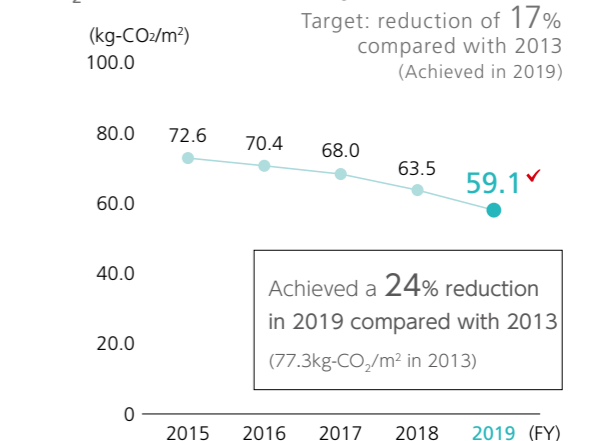
(Reference) Electricity and Gas Consumption*1,*3



CO₂ Emissions*1,*3,*4



CO₂ Emissions Intensity*3,*4,*5,*6



Figures marked with "✓" have been assured by an independent assurance provider.

*1 The boundary is office buildings with floor area of 3,000m² or above and hotels managed by Hulic, and exclude buildings in which a bank branch is the sole tenant, real estate for sale, and shared ownership properties.
 *2 0.00997GJ/kWh and 0.00928GJ/kWh are used as the unit calorific value for day-time and night-time power, respectively, and 44.8 GJ/thousand Nm³ is used for city gas.
 *3 Since 2016, we have aggregated city gas consumption that our group companies have direct contracts with city gas companies.
 *4 The unit calorific value and the CO₂ emission factor for city gas are based on values from "Law Concerning the Promotion of the Measures to Cope with Global Warming", while the CO₂ emission factors for electricity are based on the actual emission factors of electric utility companies used by the buildings in the boundary.
 *5 The boundary of CO₂ emission intensity has been changed to the properties we owned since 2013 in order to appropriately reflect our initiatives for CO₂ emission reduction. The CO₂ emission intensity figures from 2015 to 2018 were re-calculated accordingly.
 *6 CO₂ emissions intensity is calculated by dividing the sum of CO₂ emissions of electricity and gas consumption by the sum of total floor area of the buildings that are in the boundary. The boundary is the buildings Hulic has owned since December 31, 2013 to the end of each fiscal year.

Promoting Initiatives Across the Entire Value Chain

The Hulic Group promotes environmentally friendly processes across the entire value chain which covers from acquisition, development, reconstruction, and leasing to management and maintenance of properties.

emissions (Scope 1 and Scope 2), but also indirect emissions related to its business activities (Scope 3) to broadly understand and lower greenhouse gas emissions across the entire value chain.

In addition, the Hulic Group calculates not only its own

Unit: t-CO₂

Category	Main target for calculation	2016	2017	2018	2019
Purchased goods and services	Consumables, office goods (Hulic Co., Ltd.), water and sewerage (59 key buildings)	351.0	385.1	371.9	388.3
Fuel- and energy-related activities (not included in scope 1 or scope 2)	Electricity use (59 key buildings)	2,348.0	2,830.6	2,860.3	3,235.3
Upstream transportation and distribution	Shipping parcels and letters (Hulic Co., Ltd.)	30.8	32.3	31.4	36.7
Waste generated from operations	7 buildings occupied by the head offices of Hulic and its Group companies	42.7	46.9	67.9	34.0
Business travel	Travel by train, bus or airplane, etc. (Hulic Co., Ltd.)	58.4	71.3	98.7	90.5
Employee commuting	Employee commuting by train or bus, etc. (Hulic Co., Ltd.)	40.8	45.3	44.6	42.0
Scope 3 total emissions		2,871.7	3,431.5	3,474.8	3,826.8

Note: We have calculated greenhouse gas emissions, including those from the entire value chain, based on the Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain Ver. 2.3 published by the Ministry of the Environment.

Green Procurement Initiatives

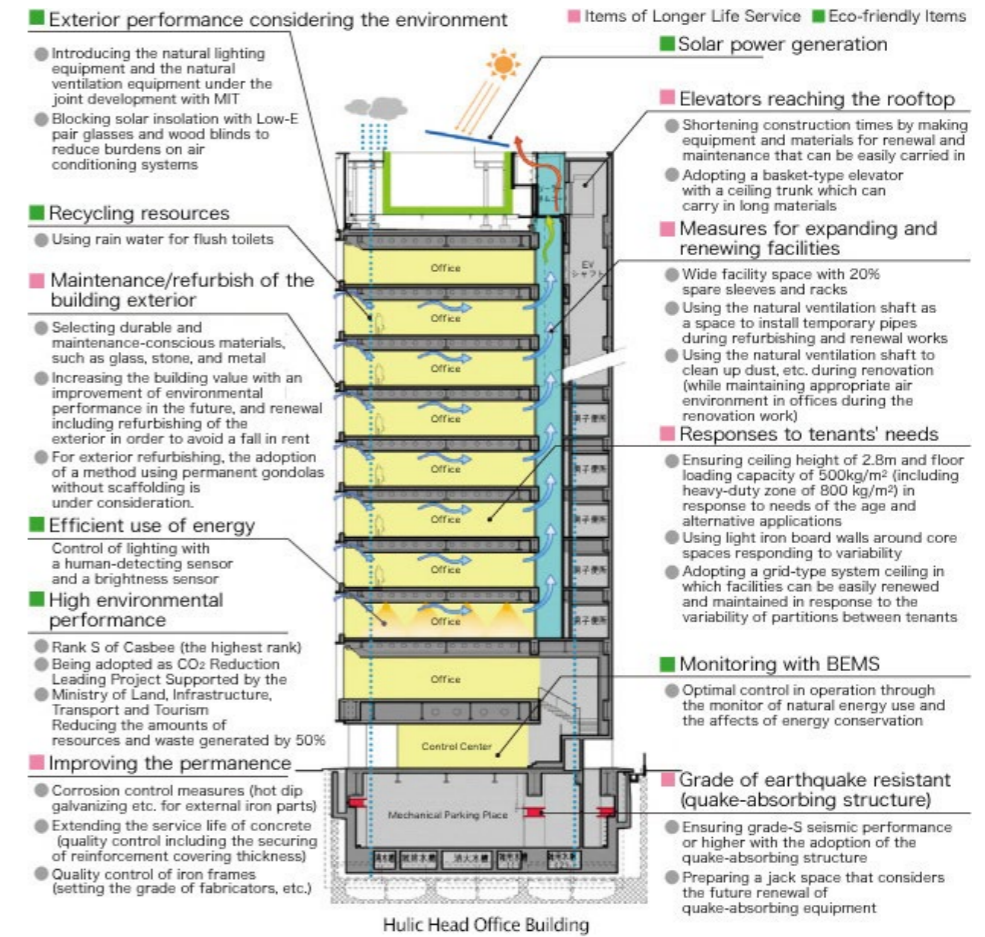
Hulic is working to reduce environmental impacts throughout all of our operations, and we ask our business partners, including suppliers, to cooperate with the following green procurement policy:

1. To engage in energy-saving activities and reduce GHG emissions;
2. To reduce the amount of water consumption as much as possible;
3. To carry out a biodiversity-friendly business;
4. To fully prevent environmental pollution; and
5. To make efforts to save resources and reduce the amount of waste.

Introducing CO₂ Reduction Technologies

Introducing CO₂ Reduction Technologies at the Hulic Head Office Building

Photovoltaic power generation panels are installed on the rooftop, and rainwater is used for flush toilets. LED lighting systems are adopted in the entire building including office rooms. Brightness is adjusted with daylight detecting sensors. To improve heat insulation performance of exterior walls, Low-E pair glasses and wood blinds are used.

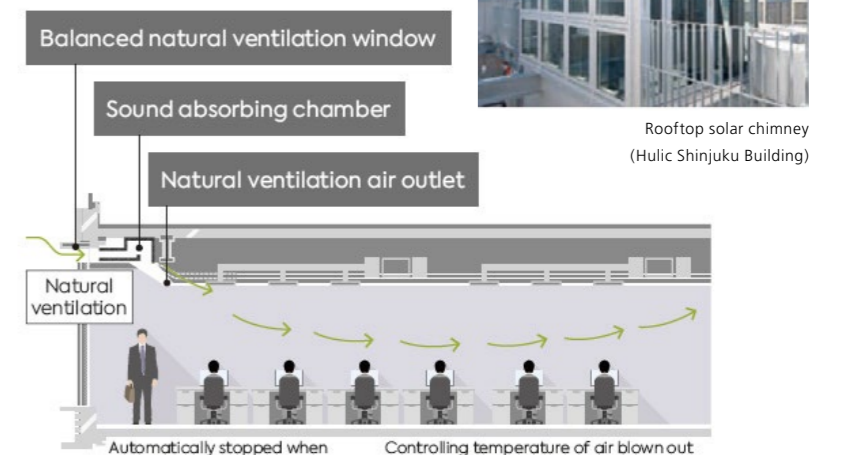


Natural Ventilation and Natural Lighting System Developed through Joint Research with the Massachusetts Institute of Technology (MIT)

Natural Ventilation System

If the load from air conditioning can be lessened by making the maximum use of natural energy to curb energy consumption, CO₂ emissions can be reduced significantly. To introduce a natural ventilation system, joint research with MIT was conducted, in which the flow of air and other factors were meticulously simulated. The natural ventilation used in the Hulic Head Office Building is not simply an auxiliary system for mechanical air conditioning. It was actually used to successfully cool the entire building during seasonal intervals. A silencer chamber is also used for the intake opening, which worked to realize the use of a natural ventilation system in a dense urban area with high-level noise.

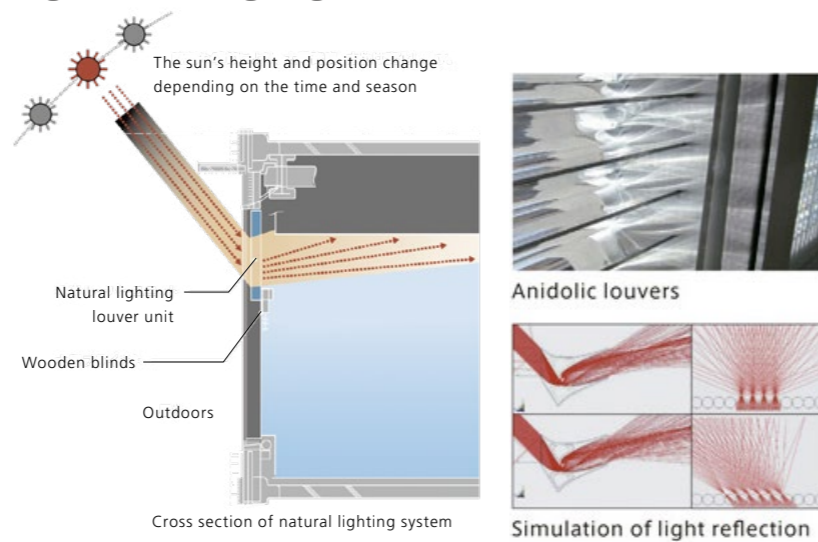
Cross-Sectional View of Natural Ventilation



Natural Lighting System

Our natural lighting system uses specially shaped natural lighting anidolic louvers co-developed with MIT to capture constantly changing sunlight on the ceiling of rooms during changing seasons and times (elevation and orientation) without the use of power. Highly reflective metal panels are used for interior ceilings, which supply a consistent amount of pleasant natural light to the top of office desks. This system has been installed at the Hulic Head Office Building as well as at the Hulic Shinjuku Building and other buildings.

Image of natural lighting



Photovoltaic panels (patent awarded)

The special feature of Hulic's photovoltaic panels co-developed with Taiyo Kogyo Corporation and Gifu Plastic Industry Co., Ltd. is that they are lightweight, freely designable, and easy to install. We realized a lightweight photovoltaic panel with high strength by using aluminum board and plastic-based honeycomb-panel material. Its weight is about half that of a conventional solar panel. The panel can be freely designed through customization and can be made in various shapes. Equipped with a sliding mechanism using a special metal fitting, it can be relatively easily installed. Thus, it can be installed even in a building with strict loading conditions such as in repairing works.

【Summary of patent】

Name of invention: Photovoltaic generation system and assembly method

Registration No.: 6018856

Registration date: October 7, 2016



Photovoltaic panels (patent awarded)

Commercialization of thin-layer wall greening system (patent awarded)

As a part of environmental business, Hulic jointly has developed with TOHO LEO CO., Ltd. and Daito Techno Green CO., Ltd. a wall greening system (thin-layer wall greening system) that can be easily installed in existing buildings. We completed development of the product and obtained a joint patent for it with three companies.



Commercialization of thin-layer wall greening system

【Summary of patent】

Name of invention: Greening device and its method

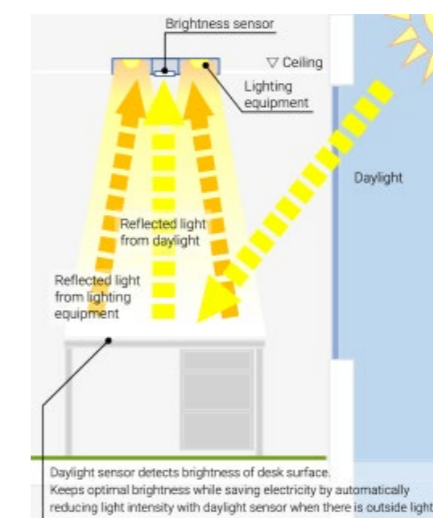
Registration No.: 6460942

Registration date: January 11, 2019

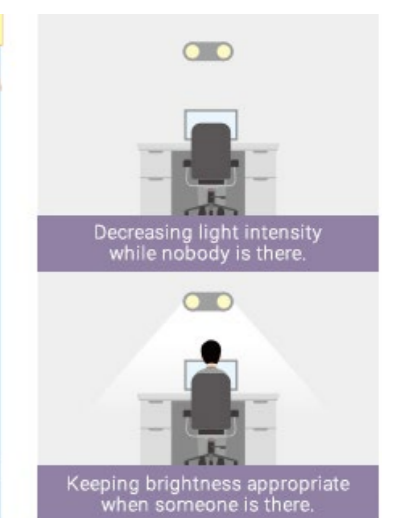
Initiatives for Energy Conservation

Introduction of LED Lighting and Illumination Control Devices

Hulic has realized a significant level of reduction in CO₂ emissions by introducing lighting systems with high energy-saving performance such as LED lighting and illumination control devices including sensors to detect people and daylight.



Mechanism of daylight sensor control



Operating principle of human-detecting sensor

Effects of CO₂ Reduction

<Calculations at the Hulic Head Office Building>

CO₂ can be effectively reduced by introducing such top-level environmental technologies. In CASBEE (Comprehensive Assessment System for Built Environment Efficiency), BEE scored 3.3, corresponding to rank S.

PAL(*)= 225 MJ/year m² ... Standard value of office buildings minus 25%

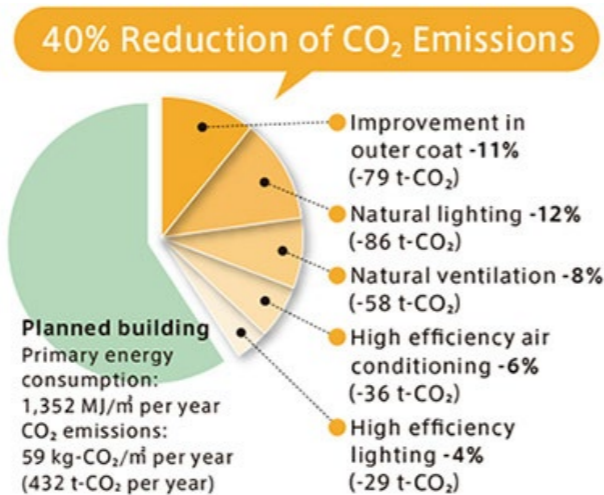
ERR(*)= 35% ... The highest class in the energy-saving performance standard of Tokyo metropolitan government

CO₂ emissions reduction= 40% reduction compared to an average office building in the Tokyo Metropolitan Government's energy efficiency performance standards.

= CO₂ emissions throughout the building's entire life cycle were reduced by 30%

* PAL=An assessment indicator for the energy efficiency of building plans and envelope (exterior walls and roof, etc.)

* ERR= Shows the percentage by which primary energy consumption has been reduced in facilities and systems



Commercialization of environmental technologies

Natural lighting system (patent awarded)

The natural lighting system was developed as a result of a three-year research/development project that Hulic engaged in with the Massachusetts Institute of Technology. With a specially designed natural lighting louver(anidolic louvers), it can take in a certain amount of sunlight to the ceiling surface of a room without using electricity in accordance with different seasons and times of day. The greatest features of this system are that it realizes a comfortable level of illuminance with natural light, which was previously unattainable, and also that it has a simple, maintenance-free structure even though it comes with a fixed type.

【Summary of patent】

Name of invention: Lighting louver unit

Registration No.: 6021103

Registration date: October 14, 2016

Introduction of LED Lighting

Use of LED lighting, which is brighter than incandescent lamps and fluorescents and uses less electricity, helps to significantly reduce power consumption and CO₂ emissions. Furthermore, as LED lighting is long lasting, it is possible to not only save the trouble of maintenance such as changing

bulbs, but also reduce waste and effectively use resources. In principle, all Hulic's development projects use LED lighting. We are also sequentially switching over to high-efficiency lighting and LED lighting at our existing buildings as part of energy efficiency renovation work.



Space with LED lighting system (Hulic Ginza Sukiyabashi Building)

Introducing low energy consumption, CO₂ emissions-reducing facilities to Nursing Homes

We have been actively installing low energy consumption and CO₂ emissions-reducing facilities to our nursing homes. Many of our nursing homes including Trust Garden Ogikubo, Charm Premier Yamatecho and Hospitalment Bunkyo Yayoi are equipped with photovoltaic panels on their rooftops to provide electric power to the common areas. The natural lighting system is installed on the top floor of Granda

Inamuragasaki Kamakura Aoitei with a skylight. Furthermore, all of our nursing homes completed in 2019 adopted LED light bulbs for energy-saving purposes. Other facilities we are keen on installing include natural ventilation system, panel heating and cooling system, highly efficient water heater, to name a few.



Atrium which installed natural ventilation system (Hospitalment Musashino)



Photovoltaic panels on the rooftop (Granda Inamuragasaki Kamakura Aoitei)

Use of Systems that Make it Easier for Tenants to Conserve Energy

The Hulic Group has begun rolling out a visualization system that freely controls air conditioning use in order to provide a better understanding of a building's use of energy. This system enables tenants to set the optimal working environment temperature for their business and makes it easier to implement energy conservation measures.



Visualization system (Hulic Asakusabashi Building)

Effective Use of Renewable Energy

Initiatives for Utilizing Renewable Energy

The Hulic Group promotes the environment-related business as one aspect of our 3K businesses (Koreisha (seniors), Kanko (tourism), and Kankyo (environment)), and has set the target for the number of capital investments on renewable energy at three investments or more in each year. Results in FY2019 was four.

Photovoltaic Generation System

We have been making every effort to reduce CO₂ emissions through photovoltaic power generation by installing a photovoltaic cell module on the rooftop of buildings. Among the completed buildings in 2019, Shibuya PARCO/Hulic Building (generate upwards 10kW), Hospitalment Bunkyo Yayoi (ditto 3.36kW), Trust Garden Ogikubo (ditto 5.3kW), Charm Premier Yamatecho (ditto 3.12kW) are equipped with photovoltaic panels.



Photovoltaic panels installed on the roof top of Trust Garden Ogikubo

A list of key properties which generated larger amount of power (FY2019 actual results)

Hulic Head Office Building	11,008kWh/p.a.
Hulic Residence Nishi Oi	28,758kWh/p.a.
Hulic Shimurasakaue Building	11,650kWh/p.a.
Hulic Osaka Building	9,438kWh/p.a.
Sunny Life Funabashi	8,162kWh/p.a.
Hulic Kojimachi Building	6,412kWh/p.a.
Hulic Yachioji Building	6,008kWh/p.a.
Hulic Fuchu Building	5,765kWh/p.a.
Hulic Residence Shinjuku Toyama	4,913kWh/p.a.
Hulic Asakusabashi Building	4,899kWh/p.a.

Installation of Solar Heat Panels

Hulic's hotels, multi-unit apartments and buildings that require large amounts of hot water adopt a solar water heating system, which uses solar panels to collect the sun's heat. Hot water created using this system is supplied to residential units, dormitories and kitchens, among other facilities inside a building.

At HULIC SQUARE TOKYO, the solar heat collection panels are located on the rooftop as a supplemental heating source for hot water system of THE GATE HOTEL TOKYO by HULIC and has been contributing in decreasing CO₂ emissions.



Solar heat collection panels (HULIC SQUARE TOKYO)

Installation of Photovoltaic Panels on an Exterior Wall

The Hulic Ogikubo Building is open to a major arterial road on its south side, providing ideal conditions for sunlight exposure. Capitalizing on this, we used a unique and extremely thin photovoltaic panel that is sandwiched between glass panes to create a building material for the facade (front of the building). The panels form part of a 3.5 kW system capable of generating upwards of 3,500 kWh of electricity annually.



The exterior wall with photovoltaic panels (Hulic Ogikubo Building)

Wind-power Generation System

Hulic Residence Soka installed a hybrid power generator. This power generator also uses wind power (wind speed to start generating power = 1.2m/sec) and solar power. Supplying electricity to street lights, which illuminate the street along the east side of the river during the night, the generated power contributes to the surrounding area.



Hybrid street lights

Mega Solar Power Projects

With environmental issues becoming more serious, in November 2014, Hulic decided to invest and become involved in a mega solar power plant project which adopts the FIT system located in Hirono Town, Futaba District, Fukushima Prefecture, in order to address society's needs to strengthen our efforts toward environmental management. We expanded

the initiative to Ogoyama Town in Kasama City, Ibaraki Prefecture in 2015, and to Yokoshibahikari Town in Sanbu District, Chiba Prefecture in 2016. By leveraging the know-hows we acquired through operating these projects, we have started to develop a series of non-FIT photovoltaic power generation plants which we deemed feasible from 2020.



Hirono Town Solar Power Plant

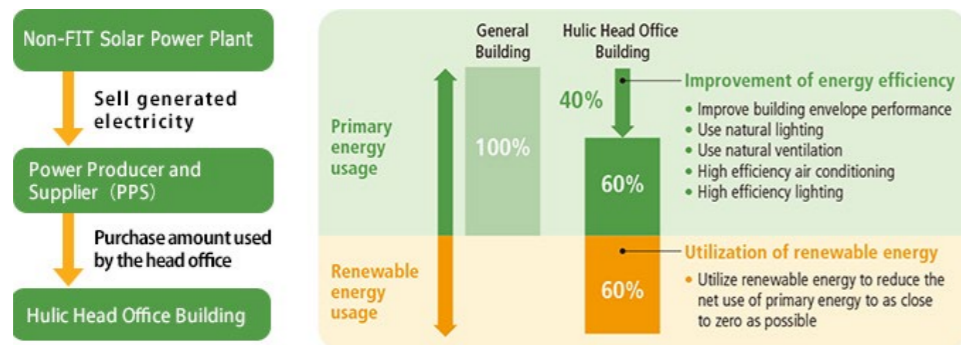


Ogoyama Town Solar Power Plant

Effects of Mega Solar Power Project

Effect 1: Initiative for achieving Hulic-version of offsite ZEB through the use of renewable energy

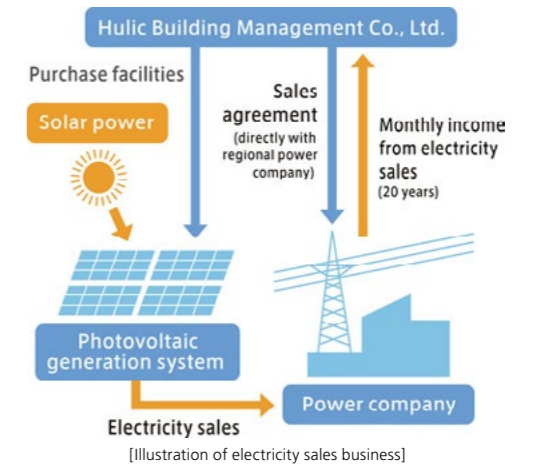
Electricity generated by the non-FIT photovoltaic power generation plants which we have started to develop from 2020 will be sold through a Power Producer and Supplier (PPS) for use by the Hulic Head Office Building, which assists its efforts to become a net ZEB.



The Hulic Head Office Building is a building with high energysaving performance which has been introduced energy saving technologies such as natural lighting and natural ventilation systems, it has been able to reduce the amount of energy consumption by about 40% compared to the amount of energy consumption in other general buildings. The remaining 60% is sourced from renewable energy and in this way, the Hulic-version of offsite ZEB will be achieved.

Effect 2: Electricity Sales Income and Accumulating Know-hows on Maintenance Business

This project includes 20 years of maintenance costs and Hulic Group company Hulic Building Management will, in addition to receiving income from electricity sales, gain knowledge and know-how in the ancillary maintenance business, which it will then make inroads in and expand as a new business segment.



Effect 3: Contribution to Great East Japan Earthquake recovery efforts through the operation of the solar business in Fukushima Prefecture

Owning and operating a power plant in Fukushima Prefecture after the Great East Japan Earthquake has effectively utilized the land and contributed to the local economy, while the construction work and maintenance operations farmed out to local businesses, created employment opportunities. In turn, this has served as a proactive contribution to the

local rebuilding efforts. The development work for this power plant has been entrusted to local engineering and construction companies. Local individuals were hired to operate the power plant, which will promote a revitalized local economy over a sustained and prolonged period.



Effective Use of Unused Energies

Effective Use of Unused Energies

Unused energies are generic term of energies that have not been used in the past despite the fact that they could be used effectively which include heat disposed from buildings

and factories, and difference in temperature between outside air and river water, ground water, or sewage water.

Case Study

Use of exhaust heat of hot springs at FUFU Kawaguchiko

At FUFU Kawaguchiko, our ryokan (a Japanese style luxury inn), the exhaust heat of flowing hot spring water which had been disposed in the past is collected by highly efficient heat pump and introduced as a hot spring exhaust heat utilization system which is used as a supplemental heating source for the water heater of ryokan. The effect of introducing this system resulted in an approximately 30% decline in water heating energy consumption. The system received subsidy from the Ministry of Economy, Trade and Industry as the FY2017 and FY2018 subsidy on business that promote local production for local consumption by making use of local features.



Exterior of FUFU Kawaguchiko

Building a Material-recycling Society

Realization of a Material-recycling Society

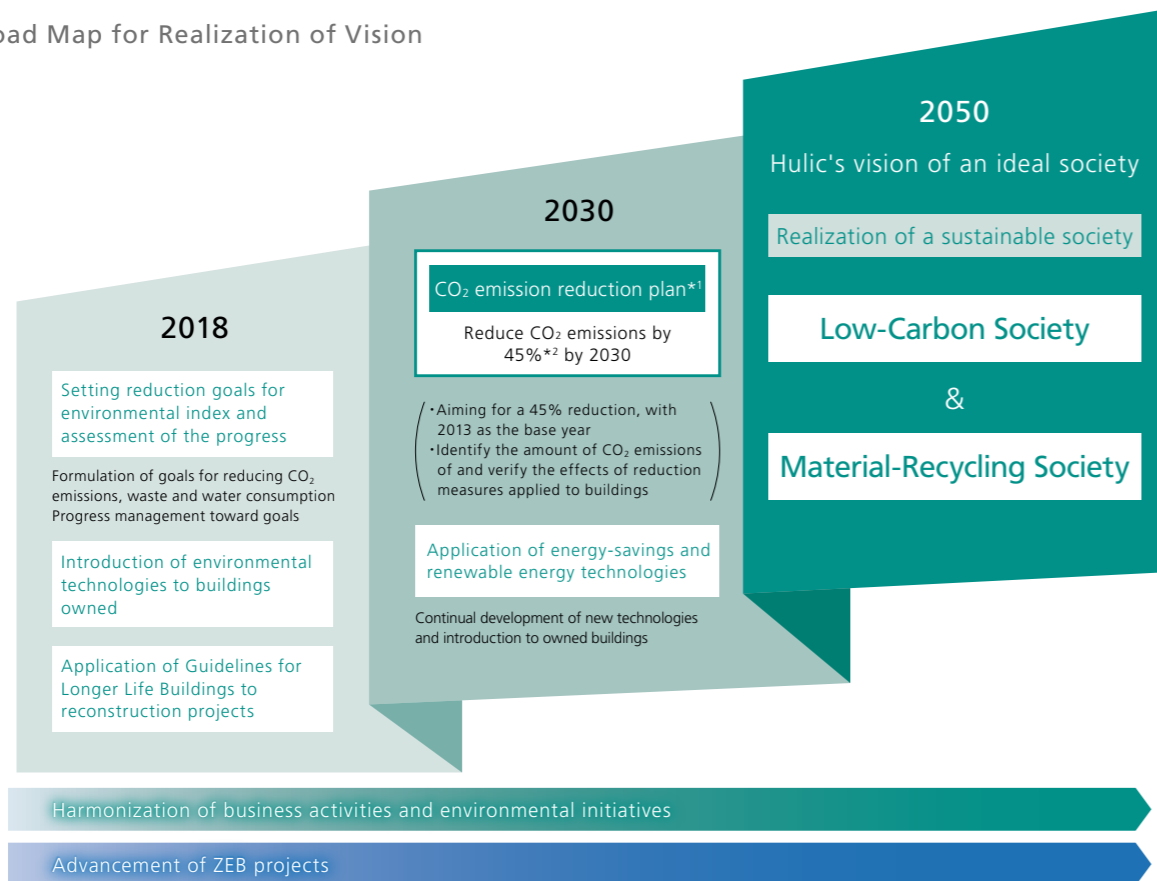
Fundamental Approach

We formulated our Long-term Vision for the Environment which states that we execute environmentally friendly management to realize an ideal society of low-carbon and material-recycling society in 2050. We are actively working to reduce waste disposal and water consumption in cooperation with our customers (tenants) and business partners for realization of recycling society.

When developing buildings, we endeavor to reduce environmental impacts by promoting the 3R (reduce, reuse, and recycle) through the adoption of Longer Life Building designs that enable to reduce waste significantly and use resources effectively.

[Results in FY2019] Hulic's Longer Life Buildings completed based on the standards established in the "Hulic Guideline for Longer Life Service": 5 buildings

Road Map for Realization of Vision



*1 There is a growing social movement for CO₂ emission reduction in response to adoption of the Paris Agreement at COP21 (The 21st Session of the Conference of the Parties to the United Nations (UN) Framework Convention on Climate Change) held in December 2015. Corresponding to that requirement, the Company revisited the existing CO₂ emission reduction plan, and has set a new reduction target by 2030.

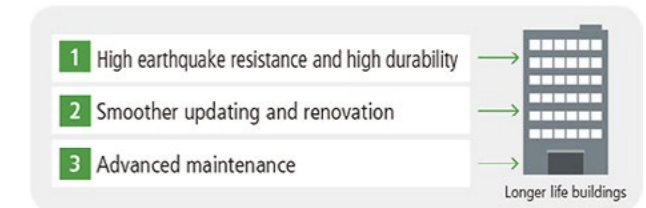
*2 This plan is based on the assumption that CO₂ emission factors for electricity are to be decreased. It is expected that the Company could achieve the reduction target earlier or more reduction than planned as we supply 100% renewable energy created at our 100% owned renewable facilities by 2025 to the buildings occupied by the Group companies. (The Company declared support for and participation in RE100 initiative in November 2019, see P26 for more details)

Our Business Initiatives- Longer Life Buildings

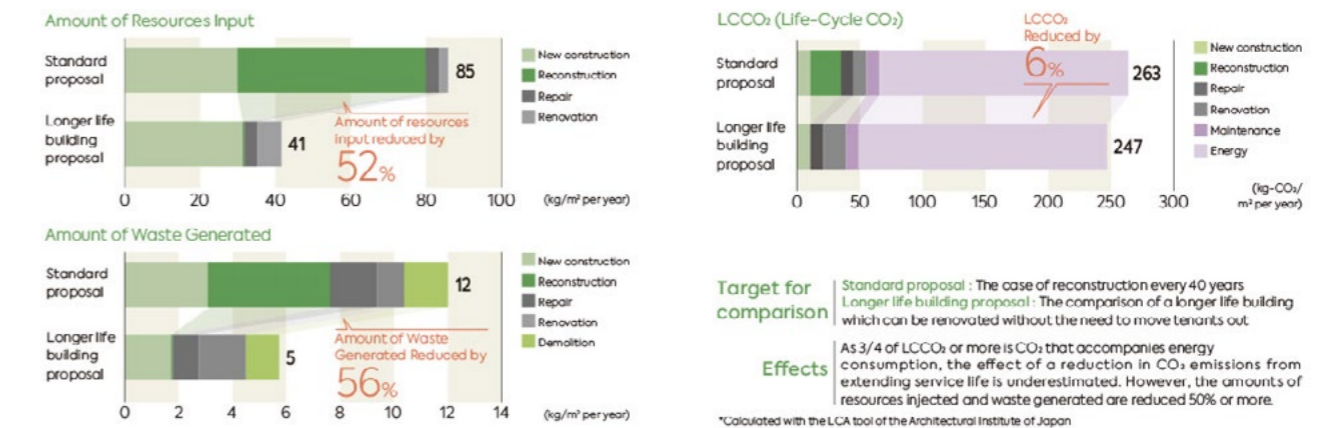
Standardization of 100 Year Buildings

The Company formulated the Hulic Guidelines for Longer Life Building (the Guidelines) in 2011 to standardize specifications for development projects. The Guidelines are composed of three ideas, 1) high earthquake resistance and high durability; 2) smoother updating and renewal; and 3) high serviceability. We use only high-grade building frames that ensure the buildings are durable and used safely for over 100 years as well as make it possible to modify layout or change of intended use to fit with diversifying work styles in the future and reform building exteriors. Furthermore, longer life buildings reduce waste generation and resources used for reconstruction by 50% or more, and reduce life

cycle CO₂ by 6% compared to the cases where buildings are conventionally reconstructed every 40 years (standard plans). Based on this evaluation, we have introduced longer life designs as standard specifications in all rebuilds completed or under development since formulating the Guidelines in 2011.



Environmental Advantages of Longer Life Buildings



Hulic Guidelines for Longer Life Building

1 High earthquake-resistance and high durability

Structural frames shall be strong and solid so they can be safely used over 100 years.

- Ensure the grade of quake resistance 1.25 times greater than legally required
- Thoroughly control the quality of works by designating details of design conditions for concrete and construction materials

2 Smoother updating and renewal

We adopt a design capable of responding flexibly to future needs, and establish plans of updating and renewal without the need to make tenants move out.

- Flexibly respond to future changes in use purposes and layout, with spare ceiling height room and floor loading capacity, as well as a flexible partition wall and a system ceiling.
- Ensure the space to install spare pipes and equipment, etc. so as to continue business even during the period of works for updating and renewal.
- Especially in commercial buildings, adopt the interchangeable facade system capable to meet the needs of the time, in order to avoid the building exterior to become obsolete.

3 Ease of maintenance

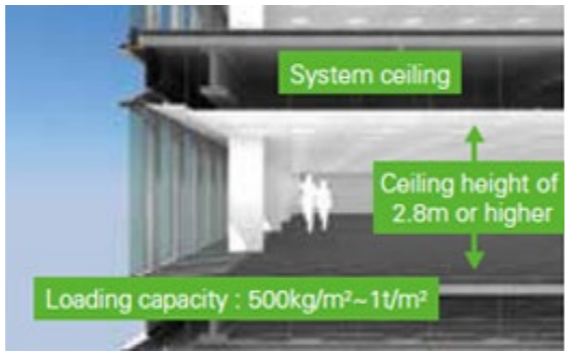
We formulate plans enabling timely and meticulous maintenance in order to keep sophisticated building specifications and optimal building functions constantly.

- Use gondola for maintenance, including inspections of the building exterior.
- Install an elevator reaching the rooftop to carry in materials there.

POINT1

Responding to future changes in purpose of use and layout

From a viewpoint of a long-term use for 100 years, it can be expected that the use of building will largely change, for example, from an office building to a store or from a store to a restaurant. By providing spare ceiling height room and floor loading capacity in advance, it is possible to respond easily to future changes in use purposes and layout, as well as for renewal.



Ceiling height:	2.8m or higher
Loading capacity:	500kg/m ² in general, 800kg/m ² ~1t/m ² in heavy duty zone
System ceiling:	Responding to needs for smoother updating of facilities in the ceiling, ease of maintenance, and changeability of partitions between tenants.

POINT2

Replaceable facade systems

Especially for commercial buildings, the exterior appearance is important. This is because a stylish appearance at the forefront of the age would attract customers. Therefore, we have adopted a system in which the facade (front exterior of building) can be separated from the main structure to update the exterior design without any legal restraints. Hulic Ginza Sukiyabashi Building located in Ginza, a major commercial area in Japan, has adopted the characteristic facade design expressing the scenery of a waterfront with willow trees. The two-tier facade with casted aluminum in curved shape installed on the curtain wall is separate from the main body of the building. As for office buildings, we intend to adopt a simple and calm design with an exterior appearance that can become harmonious with the surrounding landscape as time passes.



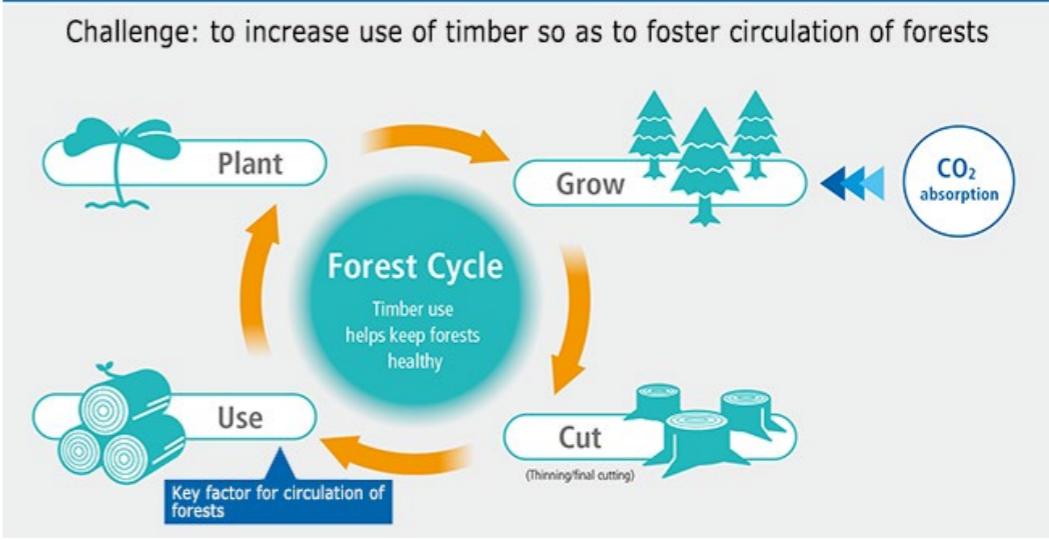
Hulic Ginza Sukiyabashi Building

Our Business Initiatives- Fire-resistant Wooden Buildings

We have been developing fire-resistant wooden buildings using timber that requires less energy for manufacturing and processing since 2018 in response to the Forestry Agency's promotion of expanded use of wood in a series of initiatives to reduce overall CO₂ emissions.

Trees that are ready to be cut for timber have a reduced ability to absorb CO₂, so while we cut down trees as building materials, we also plant new trees to replace them. That means we continuously maintain a supply of young trees that absorb CO₂ well. This initiative for fire-resistant wooden buildings helps promote forest circulation, which in turn leads to a reduction in CO₂.

Trees absorb CO₂ in the air and provide a carbon dioxide fixing solution as they grow, so an abundance of trees in the nation's land can help cut down CO₂ levels. Furthermore,



Basic Policy for Promoting Wooden Buildings

To Spread	Organized Wooden Architecture Symposium 2019 We held the Wooden Architecture Symposium 2019 with the aim of raising awareness on the possibilities of wooden buildings and to increase demand for timber in urban areas.
	Joined the Wood Change Network We have joined the Wood Change Network, a networking gathering sponsored by the Forestry Agency which aims to promote the use of timber in the private sector buildings.
To Use	Ginza 8-chome Development Plan We are developing Japan's first 12-story wooden fire-resistant commercial building (hybrid construction combining wooden and steel structures) in Ginza.
To Plant	Execution of environmental afforestation We plan to execute planting trees in addition to use them in building construction so that we can promote circulation of forests.

Example of use: Ginza 8-chome Development Plan (fire-resistant commercial building)

We are developing Japan's first 12-story wooden fire-resistant commercial building (hybrid construction combining wooden and steel structures) in Ginza, one of our focus areas, which is scheduled for completion in December 2021.

Special Features

New technologies

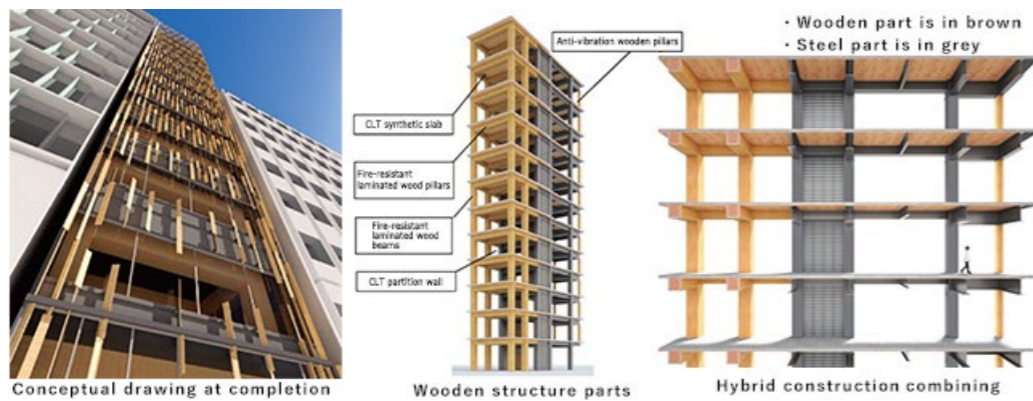
- Japan's first 12-story wooden fire-resistant commercial building. The first case of leasing buildings higher than 11-story. (As of 2019)

Environment-friendly

- Timber is used in exterior material in addition to interior.
- Increase the amount of timber used that contributes to circulation of forests.

BCP responses

- Installed supplemental elevated water tank and sewage tank so that both drinking water and flush water for lavatories are ready for 72 hours in emergency.
- Installed emergency generator that lasts for 72 hours.
- Considering the site is in Giza area, we plan to locate high tide response devices on upper floors and make it possible to counter tide up to 1 meter high by setting vertical damp proof barrier.



Example of spread ① : Organized Wooden Architecture Symposium 2019

We held the Wooden Architecture Symposium 2019 with the aim of raising awareness on the possibilities of wooden buildings, helping to reduce CO₂ emissions and protecting forests. More than 800 participated the event and deepened

understanding on possibilities and challenges of wooden buildings through listening to the key note speech and panel discussions.

Key Note Speech

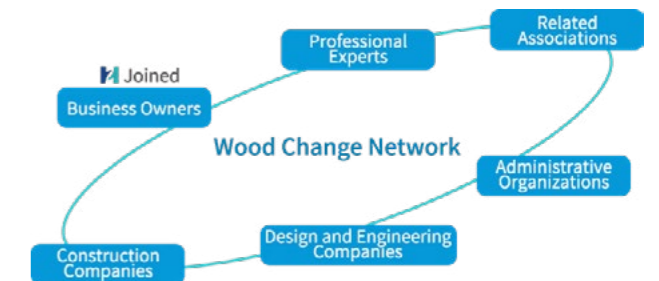
Kengo KUMA (Architect • Professor at The University of Tokyo)	<p>From concrete to wood</p> <p>Japan could be the front runner in the century of wood.</p> <ul style="list-style-type: none"> ● A shift from concrete to wood has been observed as oppose to the 20th century which was a time of concrete. ● Japan's wood-related technologies are number one in the world.
---	--

Panel Discussions

Kengo KUMA (Architect • Professor at The University of Tokyo)	<p>Aiming to increase demand for timber in urban areas</p> <ul style="list-style-type: none"> ● Increase in middle-to-high-story wooden buildings will promote community vitalization ● Wooden buildings will improve global and human environmental issues
Shuzo SUMI (Senior Executive Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.)	<p>K. KUMA: ● Wooden construction is the area that Japan can make the world to seek after.</p>
Tadao KAMEI (President and CEO, Nikken Sekkei Ltd.)	<p>S. Sumi: ● Effective use of Japan's ample forestry resources will be the key to regional revitalization.</p>
Masahiro MIYASHITA (Chairman of the Board, Takenaka Corporation)	<p>T. Kamei: ● Optimization of timber is the key in planning of high-story wooden buildings.</p>
Atsuko FUKUSHIMA (Journalist)	<p>M. Miyashita: ● Technological innovation of wood engineering will support high-story wooden construction.</p> <p>A. Fukushima: ● Wood is the ideal future material of sustainable society.</p>

Example of spread ② : Joined the Wood Change Network

The Wood Change Network (the Network) is a networking gathering sponsored by the Forestry Agency which aims to promote the use of timber in the private sector buildings. The Network discusses and considers matters related to spreading timber use including identification of issues, direction of solutions and popularization, and aims to create an environment that timber is more easily used as well as to create a platform of spreading the use of timber movement throughout Japan. We have joined the Network with an intent to continuously promote the use of timber.



Our Group-wide Initiatives

Fundamental Approach	<p>We are proactively working to reduce waste and water consumption in cooperation with tenants and building management companies toward realization of recycling society.</p> <p>For developing buildings, we endeavor to reduce environmental impacts by promoting the 3R (reduce, reuse, and recycle) through the adoption of Longer Life Building designs that enable to reduce waste significantly and use resources effectively.</p>
-----------------------------	--

Resource-saving and Reduction of Waste in Buildings Owned by Hulic and Reconstruction of Buildings

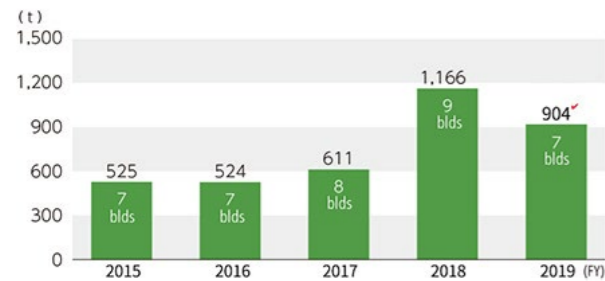
Hulic Group has worked on reduction in the amount of waste disposal and water consumption in cooperation with tenants and building management companies. We install toilets that

reuse water and various water conservation systems in many of our buildings. Water saving toilets and wash basins are standardized.

Amount of Waste Disposal at Hulic's Buildings

We are constantly making efforts at buildings which our group company head offices occupy including hotels to reduce waste in order for building a material-recycling society.

Waste Disposal



Waste that Can and Cannot Be Recycled (t)

	2016	2017	2018	2019
Number of target buildings	7 blds	8 blds	9 blds	7 blds
Waste that can be recycled				
Paper	240	296	348	102
Bottles, cans, plastic bottles	28	29	80	76
Total	268	325	428	179
Waste that cannot be recycled				
Other general waste	195	218	629	576
Industrial waste	61	68	109	149
Total	256	286	738	725
Total of waste that can be recycled and waste that cannot be recycled	524	611	1,166	904

* Figures marked with ✓ have been assured by an independent assurance provider.

* The boundary is the buildings occupied by the head offices of Hulic and its Group companies. The number of properties in the boundary were: 2015 and 2016; 7, 2017; 8, 2018; 9, and 2019; 7. The results increased from FY2018 as Porte Kanazawa, a large commercial building, has become subject to aggregation since.

Raw Materials Purchase Volume

	2016	2017	2018	2019
Steel materials purchase volume (ton)	688	2,315	5,956	-
Batten cleats purchased volume (m ³)	33	91	87	-
Plywood purchased volume (m ³)	60	91	233	-
Lumber purchased volume (m ³)	93	182	320	-

* Figures are for reconstructed buildings completed in each year and for which data were collected. There were no buildings subject to collect data (no reconstructed buildings were completed) in FY2019.

Promotion of the 3R

Efforts to Reduce

Reduction of disposals from restaurants in our own brand hotels

We have materialized environmental advantages by making efforts to curb the amount of waste disposal and CO₂ emissions during development, for example, by adopting longer life designs which can be in service for 100 years or longer as standard specifications(*) with an eye to saving resources. At hotels we own and manage (The Gate Hotel

brand) are reducing the amount of garbage from their restaurants by biologically processing raw garbage.



* When building with longer life designs, 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 plans). Based on this evaluation, we have introduced longer life designs as standard specifications in all developments completed or under construction since 2011.

Reduction of plastic waste at head office building

In consideration of the seriousness of marine pollution caused by disposable plastic waste, the in-house canteen at the Hulic head office building has stopped use of disposable

plastic beverage containers, straws, spoons and shopping bags. We are also actively encouraging employees to bring their own cups.

Efforts to Reuse

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, underground building frames of existing buildings are used as retaining walls for the new building with new underground building frames installed inside. We make sure that adequate inspections are conducted to confirm the strength when building frames of existing buildings are recycled.

After considering impacts on neighboring areas of property, we introduced the PC method (described later) into the following projects:

- Hulic Ginza Sukiyabashi Building
- Hulic Head Office Building
- Ochanomizu Sola City
- Hulic Shinjuku Building



Book donation program

We launched the book donation program, which started based on suggestions from employees. In this program, we donate the proceeds from selling used books collected from group employees to the external used book dealer to Shanti

Volunteer Association, which provides educational and cultural support to children in Asia. This activity contributes to reducing waste and helps to address the poverty issue.

Efforts to Recycle

As recycling efforts through daily business activities, we started to recycle used paper and printer toner cartridges. We will continue to work on those efforts to support achieving a recycling society.

Trends in the amount of recycled paper (*)

cal year	FY2015	FY2016	FY2017	FY2018	FY2019
Recycled amount	8,180	9,400	11,365	13,125	14,540

* The scope is Hulic Head Office Building.

Prevention of Pollution

The Company considers that the minimization of environmental pollution due to business activities is indispensable to realize a recycling society. Thus, we have worked on the reduction of emission of pollutants, including CFCs and PCBs with the cooperation of design companies and construction companies, as well as endeavoring to adopt

construction methods that reduce pollutant discharge as much as possible.

In addition, we have collected data of SO_x, NO_x, VOC and toxic waste generated from reconstruction activities in the past and identified the amount of those substances generated.

Amount of emission of SO_x, NO_x and VOC in the past three years

	FY2016	FY2017	FY2018	FY2019
SO _x emissions (kg)	62	42	0.05	-
NO _x emissions (kg)	418	281	-	-
VOC emissions (kg)	-	51	151	-

* Figures are for reconstructed buildings completed in each year and for which data were collected. There were no buildings subject to collect data (no reconstructed buildings were completed) in FY2019.

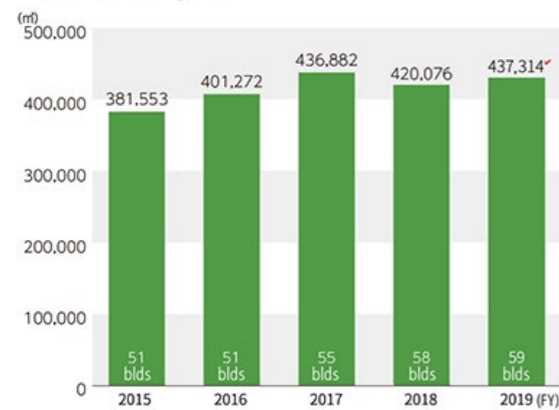
Initiatives for Water

Initiatives to Reduce Water Consumption

Almost all water consumed in the Group are from the buildings owned or the buildings that we have offices, and the water flow starts from tap water and discharge it into sewers. To reduce the amount of water consumption in buildings owned by the Company, we have taken the initiative of introducing water-saving devices on water taps installed in the plumbing of existing buildings (saves water by approximately 40% per tap) to preserve water resource.

In addition, we are gradually upgrading the toilets in the buildings we own to ensure better plumbing while also changing to water-saving flush toilets and hand washers. The Company is also working to ensure the effective use of water resources by using rainwater to water the greenery and flush toilets for certain buildings. Note that Hulic does not operate business activities in high water stress area where demand for water is tight.

Water Consumption



Rain water reutilization equipment at HULIC Setagaya

* The figure marked with ✓ has been assured by an independent assurance provider.

* The boundary is office buildings with floor area of 3,000m² or above and hotels managed by HULIC, and exclude buildings in which a bank branch is the sole tenant, real estate for sale, and shared ownership properties. The number of properties in the boundary were: 2015 and 2016; 51, 2017; 55, 2018; 58 and 2019; 59.

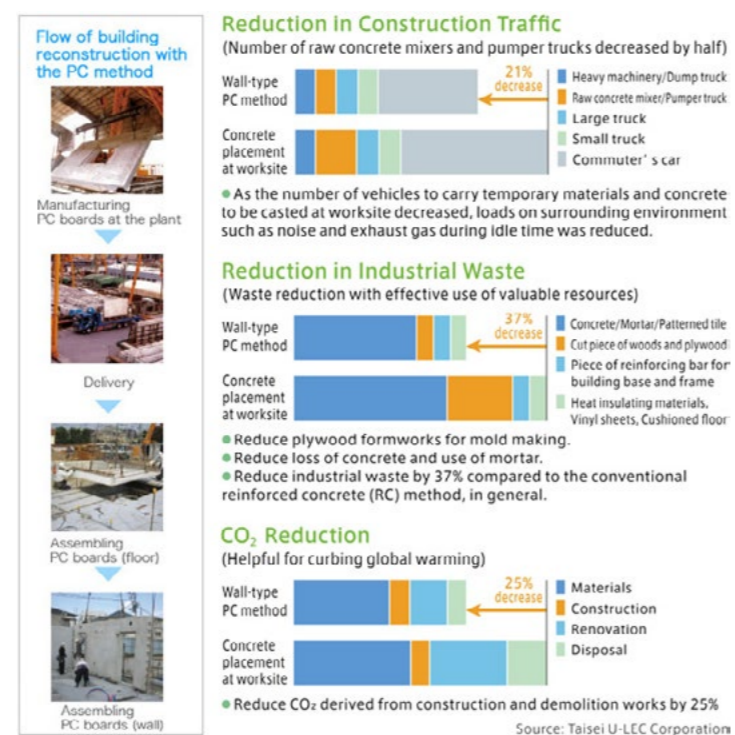
Construction

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 generated during construction. This method, which can shorten a construction period and minimize impacts on surrounding environments during construction, is highly rated in terms of longer life service of buildings.

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

Effect of the PC Method



Initiatives for Biodiversity

Fundamental Approach

Hulic is carrying out initiatives that increase biodiversity in order to create urban spaces that are in harmony with nature.

[Results in FY2019] Number of greening properties: 3✓ (Coverage: all HULIC's properties)

* The figure marked with ✓ has been assured by an independent assurance provider.

Biodiversity Guideline

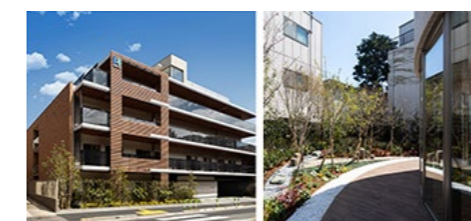
Hulic recognizes the importance of biodiversity's impact for the living environment, and in order to contribute to biodiversity, we have created the Declaration of Biodiversity Conservation (Hulic's Biodiversity Guidelines) which has been well communicated within our Group.

Furthermore, we have been considerate of and cautiously executing our businesses that our business should not create any negative impacts on biodiversity and endangered species.



Approaches to JHEP Certification

We are also working to ensure that we consider ways to conserve and restore local vegetation during reconstruction of properties from the standpoint of preserving biodiversity. We adopted the JHEP certification system issued by Ecosystem Conservation Society-Japan to quantitatively evaluate and promote biodiversity conservation initiatives. In 2019, Hospitalment Bunkyo Yayoi, a newly completed building received "A" rank certification, with the number of properties certified totaling 14 as of December 31, 2019.



Hospitalment Bunkyo Yayoi: exterior and garden



Major certified properties

Name of Project	Rank of Certification	Date of Certification
Hospitalment Bunkyo Yayoi	A	May 2019
Aristage Kyodo	A	January 2017 (Initial certification: January 2012)
Hulic Residence Tsudanuma and Hulic Garden Tsudanuma	AA	December 2016 (Initial certification: December 2011)
Hulic Residence Senriyama	A	December 2016 (Initial certification: December 2011)
Hulic Court Yukigaya	A	October 2016 (Initial certification: October 2011)
Granda Omori Sannou	A	October 2016 (Initial certification: October 2011)
Construction of Hulic	A	November 2014

Greening Initiatives

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. Our greening projects aim to create

lush green urban spaces and to harmonize with nature while considering biodiversity. In addition, we have jointly developed with other companies and commercialized thin-layered wall greening system that can be easily introduced to the existing buildings.

Promotion of Greening of Surrounds, Rooftops and Walls

Our greening projects aim to create lush green urban spaces as well as to harmonize with nature with much consideration to biodiversity. When greening surrounds, we primarily select plants that are easy to care and resistant to strong winds so as to improve the scenery and appropriate for location. Roof greening makes it possible to save energy in buildings by blocking sunlight and preventing heat accumulation,

thereby reducing air conditioning loads on the top floor. Covering the exterior walls of a building with plants serves as a countermeasure against the heat island effect as well as comforting for passersby. Hulic has jointly developed with other companies a thin-layered wall greening system that is easy to introduce to existing buildings.

Initiatives at Shinagawa Season Terrace (Joint Project)

Shinagawa Season Terrace is a joint project involving Hulic, NTT Urban Development Corporation, Taisei Construction Corporation, and Tokyo City Development Co., Ltd. The creation of extensive green space spreading to the approximately 3.5 hectare site for generating communication and an active community has earned a great deal of praise. It received certification in FY2014 from the Organization for Landscape and Urban Green Infrastructure's Social and Environmental

Green Evaluation System (SEGES) as a development project that contributes to society and the environment through greenery conservation and creation (SEGES urban development).



Shinagawa Season Terrace

HULIC Residence Shin-Ochanomizu (Completed in December 2018)

Located about one-minute by foot from Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line, this property is an urban residential complex that offers great convenience. Facing Hongo-dori, the property is an expression of the everchanging Surugadai of the future featuring a sharp, futuristic exterior design. At the same time, the textured materials, including green walls and natural stone, provide a gentle welcome to tenants.

We also constructed a rooftop greening terrace where tenants can enjoy seasonal plants and form a community.

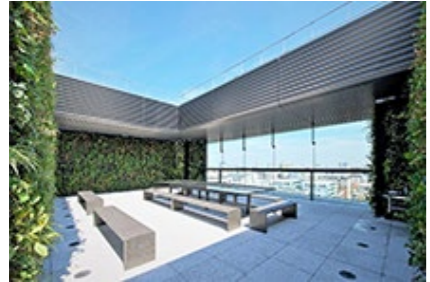


Rooftop greening terrace at HULIC Residence Shin-Ochanomizu

Initiatives at the Hulic Head Office Building

On the rooftop garden of Hulic Head Office Building, seven kinds of plants including Canarian ivy and evergold are used to cover the wall surface, surrounding terrace benches for approximately 20 people, and provide a transpiration effect to ease the heat-island effect. With this green wall over approximately 106m², the rooftop garden is a space where employees can relax and rest, and feeling nature while

working in Tokyo. Various trees such as European privet, Japanese boxwood, agapanthus, furiyaburan, and gazania have been planted on the rooftop of the expanded building of the Hulic Head Office. In addition, we have placed wooden decks and grown a lawn on the surface.



Rooftop garden



Wall greening



Rooftop greening

Initiatives at Hulic Shinjuku Building(Completed in October 2014)

At the Hulic Shinjuku Building, we have set up green walls along the west side of the property facing MOA 3rd street. We are taking care to create a green atmosphere despite being in the heart of the city, in an attempt to calm the minds of the people in the local area.



Wall greening

Social Initiatives

Hulic places emphasis on dialogues with our stakeholders and aims to achieve a society where people live safely, securely, and comfortably.

Initiatives for Customers

Fundamental Approach

We are constantly working to generate new added value by offering properties that are superior in terms of safety, environmental performance, and convenience. In addition, we have established various emergency and disaster scenarios, for which we have created measures to improve the structural performance of our buildings, as well as operational and management aspects of buildings.

[Results in FY2019] Customer satisfaction: 98.1%

Percentage of new buildings meeting the new earthquake resistance standards: 100%

Efforts toward the Improvement of Customer Satisfaction

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 safety, peace of mind 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. Depending on the application and scale, Hulic buildings are constructed with barrier-free designs to provide safety, peace of mind and convenience for everyone.

TOPICS

HULIC SQUARE TOKYO received Good Design Award for FY2019 (Issued by Japan Institute of Design Promotion)

HULIC SQUARE TOKYO was completed in 2018 as our flagship building in Ginza, one of our focus areas. Currently, the first floor underground to the third floor above ground are occupied by five tenants operating commercial facilities. Floors four to 13 are used by THE GATE HOTEL TOKYO by HULIC, our proprietary brand hotel. The building was recognized for its exceptionally

effective architectural design based on an understanding of the characteristics of the surrounding environment, which culminated in the Good Design Award for FY2019.



Maintenance and Improvement of Quality and Ensuring Uniformity in Quality of Hulic's Buildings

Holding regular management status reporting meetings with property management companies

Hulic regularly holds property management status reporting meetings with property management companies to check the implementation status of management work, including complying with laws and regulations, and receive reports on various problems related to buildings, including the

results of measures to fix defects that have occurred in buildings. In this way, we are promoting the maintenance and improvement of quality, as well as unifying the quality of overall property management and operation services.

Quality evaluation for management companies

Each year, Hulic evaluates the implementation status of management work and provides property management companies with feedback to improve and standardize the quality of their work.

We use the results of evaluations as information to decide whether to continue to entrust management work with the current property management companies in accordance with the rules for real estate outsourcing management.

<Specific primary evaluation items>

- Confirm to check if maintenance work for buildings and facilities, including complying with legal requirements applicable to buildings, has been performed systematically and thoroughly without omissions as stipulated in the contract.
- Confirm the status of legal compliance, including the status of renewing the verification due date of measuring instruments, etc. and submission of mandatory inspection results reports to the relevant regulatory authorities.
- Confirm that defects occurring unexpectedly, including those pointed out during the legal inspection, have been fixed without delay.

Continuous Provision of a Safe, Secure, and Comfortable Work Environment

Systematic implementation of preventive maintenance of buildings and facilities

We systematically renovate and upgrade buildings and facilities every year, including statutory improvements to buildings and facilities, proactive renovations to ensure energy-saving/up-to-date facilities, and implementing extensive preventative maintenance work before defects occur in buildings and facilities, with the aim of providing

a safe, secure, and comfortable work environment for tenants.

Management status reporting meeting with property management companies



Collaborating and Cooperating with Business Partners during and after Disasters

Hulic has introduced a system that uses the Internet to confirm safety and other conditions in the event of a disaster, coordinating information flow with the real estate management companies to quickly determine the extent

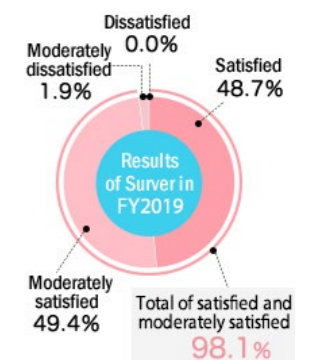
of any damage. We also have contingency agreements with construction companies so as to verify damage to any buildings we own in a timely manner and facilitate swift recovery.

Customer Satisfaction Survey

We conduct a customer satisfaction survey once a year to ensure tenants of Hulic's properties are able to use the buildings comfortably. Survey items include matters concerning building hardware and software, and things customers have noticed while using our buildings on a daily basis. We check the responses of customers, and then take steps to identify latent customer needs and make improvements accordingly.

In the survey conducted in 2019, we continued to receive high ratings, with a satisfaction level of 98.1% (in

2018, 93.7%). We believe these results mainly reflect our scheduled maintenance (equipment and facilities) and our quick responses to requests by customers. Furthermore, the people in charge responded or replied to customers' requests and opinions after the survey.



Thorough Implementation of an Earthquake Resistance Diagnosis and Seismic Reinforcement

Hulic considers the countermeasures for earthquake are one of the top priorities for a real estate business operator in Japan as it is one of the countries where earthquakes most

frequently occur. We believe it is our responsibility to provide earthquake-resistant building safety in order for the tenants to conduct social activities with peace of mind.

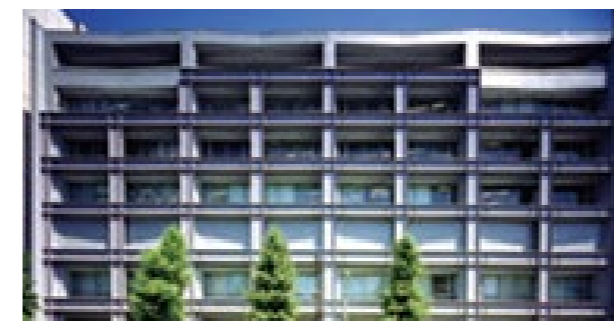
Earthquake Resistance Diagnosis, Reinforcement Works, and Confirmation of Validity of Structural Calculation

We diagnosed the earthquake resistance of all our properties*1 that were built before the new earthquake resistance standards were established in the Building Standards Act revised in 1981, and all buildings that did not meet the standards were seismically reinforced.

In relation to the office buildings which were determined to require reconfirmation*2 although constructed after the new earthquake resistance standards, we also rechecked their structural calculations to confirm the validity of their structural design.

*1 Excludes buildings with box frame reinforced concrete construction and buildings that were to be demolished.

*2 Includes office buildings for which appropriate structural calculations could not be reconfirmed. For example, if the architectural firm that implemented the structural calculation had already discontinued its business.



Seismic reinforcement using steel brace (Takagicho Center Building)



Earthquake-absorbing equipment

Proactive Adoption of Earthquake-absorbing and Earthquake-damping Structures

In order to protect human life and functions of facilities from large scale earthquakes, we have imposed high seismic capacity on newly constructed buildings. With the aim of protecting customers' lives and contributing to business

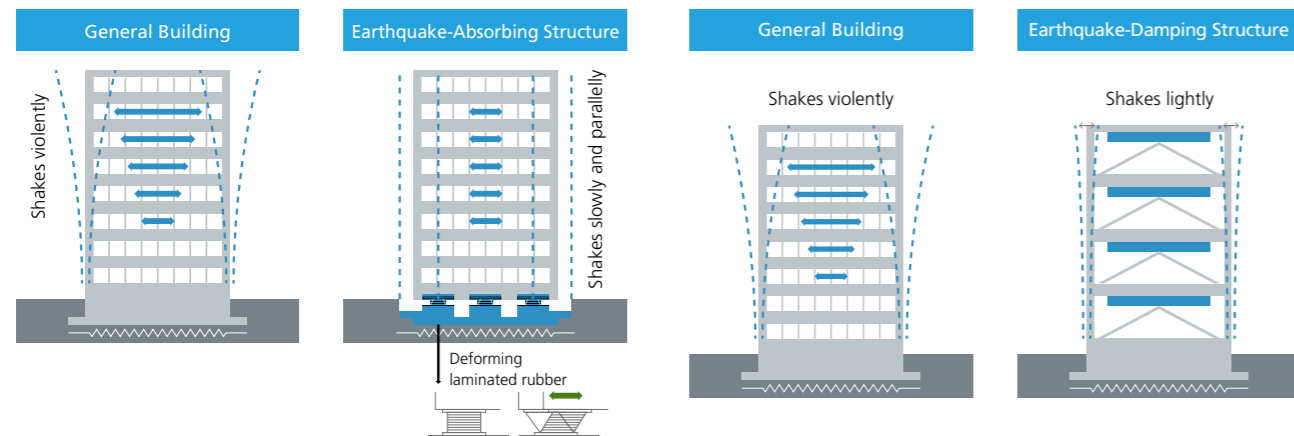
Earthquake-absorbing Structures

By isolating the building from the ground with a mechanism called an isolator, seismic energy is absorbed to reduce the intensity of shaking to 10%-50% compared to other general earthquake-resistant structures. Another feature of this structure is that how a building shakes during an earthquake does not differ significantly between upper floors and lower floors of the building. For instance, Sendai First Tower, a jointly developed 24-story building completed in Sendai (where earthquakes strike frequently), is one of the few buildings with this earthquake-absorbing structure. We have received critical acclaim for our stance on ensuring safety.

continuity, we have proactively adopted an earthquake-absorbing or earthquake-damping structure which is effective at ensuring a high seismic capacity, in addition to other methods to improve the seismic capacity.

Earthquake-damping Structures

With earthquake-damping materials installed inside the building, internal seismic energy is absorbed to reduce the intensity of shaking from half to one thirds compared with other general earthquake-resistant structures. In addition to the case of increasing the safety further by combining this with a earthquake-absorbing structure, we preferentially employ the earthquake-damping structure in the case that the earthquake-absorbing structure is physically unavailable due to constraints including land contours. Hulic has incorporated this method in many properties. Hulic uses this method not only in offices but also in hotels and commercial buildings.



Liquefaction Countermeasures

After the Great East Japan Earthquake, extensive regions including coastal areas in Tokyo suffered from liquefaction, which caused damage such as buildings leaning over and subsiding. According to the liquefaction map, it was found that eight buildings owned by the Company were located

on ground with possible liquefaction. We concluded that the buildings in our portfolio were not significantly affected by liquefaction due to the planning of appropriate building foundations suitable to the sites.

Measures against Water Damage

When electrical equipment is damaged by floodwater, the supply of power, which is essential for the use of a building, can stop. We investigate the status of buildings with power receiving and transforming equipment and with private

power generators installed in basement, then examine the application of flood control measures, in preparation for localized heavy rains caused by climate change and tsunamis caused by earthquakes.

Responsible Marketing

Hulic has set out the principle of "treating clients faithfully and kindly, listening to their requests with sincerity and providing sophisticated, efficient, and high-quality services" in the Basic Principles of Corporate Conduct and endeavors to build positive relationships with clients. In addition, we obtain the necessary permits and licenses for conducting business operations and comply with matters stipulated by various business laws and regulations.

With regard to important company information, we aim to disclose information with accuracy based on the facts, and in a way that is easy to understand in accordance with the rules for disclosure control. Furthermore, we disseminate information through various media by creating a company website, publishing press releases in a timely manner, and setting up signboards at train stations, with the aim of fostering a feeling of familiarity with our company widely among the public.

Promoting 3 Future Growth Businesses (3K Businesses) toward Resolving Social Issues

Initiatives for the Senior Citizen-related Business

As the aging of society continues, we anticipate that demands for nursing and medical care will increase. We are promoting the development of nursing homes, hospitals and columbariums, as well as businesses to promote wellbeing and enrich the lives of active seniors.

initiatives in nursing homes, for which there is a strong need, we aim to quickly make 5,000 units available.

- Nursing homes (number of properties owned): 44
- Nursing homes number of units: 3,400

Leveraging our know-how gained through pioneering

(as of December 31, 2019)

Case Study

① Trust Garden Ogikubo

As part of our Corporate Real Estate (CRE) business,* which seeks to effectively use bank buildings and company housing, Hulic developed and completed the construction in July 2019 of a nursing home that maximizes asset value to meet local needs. Existing trees were preserved in consideration of the environment, while electricity is supplied from photovoltaic panels on the roof to lighting of common areas. LED lighting is used throughout to conserve energy. In addition, we developed a specially designed sidewalk and an open space with an emphasis on greenery to improve the environment.

For safety and security, we ensured earthquake resistance 1.25 times greater than the legal requirement. We also installed emergency power supply equipment and a rainwater storage tank to respond to torrential downpours.

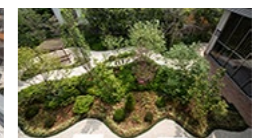
* The CRE business makes use of real estate owned by private companies and supports a strategy of enhancing corporate value.



Exterior



Photovoltaic panels on the roof



Garden

② Smart Senior Housing Project (a new nursing care business using AI and IoT)

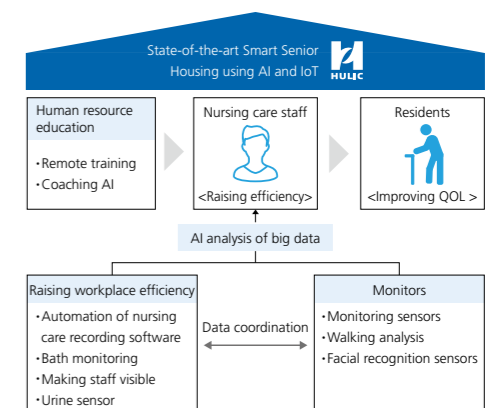
Background

The nursing care field faces a serious labor shortage, and raising workplace efficiency and lowering the employee turnover rate are urgent issues. In nursing homes, efforts are being made to improve the residents' quality of life (QOL) by managing data on sleep, breathing, pulse, etc. and preventing dementia, among other things.

Outline

In cooperation with nursing care businesses and venture companies, we provide advanced nursing homes (the Smart Senior Housing project) utilizing AI and IoT, and we aim to develop new businesses and build brands in the nursing care field.

Our first step is to phase in monitoring sensors developed by EcoNaviSta Co., Ltd. (CEO: Kimito Watanabe) to our nursing homes operated by Charm Care Corporation. Next, we will introduce a platform that combines multiple advanced products centered on monitoring sensors to a facility owned by the Company and operated by the same operator, which is scheduled for completion in April 2021. In this way, we aim to further advance the smart senior housing project. We also plan to collaborate with other nursing care providers.



Initiatives for Tourism Business

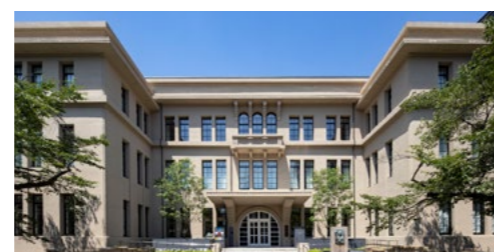
To capture steadily rising demand from overseas tourists and the elderly, we operate our own brand of hotels and *ryokans* (Japanese style luxury inns), and we are acquiring other hotel assets.

- Accommodation facilities (number of properties owned): 39*
* Includes properties sold to or co-owned with REITS
- Accommodation facilities number of rooms: 8,200
(as of December 31, 2019)

Case Study

① Developing THE GATE HOTEL brand

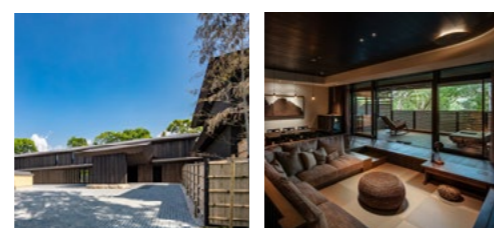
We own and directly operate THE GATE HOTEL brand. We are adding two hotels in 2020, Kyoto (in July) and Ryogoku (in November) after opening Asakusa, Ginza/Yurakucho in the recent years.



THE GATE HOTEL KYOTO TAKASEGAWA by HULIC

② Developing Japanese style luxury hotels "Fufu Series"

As demand for individual travel increases, we are promoting the acquisition and development of *ryokans* (Japanese style luxury inns). We have already developed and opened Hakone Suishoen, Atami Fufu, ATAMI Kaihourou, Fufu Kawaguchiko, and Fufu Nara. Going forward, we plan to develop *ryokans* in Nikko, Kyoto, and Gaura, with a target of around 10 more *ryokans* in the Fufu series.



Fufu Nara opened in June 2020

Initiatives for Business Partners

Collaboration with Business Partners

Fundamental Approach

We aim for close mutual communication with our business partners, and build relationships that mutually enhance the corporate value of both parties. Additionally, Hulic strives to create shared value with stakeholders by resolving various social issues through PPP business.

[Results in FY2019] Evaluated the status of work implementation of outsourced property management companies

Fair Trades with Outsourced Contractors

Considering long-term business relationships with outsourced contractors, we work to ensure fair trade with them as a partner on an equal footing. Regarding outsourcing by the real estate business division, we ensure fair trade based on the rules for real estate outsourcing

management, respecting related laws and regulations as well as guidances from administrative organizations. We select an outsourcing contractor that is most appropriate for each project by checking track record and abilities to execute operations.

Cooperation with Building Management Companies

Hulic Building Management Co., Ltd. inspects and evaluates management conditions once a year based on the rules for real estate outsourcing management and makes a round to provide guidance to each company based on the

assessment results.



Educational Activities through Compliance Training

Our compliance manual (the code of conduct) specifies business entertainment/gift and prohibition of bribery. We implement internal compliance training in a timely manner to raise awareness among our employees of rules such as prohibiting giving donations, offering business entertainment, and giving gifts to public servants or other interested parties. Furthermore, twice a year, our Legal & Compliance Department monitors whether each department properly manages the entertainment of interested parties and the acceptance or offering of gifts

or other articles. All employees are reminded through these efforts that providing business entertainment or gifts for business partners in an improper manner may impair appropriate business relationships and the soundness of business, and that such conducts violate our internal rules and regulations and the compliance manual. Our employees and employees of our business partners are encouraged to report any violation of laws or service disciplines or any other problematic matter in terms of legal compliance directly to the compliance hotline.

Framework for Collaboration and Cooperation with Related Parties and Business Partners

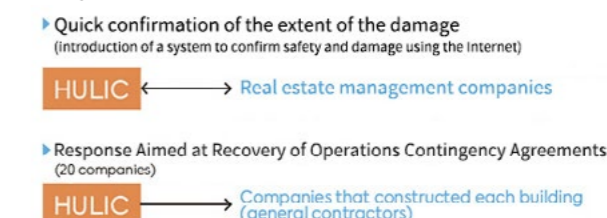
[Framework for collaboration cooperation with building management companies]

- The emergency contact network for emergencies during night time or on holidays has been established between Hulic and building management companies. With this network, we maintain a framework for responding promptly to emergencies.
- We have introduced a safety confirmation system with real estate management companies through the Internet for swiftly sharing information and verifying the extent of damage.
- We have wireless communication devices in place as communication tools linking Hulic and its three major building management companies in case the communication infrastructure is disrupted during a large-scale disaster, We regularly conduct communication training drills.

[Framework for collaboration and cooperation with construction companies]

We have concluded emergency repair agreements with 20 construction companies under which they agree to cooperate to assess destruction status and damages of Hulic's buildings immediately following a large-scale disaster, and offer full cooperation for the restoration and recovery of our buildings while putting the highest priority on ensuring safety.

Cooperative Structure with Business Partners



CSR Procurement Policy

Hulic actively engages in sustainability activities as a company involved in the real estate industry. We have formulated a policy on procurement and purchasing to further develop our sustainability initiatives. In addition, we promote sustainability activities across the entire value chain by applying this policy to business partners as well.

- 1. We will comply with laws, regulations and social norms, and undertake business activities based on a set of corporate ethics.**
 - ① Prohibition of discrimination**
We prohibit any discrimination against any person on the ground of his or her belief, religion, age, sex, sexual orientation, race, nationality, origin, physical or mental disability, etc.
 - ② Prohibition of harassment**
We prohibit any act, including sexual harassment or abuse of authority, to inflict emotional distress on any person by language or behavior that damages his or her character or dignity.
 - ③ Prohibition of child labor**
We prohibit any child labor.
 - ④ Prohibition of forced labor**
We prohibit any forced labor carried out through violent acts or intimidation.
 - ⑤ Respect for the right of freedom of association and right of collective bargaining**
In line with international labor standards, we respect the right of freedom of association and right of collective bargaining.
 - ⑥ Reduction of excessive working hours**
In addition to ensuring compliance with labor-management agreements, including the 36 Agreement and laws and regulations of relevant countries and regions, we adopt basic policies to reduce overtime work and limit excessive work.
 - ⑦ Securing of health and safety of workers**
In accordance with laws and regulations of relevant countries and regions, including the Labor Standards Act, we endeavor to offer a workplace where workers can work healthily and safely.
 - ⑧ Payment of wages over minimum wage**
We pay wages over minimum wages prescribed in various local laws and regulations as well as the Minimum Wage Act.
- 2. We will respect the fundamental human rights of all people.**
 - 3. We will take consideration of environmental conservation and will strive to promote green procurement. We will endeavor to conduct procurement in accordance with the Hulic Green Procurement Policy in order to realize a sustainable society.**
 - 4. We will build an information management system and manage information appropriately.**
 - 5. We will carry out fair and equitable business transactions and build trusting relationships with business partners.**
 - 6. We will strive to provide safety, peace of mind and high quality.**

Creating Shared Values through PPP Business

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 challenges.

Public-private Partnerships via PPP Projects

Public Private Partnership (PPP) projects intend to efficiently utilize and operate real estate owned by national or local governments (public real estate) through collaboration and cooperation between the public and private sectors. We are actively engaged in PPP projects by utilizing abundant development track record and a stable business base as one of the leading companies of PPP projects. Taking into

account challenges and needs of administrative agencies and communities through exchanges of information with them, we aim to contribute to the regional economy by settling the issues of the communities and realizing business to improve the value of public real estate through collaboration between the public and private sectors.



* Land as a risk asset refers to the potential for violent fluctuation in the land price and to the owner's responsibility for issues specific to real estate such as asbestos and earthquake safety.

Hulic Co., Ltd.

HULIC

- Effective track record in development in central Tokyo
- Stable business base

Creating Values through PPP Business -Case Study-

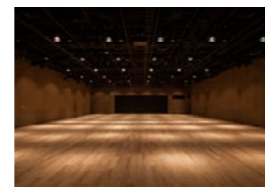
Hulic is committed to creating shared value with our stakeholders through our PPP business.

Case Study

① Hulic Asakusabashi Building (completed in February 2013)

The purpose of this PPP project was to construct and operate privately proposed facilities including a bicycle-parking lot and a multi-purpose space by leasing the site of former Fukui Junior High School owned by Taito-ku in Tokyo on a 50-year fixed-term contract. Hulic constructed a large-sized complex building with total floor area of 19,800 m² mainly consisting of offices. In order to realize the project concept of contributing to creation of festivity and local revitalization by attracting more people to seek entertainment around Asakusabashi, the building can be used for various Purposes. For example, with a multi-

purpose hall where many people can gather for events, rental conference rooms, stores, bicycle-parking lots, and a bicycle-rental service, in addition to office spaces. Its exterior appearance was designed in harmony with landscapes and the town traditions.



Multi-purpose hall to create festivity

Case Study

② Project to effectively utilize the land for the Tokyo office of Hokkaido Government (completed in September 2013)

In this PPP project, a private business operator is supposed to lease the Hokkaido-owned land for the Tokyo office of Hokkaido Government on a fix-term contract, and construct and operate private facilities including facilities designated by Hokkaido Government (Hokkaido facilities). Hulic has planned to construct a complex building with a total floor area of 6,700m². Under the concept of building a new bridge to Tokyo and overseas, the building will improve communication. This will be achieved through interactions between tenants of the shared office, where diverse firms including venture companies gather, and Hokkaido, or among tenants, through restaurants

which utilize food produce from Hokkaido. Finally, it is aimed to be a facility helping to increase the value of Hokkaido.

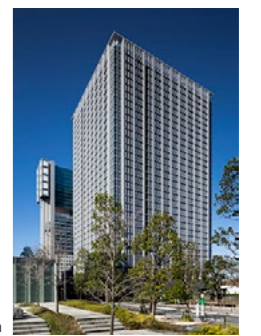
Creating Shared Value in this project



③ Shibaura Water Recycling Center rebuilding project (completed in February 2015)

This was a project to utilize the public land, and it was jointly carried out by our company, NTT Urban Development Corporation, Taisei Corporation, and Tokyo Urban Development Co., Ltd. For the project, part of the premises of Shibaura Water Recycling Center located in Konan 1-chome, Minato-ku, Tokyo was borrowed, and a business as well as commercial building was constructed on top of the underground sewage facilities built by the Bureau of Sewerage of Tokyo. The building incorporates one of Japan's largest quake-absorbing structures, has an emergency generator which can operate for 72 hours, and is equipped with a hall and other facilities which can temporarily accommodate people who cannot get home due to a disaster. Additionally, in the large green space (the size of which is about 3.5 ha) neighboring the building, various seasonally blooming trees and flowers are arranged, which match the environment of the surrounding areas; a waterfront, and a massive open space filled with grass. We would like the building and the green space to be used as comfortable space for various recreational activities and events.

For environmental friendliness, the building actively incorporates an energy-saving system which allows the effective utilization of precious natural energy such as light, wind, and water to reduce burden on the environment and at the same time ensure a comfortable indoor environment. The building has been awarded platinum rating under the DBJ Green Building Certification System and won a SEGES (Social and Environmental Green Evaluation System) certification for urban development. In addition, under the Tokyo Green Building Program, the building has been awarded AAA, which means grade 3 and the highest grade, for the rate of reducing thermal load on the building (PAL reduction rate) and for the ERR (energy reduction rate) of the entire facility system.



Green relaxing space of approx. 3.5 ha

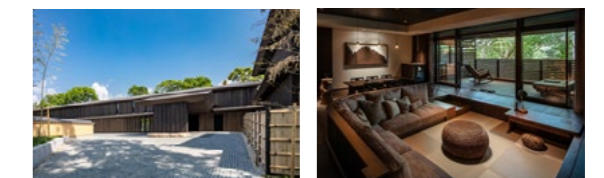
④ Fufu Nara (open for business in June 2020)

This is a PPP project, in which privately proposed facilities will be constructed and operated on the site of the former Takabatake-cho Court owned by Nara Prefecture. Hulic was designated the preferred bidder in open bidding proposal calls for the project to preserve, manage, and utilize the site of the former Takabatake-cho Court, conducted by Nara Prefecture in March 2017. and has been developing the project since. Finally, we opened a *ryokan* (Japanese style luxury inn) as Fufu Nara in June 2020.

restaurant that serves locally sourced products.

Fufu Nara is situated in Yugayama Enchi Garden which was created and maintained by Nara Prefecture and has two wings, lodging and restaurant wings. We were able to create something new and attractive to Nara Park with this high-quality accommodation facility that blends in with the existing trees and the remains of garden and excellent Japanese

Buildings and landscapes were designed by Kengo Kuma and Associates and Shunsaku Miyagi (Placemedia), designed and constructed by Asanuma Corporation, and operated by Hulic Fufu, Hulic's subsidiary, as a luxury accommodation facility Fufu Nara. We aim to operate this *ryokan* in a way that contributes to enhancing the appeal of Nara Park, combined with the garden zone to be developed by Nara Prefecture.



Exterior and interior of Fufu Nara

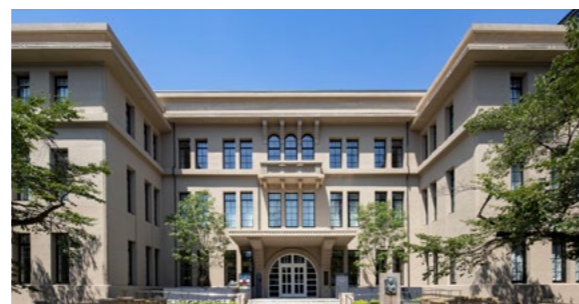
Case Study

⑤ Rissei Garden Hulic Kyoto (open for business in July 2020)

In the public solicitation of proposals for using the former Rissei Elementary School site, solicited by the Kyoto City government in March 2017, a group comprising mainly of Hulic, Takenaka Corporation, and Furuse-gumi Corporation was selected as candidate contractors, and we signed a basic agreement with Kyoto City in May. This is a PPP project, in which a private business operator leases the former Rissei Elementary School site, owned by Kyoto City, and constructs and operates facilities proposed by the private sector, including municipality-designated facilities (space for community activities, etc.), with the aim of reviving their dynamism and sense of community with a cultural hub at the center.

This system was developed for a multi-functional

complex that includes a hotel, commercial properties, and amenities for cultural and regional activities (a hall, library, and community center). In July 2020, THE GATE HOTEL KYOTO TAKASEGAWA by HULIC opened as the third hotel for our THE GATE HOTEL brand.



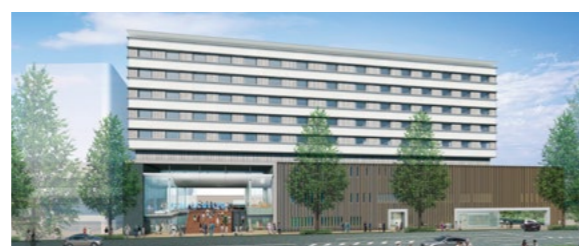
⑥ Hulic Ryogoku River Center (open for business in November 2020)

A group comprising Hulic, AXS SATOW INC., Tekken Corporation, and Sakata Construction Co., Ltd. was selected as the designated project operator in open bidding proposal calls for the Ryogoku River Center Development Project, conducted by the Tokyo Metropolitan Government and the Sumida Ward Government in September 2017.

It is a PPP project in which a private business operator constructs and operates privately proposed facilities, including convenient facilities for residents of Tokyo (Tokyo Metropolitan Government) and a family square (Kosodate Hiroba; Sumida Ward Government), on plots of land owned by the Tokyo Metropolitan Government and the Sumida Ward Government and leased for a fixed term. The project site is located along the Sumida River in an area with a concentration of historical and cultural tourism resources, including Ryogoku Kokugikan (sumo stadium), Edo Tokyo Museum, and the Former Yasuda Garden.

The Hulic Group will communicate the appeal of a wide

range of areas and develop complex facilities that continue to create a lively community as a base for travelling and staying, by connecting the waterfront and town areas. The complex facilities will have convenient facilities and a family square for residents of Tokyo, tourist information functions, and a cafe, etc. on the lower floors, and THE GATE HOTEL Ryogoku by HULIC, operated by the Hulic Group, on the upper floors. We aim to operate the project in a way that contributes to enhancing the appeal of the Ryogoku area.



Rendering image

⑦ Ogimachi Iseikai Hospital Development Project

In August 2018, we were selected as a proposed contractor and we are currently engaged in the development. Our aim is to create a business that contributes to the greater appeal of the Ogimachi area. As a complex facility that serves as a base for revitalization of the town, the hospital will consist of three facilities.

On the lower levels there will be a cultural creation facility centered on a theater where new culture and communities can be created and disseminated, along with an exchange promotion facility with a café, convenience store, children's English education center, and other facilities. On the upper levels, there will be an international

medical treatment facility operated by Iseikai with around 560 beds for advanced acute medical care. The hospital will also support medical tourism.



Rendering image

Initiatives for Employees

Human Capital Management

Fundamental Approach

We aim to create robust and highly productive organization through talent development and management.

Initiatives to Create a Highly Productive Organization

Hulic is made up of a small group of elite professionals and this is one of our strengths. For that reason, we put particular emphasis on employee development. Our Ordinary Income per employee is over JPY400 million. We believe that this figure reflected our status as top-notch among the listed companies in Japan boasting excellent productivity. We encourage employees in their efforts to gain qualifications. Currently, many of them are licensed professionals such as

first-class registered architects and real estate appraisers as well as lawyers and certified public accountants. In order to create a highly productive organization, we place priority to talent acquisition, enhance next-generation nurturing support systems and welfare programs, embrace diversity and work style reform, and advance health and productivity management in addition to talent development.

Initiatives to Create a Small Group of Elite Professionals

Improving Talent Development Programs

Hulic considers talent development to be a top priority that should be approached with a long-term perspective in a planned manner. The managers and the Company strongly support employees in their efforts in further developing skill-sets and gaining qualifications by sharing the common view on professional development.

Employees are advised to obtain two or more qualifications by the time they reach the age of 30. The costs associated with obtaining qualifications are fully borne by the Company in principle. We also provide free English conversation classes twice a week. In addition, we post new hires to on-the-job training and facilitate an environment where they can constantly develop new business ideas and take on challenges, which serves to boost motivation.

Providing High Level of Fringe Benefits

Since it became a public company, Hulic has increased earnings and dividends each year and has rewarded employees accordingly with highly competitive compensation package that include higher salary and fringe benefits such as welfare programs. This has resulted in better talent acquisition, which in turn drives further growth for the Company in what we see as a positive cycle.

Promoting Internal Communication / Sharing Corporate Philosophy

Hulic has a small workforce, which enables a distinctively close distance between each employee, as well as between top management and employees. Hulic's Corporate Philosophy and the Company-wide directions are communicated to all employees through a President's message sent out every month. This allows us to share our Corporate Philosophy throughout the organization and for everyone to clearly see the directions we are heading.

In addition, Top Seminar which is a social gathering organized for around 10 employees by the President is held once a month for employees under the age of 40.

Furthermore, the President Survey is conducted once in every six months. This provides an opportunity for all employees to share their thoughts directly with the President. Various opinions regarding work and internal systems have been received, and appropriate steps are being taken accordingly to address these thoughts in response.

We also regularly conduct interviews between employees and their managers to help building good relations. Through these interviews, the goals and expected roles of each employee are discussed and agreed and performance reviews are provided.

Survey of Participant Satisfaction with Internal Training Programs

We are conducting a survey of participants in English conversation classes and new graduates to improve the content of our training. At the end of each training session, participants are asked to rate the content of the training and

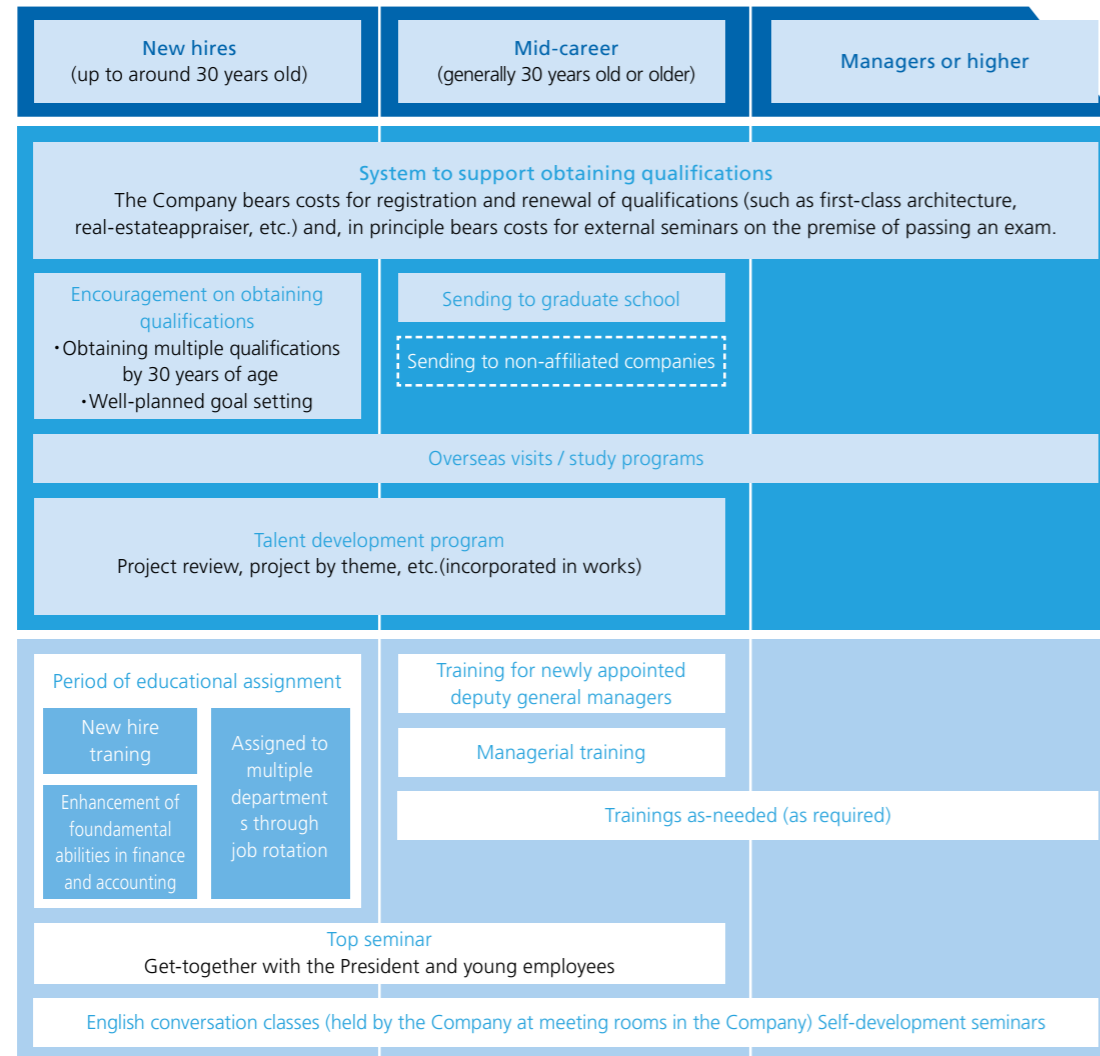
instructor satisfaction on a five-point scale and to provide feedback on suggestions for improvement. We are also working to improve the content of the training based on the opinions of the participants gathered.

Providing Internship Program

We provide an internship program intended for understanding of the industry and work for undergraduate and graduate students at the our Head Office Building. We offer a program where the participants can learn about

the real estate business and our identity through acquiring knowledge of real estate developer's affairs and verifying projects. 70 students participated in FY2019.

Overview of Talent Development Programs



Work-life Balance -Creating a Motivating Work Environment-

Fundamental Approach

In order for employees to be healthy and fully exercise their abilities, we encourage them to strike a work-life balance. We take measures to facilitate environment where employees can easily take paid time-offs and to avoid long work hours.

[Results in FY2019] Usage rate of paid leave: 78.5%✓

*The figure marked with ✓ has been assured by an independent assurance provider.

Work-life Balance

The falling birthrate, aging population, and women's social advancement are important issues for Japan's economy. With regard to support for the next generation, Hulic aims to achieve a higher level than the legal standard and has established various systems in this regard. In addition, we are working to create employee-friendly environments where all

employees can make the most of their abilities. Accordingly, we have established an action plan in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children, set targets for the development and thorough notification, etc. of the work-life balance support system, and are conducting activities to these ends.

Action Plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children (5th period)

Period of the plan: September 1, 2019 – December 31, 2023

Target 1	Have 100% of eligible female employees and at least one eligible male employee take childcare leave by making it easier to use the system
Measures	Presentations on work-life balance systems will be held for childcare leave applicants and their supervisors. The availability of work-life balance systems will be made more widely known among employees to encourage them to take childcare leave. Data on work-life balance systems will be periodically collected and reviewed.
Target 2	Raise awareness of diversity management among managers
Measures	Seminars on diversity management will be held for managers.

Childcare Support Initiatives

Establishment of Hulic's Onsite Childcare Nursery Facility

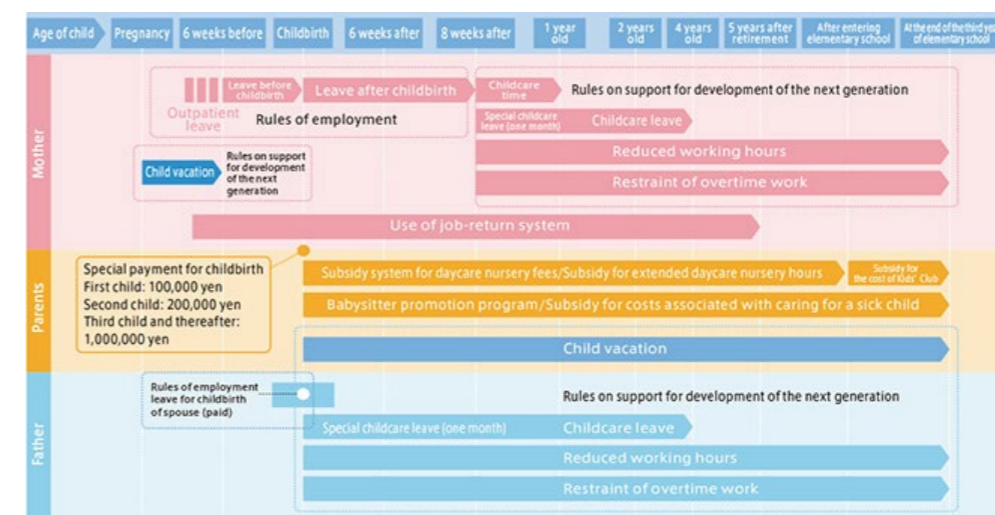
In 2014, we opened the Odenma Fureai Childcare Nursery inside the Hulic Head Office Building to promote a more employee-friendly work environment in which our employees can raise children while working. In addition, to make this childcare nursery more accessible, employees using this service are allowed to drive their cars to work and park them in the Head Office Building's parking lot free of charge. This childcare nursery is not only available for the employees but also for certain children* of neighboring residents, with

the intention of contributing to reducing the number of children on nursery waiting lists in the local community.

*Conditions for use applied to neighboring children differ from those applied to employees.



Diagram of Hulic's Next Generation Nurturing Support Program



Details of Next Generation Nurturing Support Program

System	Details
Special childcare leave/Childcare leave	<ul style="list-style-type: none"> • Possible to take leave until a child becomes 4 years old. • In case of taking a short-term childcare leave, it is possible to use the first month as a "paid special childcare leave". • A male employee who took a childcare leave once within 8 weeks after childbirth is allowed to take the leave again within the period when childcare leave is still available.
Reduced working hours/Limits on overtime work	<ul style="list-style-type: none"> • Employees who have reared a child in or younger than the third grade of elementary school can reduce work hours not exceeding two hours per day in units of 30 minutes, if they wish.
Exemption of overtime work	<ul style="list-style-type: none"> • Employees who have reared a child in or younger than the third grade of elementary school can be exempt from overtime work, if they wish.
Staggered work hours	<ul style="list-style-type: none"> • Depending on necessity, employees can apply for staggered work hours for reasons such as child care.
Job-return system	<ul style="list-style-type: none"> • An employee who retired due to marriage, childbirth, childrearing, and nursing care, etc. can return to work under the same working conditions as at the time of retirement.
Celebration money on auspicious occasions (marriage, childbirth)	<ul style="list-style-type: none"> • A special payment for marriage of 100,000 yen is given to employees regardless of their service years. • A special payment for childbirth is given to employees: 100,000 yen for the first child, 200,000 yen for the second child, and 1,000,000 yen for the third child and thereafter.
Childcare Center Subsidy System	<ul style="list-style-type: none"> • Subsidize part of the childcare center fee until a child enters elementary school. A monthly payment is up to 30,000 yen for one child. (This amount applies not only to the first child, but also the second child and thereafter.) • Subsidy for extended daycare nursery hours.
Subsidy for costs associated with caring for a sick child	<ul style="list-style-type: none"> • Up to 5,000 yen is paid per day per child, for a maximum of 5 days per month, until the child reaches the end of the third year of elementary school.
Company daycare nursery inside the Hulic headquarters	<ul style="list-style-type: none"> • Hulic has established nursery facilities at its Head Office for employees. Both monthly and temporary childcare services are available at the facilities. Employees using these services may drive to work and park their cars at the Head Office Building.
Babysitter Program	<ul style="list-style-type: none"> • When an employee use services of a babysitting business operator which has a corporate contract with Hulic Group, the entire enrollment fee of 21,000 yen, the annual fee of 10,500 yen, as well as the monthly fee up to 15,000 yen per child are subsidized, in addition to the provision of discount tickets and coupons.
Subsidy for the cost of Kids' Club	<ul style="list-style-type: none"> • Up to 10,000 yen is paid per month for a child until the end of his/her third year of elementary school.
Child care leave (Previous nursing care leave was incorporated in child care leave.)	<ul style="list-style-type: none"> • It is applicable during the period from when a female employee found out her pregnancy to when she takes maternity leave in the case it is difficult to work due to pregnancy complications, etc. • It is applicable when it is necessary for an employee (regardless of gender) to nurse a sick child younger than fourth graders or to participate in the events of nursery school or elementary school. • Child care leave is available for up to 10 days (in case of one child) or up to 15 days (in case of two children or more) a year and can be taken in half days.
Work from home system	<ul style="list-style-type: none"> • Possible to work from home for the purpose of childrearing or nursing care and this system can be used in half days.
Leave for childbirth of spouse	<ul style="list-style-type: none"> • Possible to take a day off in the case of childbirth of spouse (paid).
Other support programs including support for employees during maternity leave and upon their return to work	<ul style="list-style-type: none"> • Employees can use the internet-based "Childcare wiiwiv Program (*)" which supports employees from the period prior to maternity leave up to their return to work. (We also provide courses for male employees. The spouses of male employees are allowed to use the this Program too.) *The service is provided by wiiwiv Inc. Representative services are described below. <ul style="list-style-type: none"> - Service which supports communication between the employee and his/her boss - Periodic messages about child care and returning to work and information services such as handbooks for maternity leave, childcare leave, and returning to work - Online courses, 24-hour telephone counseling and other services • Publication of parents' childcare support handbook

TOPICS

Platinum Kurumin Certification

Based on the Act on Advancement of Measures to Support Raising Next-Generation Children, we have received Platinum Kurumin certification in 2020 from the Minister of Health, Labour and Welfare as a Company that supports employees

in raising the next generation at a distinctive level. At that same time, we also received Kurumin certification for the third time (in 2010, 2017 and 2020).



TOPICS

Received Grand Prize of "Ikumen Award 2017"

While we had previously focused mainly on the development of the careers of women, we have promoted the improvement of systems such as a child care leave system that both men and women can use. This is based on our belief that the sharing by a couple of the burdens of child rearing and housekeeping which tend to be shouldered by women will promote women's willingness to raise children and continue working. In recognition of the higher rate of acquisition of child care

leave by male managers and the ensuring of distribution of the "Child Care Support Guide for Mothers and Fathers" prepared by Hulic, we received the grand prize. We will promote the creation of comfortable workplaces for all employees, and promote male employees' balancing of work and childrearing.



Work Style Reform

To create an environment where every employee feels motivated and can work to the best of their ability, we encourage people to take time off, to work less overtime, and we have introduced teleworking and staggered shifts

in summer as ways to embrace diverse work styles. We are also undertaking a change in the long working hour culture, including tracking working hours and internal promotions to encourage taking time off.

Promoting the Use of "Plus-one" Paid Leave and Consecutive Paid Leave

Promoting the use of paid leave before and/or after Saturdays, Sundays, or holidays, and the use of a three-day vacation and a one-week vacation once a year respectively.

Implementation of No Overtime Day

We have designated Wednesday as a No Overtime Day. On each Wednesday, we encourage employees to leave work on time. In addition, we adopt morning-oriented work arrangements in summer.

Implementation of "My Friday"

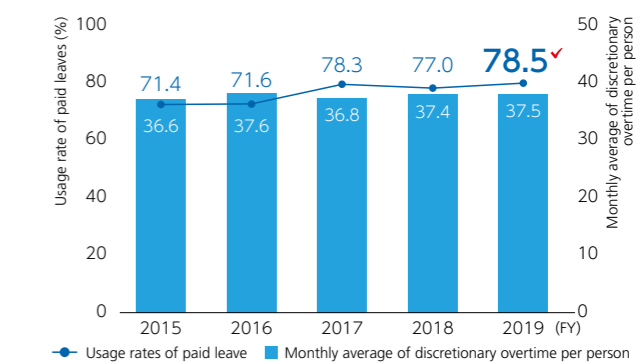
We encourage employees to take a half day off on Friday afternoon once a month.

Improving the Efficiency of Business Processes and Promoting Outsourcing

We check the usage status of paid leave and implementation status of No Overtime Day as appropriate, and hold discussions on working style at each department. In addition, we work to reduce long working hours and promote the systematic use of paid leave by monitoring working hours, etc. through the Risk Management Committee and guidance and advice through the Health Committee.

As a result of various initiatives, the usage rate of paid leave remains high in 2019.

Usage Rate of Paid Leave and Overtime Work Hours



* The figure marked with "✓" has been assured by an independent assurance provider.
 * The usage rate of paid leave is calculated by dividing the "number of days of paid leave used in the year" by the "number of days of paid leave granted in the year excluding leave carried over".

Efforts to Support the Security of Employees and their Families

There is nothing better than for all employees to be healthy every day. However, if something unexpected happens to one of our employees, we will support the employee and his/

her family through the systems shown below. We wish that such preparations for this possibility will lead to the creation of a secure and comfortable company for employees.

System	Details
Support for the bereaved, etc.	<ul style="list-style-type: none"> • When an employee who died while in office or retired due to disability has children, and his/her unemployed spouse who rears the children wants to work at Hulic Co., Ltd. or its group companies, the job opportunity is offered. • When an employee who died while in office or retired due to a disability has children younger than 22 years old, a scholarship of 150,000 yen a month is paid per child. (According to the application for extension, it is possible to pay for up to one year.)
Condolence money	<ul style="list-style-type: none"> • When an employee dies or becomes disabled while in office, condolence money or a special solatium is paid to the bereaved family or the employee. • In the case of a death, condolence money up to 10 million yen is paid. • In the case of a disability, a special solatium equal to the amount of condolence money is paid. This payment is different from condolence money according to the contents of the "accident compensation rules".
Congratulatory or condolence payments	<ul style="list-style-type: none"> • If, while in office, an employee or his/her spouse, child, or parents dies, 20,000 yen - 200,000 yen is paid. • If, while in office, a house in which an employee lives is damaged by natural or accidental disasters, 100,000 yen - 1 million yen is paid to an employee who owns his/her house, and 50,000 yen - 500,000 yen to an employee who does not have his/her own house, depending on the scale of damage.
Special solatium for injuries and diseases	<ul style="list-style-type: none"> • When an employee, while in office, is hospitalized for five consecutive days or longer due to disease and injury from a freak accident, special solatium for hospitalization is paid for up to 120 days. • When an employee dies while in office, condolence money of 100,000 yen is paid to a recipient designated by the employee in advance.

Hulic Head Office Tour for Families

In July 2019, the seventh Hulic head office tour for families was held. The purpose of the tour is to have employees' families understand the Company by providing them an opportunity to visit the workplace. We also aim to create a comfortable working atmosphere which values families by having the entire company rediscover that each employee has

a cherished family. In the tour, employees served as a tour conductor to the onsite childcare nursery and workplace, also explaining environmental technologies installed in the Hulic Head Office Building. After the tour, participants who wished had lunch at THE GATE HOTEL TOKYO by HULIC, attended by the President.



Participants exchange children's name cards with President Yoshidome



A briefing at our Head Office



Luncheon at THE GATE HOTEL Tokyo by HULIC

Supporting Employees in Striking Balance between Nursing Care and Work

We provide various types of support for our employees to allow them to manage both work and nursing care when a family member of the employee is in need of care. The time required for nursing care and the degree of seriousness vary depending on individual cases. Therefore, we believe that improving environment of the whole workplace is indispensable. Based on this notion, we raise awareness in the workplace so that support from the co-workers is easily

available to employees managing both work and nursing care. Furthermore, we have established the Regulations for Supporting the Combination of Nursing Care and Work to support employees.

In 2016, we further refined the rules for supporting nursing care and work and promote diversified working styles so that no employee will be forced to resign to care for family members.

Summary of Program to Support Employees in Striking Balance between Nursing Care and Work

System	Summary	Non-Eligible Employees	Allowable Days and Frequency
Family care leave	Employees are allowed to take days off for nursing care. (Employees are paid 100 percent of their regular salaries before taking leave for the first one month and 50 percent of their regular salaries for up to a total of two years.)	Employees such as those who have worked for our company for less than one year or those whose predefined weekly working days are two days or less per week	For a family member who is currently in need of care, employees may take family care leave three times over the period of two years (Family-care leave can be taken two times or more up to a total of two years.)
Reduced working hours	For nursing care, employees are allowed to reduce their daily regular working hours by up to two hours with a unit of 30 minutes.	Employees such as those who have worked for our company for less than one year	For a family member who is in need of care, the employee is allowed to reduce his/her working hours for up to one year. (The reduced working hours are determined based on the remaining days of his/her family care leave.)
Days off for family care	Employees are allowed to take a paid half day off or a paid full day off to take care of a family member who is in need of care.	—	Employees are allowed to take 10 days off for family care, regardless of the number of family members who are in need of care. Out of the 10 days, five days can be used as half days off (equating to 10 half days off).
Reduced working hours for family care	Employees may set days-off up to two days a week.	—	—
Restriction of work in excess of statutory working hours	Overtime hours of more than 24 hours in a month and 150 hours in a year are exempted.	Employees who have worked for our company for less than one year or whose predefined weekly working days are two days or less per week	The frequency of applying for this system is not restricted.

*A family member who is in need of care is defined as a spouse, father/mother, child, spouse's father/mother, grandfather/grandmother, brother/sister, or grandchild who requires constant nursing care for over two weeks due to a reason such as injury, disease, or physical or mental disorder.

Human Capital-related Data

		2015	2016	2017	2018	2019
Number of employees (person) (non-consolidated)	Male/Female	93/35	109/40	112/44	114/52	124/57
	Total	128	149	156	166	181
Number of employees (person) (consolidated)		784	836	862	936	1,878
Average annual salary (JPY million)		12.95	14.18	15.30	16.36	17.61
Number of voluntarily resigned employees (person)		3	2	2	3	2
Ratio of voluntarily resigned employees (%)		2.34	1.34	1.28	1.81	1.11
Number of employees in managerial positions (person) (excluding executive officers)	Male/Female	43/5	57/8	65/12	66/15	71/18
Employment ratio of persons with disabilities (%) (non-consolidated)		7.36	6.3	6.16	5.74	6.09✓
Employment ratio of persons with disabilities (%) (Hulic and Group companies)		2.31	2.21	2.11	2.41	2.42✓
Number of employees who took childbirth leave (person)		6	0	2	6	12
Number of employees who took childcare leave (person)	Male/Female	2/3	6/3	0/2	1/5	6/6
Ratio of employees who returned to work after childcare leave (%)		100	100	100	100	100
Number of employees with shorter working hours (person)		5	7	6	3	6
Number of employees who took day off for family care (person)		3	1	1	5	4
Number of employees who took family care leave (person)		0	0	0	0	0
Number of employees who took day off for nursing care (day) (absorbed previous nursing care leave)		34	60	114	86	133
Number of users of the subsidy system for daycare nursery fees (person)		14	22	31	31	23
Number of employees who took leave to take part in volunteer activities (person)		14	18	13	12	12

* Figures marked with ✓ have been assured by an independent assurance provider.
 * Data covers Hulic Co., Ltd. only (excluding the number of employees (consolidated) and the employment ratio of persons with disabilities (Hulic and Group companies)).
 * The data covers Hulic Co., Ltd. and subsidiary companies that have been certified as affiliated subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities.
 * Excludes employees who have been transferred within the Group. Includes seconded employees in the number of employees who took childbirth leave, the number of employees who took childcare leave, the number of employees who took day off for nursing care, and the number of employees who took leave to take part in volunteer activities.
 * Per month totals are given for the number of employees who took days off for nursing care, employees who took childcare leave and employees who took leave to take part in volunteer activities.

Health and Productivity Management

Fundamental Approach Based on the philosophy that employees' good health is essential for improving the productivity and growth of the company, Hulic is promoting the creation of employee-friendly work environments in which employees can continue to work with enthusiasm and energy in good health.

[Results in FY2019] Medical checkup rate on employees: 100%✓
 * The figure marked with ✓ has been assured by an independent assurance provider.

Promoting Health and Productivity

Hulic formulated the Hulic Health Management Declaration described below to implement comprehensive health management.

Hulic Health Management Declaration

Hulic is creating a workplace environment that enables all employees to stay healthy and make the most of their abilities, and aims to achieve sustainable growth by encouraging each employee to deliver high quality and value with professional competence.

Based on this philosophy, Hulic regards maintaining and promoting the health of employees as a management issue, and implements health management to remain "a highly productive organization," while furthering measures it has taken for promoting employees' health.

Manabu Yoshidome
 President, Representative Director Hulic Co., Ltd.

TOPICS

2020 Certified Health & Productivity Management Outstanding Organization (Small and Medium-sized Enterprises Category)

Hulic was certified as a Health & Productivity Management Outstanding Organization in 2020 for the second consecutive year in recognition of our health and productivity management initiatives. The award has been promoted by the Ministry of Economy, Trade and Industry in conjunction with the Nippon Kenko Kaigi to advance health and productivity.



The followings are Hulic's major measures for maintaining and promoting employees' health.

Conducting Health Checkups that Exceed Legal Requirements

- We implement an annual health checkup that is fully paid by the company and equivalent to a comprehensive medical examination, with a wide lineup of optional examinations such as neck ultrasonography, colonoscopies, and gynecological checkups. The time required for each health checkup is regarded as working hours.
- 100% medical checkup rate is our target, which is continuously achieved. From 2018, new targets that 100% medical re-checkup rate and participation rate of specific health guidance were added. Message from management to recommend the participation of such checkup and follow-up by HR member in charge of health management were delivered.
- Moreover, in order to promote health management of employees, occupational health physician looks through the results of all employees, interview and provide health guidance for specific employees. In addition, consultation system about health issues is established.
- As infection control measure, employees can take flu vaccination before epidemic, antibody test and vaccination of rubella.

Health and Productivity Management Promotion System

Health and Productivity Management Promotion System

- Health Committee
- Health and Productivity Management Follow-up Meeting

President is a chief executive in charge of health management, HR manager and general manager of each department are designated as a leader in health promoted activity. The Health Committee and The Health and Productivity Management Follow-up Meeting, which consist of the HR manager and the members elected from among employees every year, hold monthly meetings in principle to promote

employees' health and safety. Our industrial doctor attends all Committee meetings to provide advice and guidance on healthcare. The Health Committee and The Health and Productivity Management Follow-up Meeting members discuss the status of use of paid leave and overtime work of employees, and the matters discussed by the Committee are reported to the board members. The matters are utilized for improving internal systems and goal setting. Also, important matters reported to the Health Committee such as the status of use of paid leave, overtime work of employee and status of taking medical checkups are reported to the Risk Management Committee which is headed by the president and the Risk Management Committee will discuss the matters.

Mental Healthcare

We implement mental health care in cooperation with medical institutions. We help employees, who are diagnosed as requiring special medical examinations and treatment, find specialists or specialized medical institution partners. In 2016, we started to perform stress check tests on all employees to prevent them from suffering from mental disorders.

Percentage of employees who took stress check tests

2016	2017	2018	2019
91.0%	97.1%	95.7%	94.7%

Non-smoking Initiative

For health promotion and stopping passive smoking of employees, we implement enlightenment activities including complete separation of smoking area from non-smoking rooms, delivering message from health insurance association and post a notice about no smoking. From 2019, we started to bear full cost of smoking cessation clinics for employees who try to quit smoking and introducing the non-smoking hours in the office.

Health Promotion Program

To improve health awareness, we have installed blood pressure monitors and body composition meters in common areas, and we support the promotion of employee health by providing support for sports club fees and by participating in the Futsal Tournament at the Corporate Games 2019.

Free Breakfast and Lunch

In order to publicize the importance of regular dietary intake, we support healthy food habits at cafeteria (providing healthy lunch and calorie display of food & drink menu).

Occupational Safety and Health

In promoting the creation of comfortable workplaces, we give first priority to the securing of safety and health and endeavor to secure employees' health and safety by engaging in various efforts. While we have not obtained certifications such as OHSAS 18001, we secure occupational safety under our own system by regularly conducting risk assessment and improving issues.

The number of accidents occurred in 2019 was zero

and no accidents that require time off from work or fatal accidents occurred in four years in a row (rate of occurrence was 0%). We will continuously promote the improvement of the level of occupational safety and health in the workplace. No employees are engaged in work with a high risk for illness and no legal proceedings have been brought against us in this regard.

Embracing Diversity & Inclusion and Respect for Human Rights

Fundamental Approach

We respect human rights and proactively take advantage of diversity in our business. We aim to foster a workplace in which all employees can make the best use of their abilities.

- [Results in FY2019] Ratio of female managers: 20.2%
- Number of seminars provided by the Diversity Promotion Project Team: 1time
- Employment ratio of persons with disabilities: 6.09 %[✓](Hulic) 2.42 %[✓] (Hulic and its Group companies)

*Figures marked with [✓] has been assured by an independent assurance provider.

Diversity: Message from the President

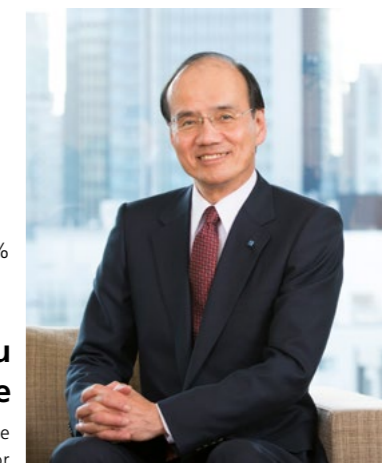
Ever since being listed on the First Section of the Tokyo Stock Exchange, Hulic has consistently recorded all-time high profits. Now that a decline in the working population is unavoidable, we believe it is essential for diverse human assets to reach their full potential in order for Hulic to continue plotting and achieving its story of steady growth into the future.

To this end, based on a commitment to diversity and inclusion, our only job grades are career-track positions to enable our employees to work without any gender distinctions, and our new graduate recruitment is now almost half male and half female. Nevertheless, sometimes employees need to leave their jobs for a certain period of time due to life events and sometimes they struggle to balance work and home life when they return to their jobs. Hulic has focused efforts on improving the systems such as establishing nursery facilities located in our office and childcare leave so that this struggle does not form a barrier.

As a result of these efforts, we achieved the target of increasing the ratio of female managers to 20% by the year

2020, which was the target of First Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace, one year ahead of schedule.

We also make active efforts aimed at career development for women and we have been enhancing the training and follow up required to achieve the new target of increasing the ratio of female managers to 25% by 2024 and 30% by 2029 every year.



Manabu Yoshidome
President, Representative Director

Changes in the Ratio of Female Managers and Target Figures

	2019	2020	2021	2022	2023	2024
Roadmap	20.0%	20.5%	21.5%	21.5%	23.0%	25.0%
Results	20.2% [✓]	—	—	—	—	—

* The figure marked with "✓" has been assured by an independent assurance provider.

We also put efforts into employment for persons with severe disabilities, who have limited employment opportunities. We have established the Hulic Sugunami Office, a dedicated work space at Hulic Ogikubo Building, where persons with disabilities carry out operations as our employees.

We are particularly aware of supporting independence. Activities include working steadily from 9:15 – 16:15, learning how to use PCs in work breaks, and taking part in family tours at our head office once a year. I myself also visit Sugunami Office each year to exchange opinions with everyone in the office.

Respect for Human Rights

The Company has established the Hulic Human Rights Policy, which proclaims respect for human rights so that all employees can maximize their abilities and contribute to the realization of a society full of peace of mind and trust. In our Human Rights Policy, we declare that we prohibit any acts of discrimination and harassment, as well as any discrimination against any person on the ground of his or her beliefs, religion, age, sex, sexual orientation, race, nationality, origin, physical or mental disorder, etc. We also prohibit any act, including sexual harassment or abuse of authority, to inflict emotional distress on any person through language or behavior that damages his or her character or dignity. Respect for human rights encompasses all fundamental human rights found in the Constitution, Labor Standards Act, and Universal Declaration of Human Rights, as well as

Changes in the Employment Rate of Persons with Disabilities and Target Figures

	2016	2017	2018	2019	2020
Roadmap	—	—	—	—	2.40%
Results	2.21%	2.11%	2.41%	2.42% [✓]	—

* The figure marked with "✓" has been assured by an independent assurance provider.
* The Data covers Hulic Co., Ltd. and subsidiary companies that have been certified as affiliated subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities.

We believe that it is essential for management to disseminate information actively so that Hulic employees work together to promote these initiatives. We communicate the importance of diversity management through the dissemination of the Message from the President once a month, the implementation of the President's Questionnaire Survey every six months, and periodic dinner meetings with employees. We are raising internal awareness in collaboration with the diversity promotion project team (the former women's career promotion project team) launched in 2010 under the direct supervision of the President. Our employees will work together to achieve diversity and inclusion, without any complacency about efforts to date.

human rights related to equal employment, prohibition of forced labor and child labor, freedom of association, and collective bargaining stipulated in the ILO's international labor standards.

In 2019, Hulic posted on its intranet regarding the themes of LGBT* and sexual harassment, etc. In addition, we held a seminar on changes in work style as part of compliance training for our directors and general managers. In addition, in 2020 the Corporate Sustainability Office disseminated information related to the Hulic Human Rights Policy throughout the Group to raise awareness and understanding.

* LGBT is a collective acronym for lesbian, gay, bisexual, and transgender.



The Hulic Human Rights Policy

① Prohibition of discrimination

We prohibit any discrimination against any person on the ground of his or her belief, religion, age, sex, sexual orientation, race, nationality, origin, physical or mental disability, etc.

② Prohibition of harassment

We prohibit any act, including sexual harassment or abuse of authority, to inflict emotional distress on any person by language or behavior that damages his or her character or dignity.

③ Prohibition of child labor

We prohibit any child labor.

④ Prohibition of forced labor

We prohibit any forced labor carried out through violent acts or intimidation.

⑤ Respect for the right of freedom of association and right of collective bargaining

In line with international labor standards, we respect the right of freedom of association and right of collective bargaining.

⑥ Reduction of excessive working hours

In addition to ensuring compliance with labor-management agreements, including the 36 Agreement and laws and regulations of relevant countries and regions, we adopt basic policies to reduce overtime work and limit excessive work.

⑦ Securing of health and safety of workers

In accordance with laws and regulations of relevant countries and regions, including the Labor Standards Act, we endeavor to offer a workplace where workers can work healthily and safely.

⑧ Payment of wages over minimum wage

We pay wages over minimum wages prescribed in various local laws and regulations as well as the Minimum Wage Act.

Execution of Diversity Management

Hulic's basic approach is for the employees to be aligned with their skill-sets, aptitudes, and personalities that enables individuals to perform at a maximum level and as a result of that the Company to operate a high value-added business with smaller workforce. To achieve this, we believe that it is essential to raise awareness on diversity & inclusion and enhance related frameworks. In 2010, we established the

diversity promotion project team (the former women's career promotion project team), which continues to engage in regular activities based on such themes as improving work-life balance and career development. In addition, meetings are held once a year with the President, who is responsible for the team, providing an opportunity for employees to directly communicate their thoughts and opinions.

Promoting Female Empowerment

Hulic's basic approach is for the work of individual relations employees to be aligned with their abilities, aptitudes, and personalities, enabling individual employees to make the most of their abilities and the Company to operate a high value-added business with less manpower. For this reason we see it as essential to provide opportunities to all employees irrespective of gender and, in particular, we are strengthening initiatives for the career development of women. The Diversity Promotion Project Team (the former Women's Career Promotion Project Team) has been conducting activities regularly since 2010 with themes such as improving work-life balance and career development. In 2016, we received the highest certification as an "Eruboshi" company under the Act on Promotion of Women's Participation and Advancement in the Workplace, and were selected as a "Nadeshiko" Brand. In

2017, we received the Minister of State for Gender Equality Award of the Commendation for Leading Companies Where Women Shine hosted by the Cabinet Office.

In 2019, we also engaged in activities with a focus on organizing the "Science and Engineering Challenge (Riko-challe)" events in cooperation with the Cabinet Office, Keidanren and the Ministry of Education, Culture, Sports, Science and Technology. In November, we held a lecture with the theme "How to create an organization that can achieve exceptional results from the perspective of diversity and inclusion."



Organizing the Science and Engineering Challenge event

Formulation of Action Plan Based on the Act on Promotion of Women's Participation and Advancement in the Workplace (2nd period)

This Action Plan was formulated in order to enable female employees to strike a balance between their careers and child-raising, and to allow them to exert their capabilities and develop their careers in various divisions of the company.

Action Plan Based on the Act on Promotion of Women's participation and Advancement in the Workplace (2nd period)

« Duration of the Plan »
September 1, 2019 – December 31, 2023

« Quantitative Goals »
Target 1: To achieve a ratio of female managers of 20% or higher
Target 2: Have at least three women assigned as heads of departments.
Target 3: Have 100% of eligible female employees and at least one eligible male employee take childcare leave by making it easier to use the system.

« Initiatives »
● Career guidance and skills training will be provided to groom women for positions as heads of departments.
● To encourage their use, the availability of work-life balance systems will be made more widely known among employees.
● Measures will be promoted among managers for raising awareness of diversity management.

In FY2016, Hulic affirmed the Declaration on action by a group of male leaders who will create a Society in which women shine and received the highest-level "Eruboshi" certification from the Minister of Health, Labour and Welfare as an excellent company taking initiatives to promote women's participation and advancement in the workplace.



Selected as "Nadeshiko" Brand 2016

From the standpoint of empowering female employees and helping employees improve their career skills, we are working to transform our organizational structure, develop an employee-friendly work environment, and further enhance our benefit programs. In particular, we have put efforts into establishing a top-class system for fostering future generations, with the aim of ensuring that female employees are able to continue to play active roles in the company while raising their children after childbirth. In recognition of these activities, Hulic was named the Nadeshiko Brand for the second year in a row and selected as the Nadeshiko Brand 2016.



Employment of Diverse Human Resources

Participating in the joint declaration on the charter of corporate ethics concerning employment issued by Keidanren (Japan Business Federation), we proactively employ new graduates in accordance with the purpose of the charter. When performing pre-employment screening, we respect the basic human rights of applicants and make efforts to secure diverse human resources based on their aptitudes and abilities, regardless of backgrounds and gender. The total number of employees newly hired in 2019 (the total number of new graduates and experienced individuals) was 17 (male:

12, female: 5); the proportion of women was 29.4%. The ratio of female managers has increased as a result of active efforts to promote the active participation and advancement of female employees in the workplace, with an enhanced system to support the development of the next generation. We intended to become a company where female employees could thrive professionally with the target of increasing the ratio of female managers to 20% by the year 2020. We achieved 20.2% in 2019, ahead of schedule, and have set new targets.

Establishing Good Labor-Management Relations

Our Code of Conduct and Hulic Human Rights Policy stipulate respect for human rights in association with equal employment opportunities, freedom of association, and collective bargaining. We conduct interviews between employees and their supervisors when necessary and carry out the President Questionnaire Survey, through which employees can share their views and opinions directly

with the President, in an effort to establish good labor management relations.

Various opinions and requests were received from employees in response to the President Questionnaire Survey and, in fact, work is being carried out based on those responses to create a more comfortable workplace, including the construction of a bicycle parking lot at the head office.

Efforts Regarding Compensation

The Hulic Human Rights Policy prescribes that we pay wages over minimum wage prescribed in various local laws and regulations as well as the Minimum Wage Act.

Promoting Employment of Persons with Disabilities

The Hulic Suginami Office had their 12th anniversary, and as of June 2019, our employment rate of persons with disabilities was 2.42%[✓] Group-wide and 6.09%[✓] on a non-consolidated basis. Currently, eight employees with disabilities, instructors with experience in coaching, and a chief administrator are working at the Hulic Suginami Office, where they carry out operations, such as the dispatch of direct mail. A monthly meeting with the human resources team of the Head Office is held to ensure that operations integrated with the head office are being put into practice. In recognition of our activities to play a leading role in employing persons with disabilities and proactively develop their abilities, Hulic has been certified as an excellent corporation in employing the disabled in

Tokyo since September 2010. In addition, this office has been registered as an Excellent Corporation for Employing Persons with Disabilities in Tokyo since September 2010, and was rewarded as an "Excellent Office for Employing Persons with Disabilities" award in 2013 for active employment and frequent Suginami Office visits by the president, which helped to accelerate creating a sense of unity between the headquarters and the Suginami Office. We will make efforts to improve the workplace so that people with disabilities can feel a sense of worth in their work.

* Figures marked with "✓" have been assured by an independent assurance provider.

* The data covers Hulic Co., Ltd. and subsidiary companies that have been certified as affiliated subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities.



Logo of excellent corporation in employment of the disabled in Tokyo



The Hulic Suginami Office

Employment System for Seniors

We have introduced a reemployment system for seniors in accordance with the revised Act on Stabilization of Employment of Elderly Persons. Under this system, we rehire any employee that has reached the mandatory retirement age but who wishes to continue working until the age of 65.

In 2010, we made changes to our reemployment system. For

example, systems of staggered commuting and a half-day leave were introduced for rehired employees. They can use leave and absence systems almost equal to the ones for active employees. We expect a variety of knowledge and expertise to be inherited through communication beyond generations between senior employees with abundant knowledge and experience and younger employees.

Job Return System

Hulic has instituted a job return system that allows employees who left the Company due to marriage, giving birth, childcare, caring for a family member, or other unavoidable reasons, to return to their same job within a five year period with the same compensation and benefits

as before. The purpose of this system is to support a balance between work and childcare as advocated in the Act on Advancement of Measures to Support Raising the Next Generation and to secure human resources that have wide-ranging experience and a depth of professional knowledge.

Promoting Communication between Diverse Employees

Hulic is run by a small workforce, which enables a distinctively close distance between each employee, as well as between top management and foremen. The company-wide activities are transmitted to all employees through the Message from the President every month. This message makes it possible to understand what other departments are working on, stimulating the horizontal communication beyond the borders of departments.

In addition, the Top Seminar is held once a month, and the President Questionnaire is conducted semi-annually. The

Top Seminar targets employees below the age of 40, and is an informal monthly gathering of the President and about 10 employees of the same age.

The President Questionnaire is a communication tool, allowing employees to offer opinions directly to the President. Employees submit their opinions in a designated form to an in-house post box, and the President replies to these opinions. Various suggestions of employees on our businesses and in-house systems have been adopted and put into practice.

Management of Risks regarding Labor and Human Rights Issues

We endeavor to prevent violation of laws related to labor and occurrence of accidents. Although risks of child labor and forced labor are low at Hulic as we have developed a highly specialized business mainly in Tokyo, we declare that we do not permit any form of child labor or forced labor. In order to prevent such labor, we regularly audit compliance with laws in employment management and also provide compliance education, including regarding the prevention of child labor and forced labor, to employees.

For managing human risk, the department in charge determines and evaluates the situation before reporting to the Risk Management Committee and making recommendations. The Board of Directors is also regularly kept aware of the content of these reports. As a result, there have been no situations that threaten such risks as freedom of association, collective bargaining rights, child labor, forced labor, security practices, or indigenous rights.

Received Commendation for Leading Companies Where Women Shine in Fiscal 2017

In 2017, we received Minister of State for Gender Equality Award of the 2017's Commendation for Leading Companies Where Women Shine hosted by the Cabinet Office for advanced companies which have excellent policies, initiatives, and actual results of appointment of women and made excellent disclosure thereof.

女性が輝く
先進企業
2017



Initiatives for Local Communities

Social Contribution as a Company

Fundamental Approach

To fulfill our corporate social responsibilities, we work to solve social issues and to contribute to the sustainable development of society.

Policy for Social Contribution Activities

Basic Philosophy

Hulic actively and broadly engages in various social contribution activities including but not limited to our business fields as a good corporate citizen. Through these activities we wish to contribute to the sustainable development of the entire society.

Policy for Activities

- Actively engage in activities with particular emphasis on the three major fields of global environment protection, sharing value with local Communities, and responses to social needs.
- Strongly support social contribution activities of employees.
- Place an emphasis on securing transparency in implementing activities and facilitate communications and cooperation with the society.

Support of the Japan Business Federation's One Percent Club Initiative

Hulic supports the One Percent Club initiative, a move advocated by KEIDANREN (Japan Business Federation). We are committing to spend at least one percent of Ordinary Income to social causes each year. The Club, as a sub-organization of KEIDANREN's Committee on Responsible Business Conduct & SDGs Promotion, provides information on social contribution activities to companies and coordinates networking with NPOs and other organizations with the aim of enabling more effective social responsibility activities.

List of Social Contribution Activities in 2019

Global Environment Protection

- Organized Wooden Architecture Symposium
- Donated to Keidanren Nature Conservation Fund

Social Welfare

- Hulic Scholarship Program for training of welfare caretakers
- Employee match gift program
- Donated to Japanese Red Cross Society
- Donated used postal stamps
- Donated to Akai Hane
- Supported orphans of cancer and childhood cancer patients and their families
- Supported Single-parent Households

- Sponsorship of Kodomono Tame no Shiba-Kikin charity concert for children

Support of Culture and the Arts

- Organized the Hulic Cup Seirei Championships
- Special sponsorship of the Hulic Cup Kisei Championships
- Special sponsorship of Minister of Education, Culture, Sports, Science and Technology Cup Elementary and Junior High School Shogi Team Competition
- Supported New National Theatre Tokyo
- Supported Kishikai Shogi Festival (Great East Japan earthquake reconstruction support event)

- Supported Kishikai Christmas Festival
- Considered potential relocation of Shogi Hall

Health, Medicine and Sports

- Support for Japan Para-Badminton Federation
- Connection with the Local Communities
- Opened onsite childcare nursery facilities to local community members
- Hosting Summer Festivals/Donated a portable shrine

Education and Social Education

- Donated to a scholarship program of Kyoto University
- Sponsorship of Kyoto Kensetsu Center

- Supported Nezu Foundation
- Supported AgriFuture Japan
- Supported agricultural engineers

Academic and Research Support

- Organized an idea competition for students
- Supported environmental studies at Kyoto University

Others

- Sponsorship of *Mainichi Shimbun* in Fukushima relief efforts
- Donated to Ashinaga Scholarship
- Subsidized the cost of employees' disaster recovery activities

Global Environment Protection

Organized Wooden Architecture Symposium 2019

Hulic makes wooden constructions as a business. In addition, we held the Wooden Architecture Symposium 2019 with the aim of raising awareness on the possibilities of wooden buildings and helping to reduce CO₂ emissions and protect forests as part of our social contribution activities.



Theme	Future of cities made of wooden structures Aiming to increase demands for timber in urban areas Challenge of timber for medium- and high-rise buildings
Keynote speech	Kengo Kuma (Architect • Professor at The University of Tokyo)
Panelists	Kengo Kuma (Architect • Professor at The University of Tokyo) Shuzo Sumi (Senior Executive Advisor, Tokio Marine & Nichido Fire Insurance Co., Ltd.) Tadao Kamei (President and CEO, Nikken Sekkei Ltd.) Masahiro Miyashita (Chairman of the Board, Takenaka Corporation)
Coordinator	Atsuko Fukushima (Journalist)

including some overseas. These projects work to conserve the natural environment in developing regions, mainly in the Asia-Pacific area, as well as preserving Japan's natural environment and projects related to sustainability.

Social Welfare

Establishment of Hulic Scholarship Program for Training of Welfare Caretakers

For the purpose of supporting students aiming to be welfare caretakers, developing human resources engaging in nursing care and contributing to resolution of social issues related to the advancement of an aging society, we have established the Hulic Scholarship Program for Training of Welfare Caretakers in 2017, under which we provide non-repayable scholarships. We aim to provide support to address the current status of labor shortages at nursing care sites for the senior citizen-related business which we promote as one of our focused 3 future growth businesses (3K businesses) (Koreisha (seniors), Kanko (tourism), and Kankyo(environment)) from the CSR



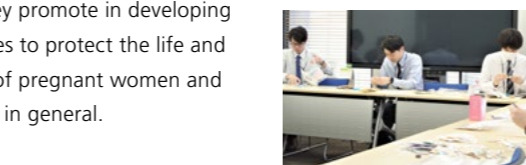
point of view.

We have doubled the number of scholarship students from 2020.

Practical training

Donation of Used Postal Stamps for Support Activities in Developing Countries

The Hulic Group generates a large number of used postage stamps and has set up stamp collection boxes at Group company locations. We donate these stamps every year. We donate these stamps every year. In April 2020, we donated approximately 1,500 grams of used stamps that we collected during the year to the Japanese Organization for International Cooperation in Family Planning (JOICFP). Every year, we collect a large volume of used stamps, and we sort them with the cooperation of our sustainability supporters. It takes almost two hours. After converting the stamps into money, JOICFP applies it to activities that they promote in developing countries to protect the life and health of pregnant women and women in general.



Sorting of used stamps by the sustainability supporters

Donation to Community Chest of Tokyo Prefecture (Red Feather Community Chest Movement)

Hulic makes regular donations to Community Chest of Tokyo Prefecture (Red Feather Community Chest Movement). The funds raised are distributed to private social welfare facilities and organizations in the region and used for financial support for private social welfare projects.

Donation to the Tokyo branch of Japanese Red Cross Society

We make donations to the Japanese Red Cross Society, an organization that responds to disasters through a wide range of activities in Japan. In 2020, JPY6 million was donated. In addition to donations from the Company, those employees and executive officers electing to participate also donate a fixed amount every month.

Support for Orphans of Cancer and Childhood Cancer Patients and Their Families

Hulic Insurance Service is a member of the Aflac National Association of Agencies, which is a network of medical and life insurance agencies. We donate to the Aflac Scholarship Fund for Childhood Cancer Survivors and Children of Cancer Victims and Aflac Parents Houses initiatives promoted by the association. In addition, in 2020 we began donating to the Gold Ribbon Network, an NPO that supports children with cancer.

Aflac Scholarship Fund for Childhood Cancer Survivors and Children of Cancer Victims

This scholarship program is for high school students whose opportunities for pursuing a higher education have narrowed due to losing their household's main provider to cancer. Up to now, more than 2,800 students have received scholarships, and the total amount awarded exceeds 1.7 billion yen (as of June 30, 2019).

Aflac Parents Houses

These general support centers help reduce the economic and emotional burden of pediatric patients and their families as they take on childhood cancer and other serious diseases with long-term hospitalization or outpatient care at specialist hospitals in urban areas.

Gold Ribbon Network

Gold Ribbon Network is a non-profit organization dedicated to three key areas: supporting children with cancer to raise their quality of life; supporting research and development to increase the survival rate of children with cancer; and providing information and promoting understanding of childhood cancer.

Support for Single-parent Households

As part of our efforts to participate in social welfare activities to do our share in SDGs, we started to work with Single Mothers Forum (SMF), an approved specified nonprofit corporation from 2020. We plan to provide single-parent households a joyful time with mums who could usually be too busy working and may have little time for her children in everyday life. However, with the novel corona (COVID-19) pandemic spreading globally, instead of providing enjoyable events to the single-parent households, we decided to support the activities of SMF in sending foods to families who have been suffering significant income reductions by donating JPY10 million to SMF.

Support of Culture and the Arts

Organizing of the Hulic Cup Seirei Championships

In December 2018, Hulic established a new championship to support female professional shogi players and further promote their prosperity. It had been eight years since a new female championship had been established (the last time was 2011), and this brought the number of championships to seven, further closing the gap with men's championships, of which there are eight. The preliminaries were set up on a system of six wins, with two losses to be out. Because players got to stay in until they lost two games, it created more matches. The preliminaries for the first Hulic Cup Seirei Championships began in January 2019. From August to September, five rounds were held and the first champion was born.



The moment of victory of the first Seirei Champion at the third game of five-game matches

Special Sponsorship of Minister of Education, Culture, Sports, Science and Technology Cup Elementary and Junior High School Shogi Team Competition

Since 2017, Hulic has been a special sponsor of the Minister of Education, Culture, Sports, Science and Technology Cup Elementary and Junior High School Shogi Team Competition (organized by the Japan Shogi Association and Sankei Shimbun Co., Ltd.). This competition is for teams of three students belonging to the same elementary or junior high school, and the trophy and letter of commendation presented to the winning team by the Minister of Education, Culture, Sports, Science and Technology give the competition significant prestige.



Support for Kishikai Christmas Festival

We sponsor the Kishikai Christmas Festival to spread the popularity of shogi and contribute to the growth of Japanese culture. In 2019, it was held at our Asakusabashi Hulic Hall, and over 200 people participated.



2019 Christmas Festival

Special Sponsorship of the Hulic Cup Kisei Championships

Since April 2018, Hulic has been a special sponsor of the Kisei Championships (organized by the Japan Shogi Association and Sankei Shimbun Co., Ltd.) The Kisei Championship is an official championship with a history, established in 1962. Players compete for the title of "kisei."



A match of Hulic cup Kisei championship

Support for Kishikai Shogi Festival (Great East Japan Earthquake Reconstruction Support Event)

We sponsor the Kishikai Shogi Festival as part of our support for reconstruction efforts related to the Great East Japan Earthquake and shogi culture.

In 2019, we sponsored the Kishikai Shogi Festival in Miyagi and the Kishikai Shogi Festival in Ibaraki.

Potential Relocation of Shogi Hall to Sendagaya Center Building that Hulic is to commence redevelopment

In 2019, Japan Shogi Association announced that it started examining the potential relocation of Shogi Hall where Shogi leagues and matches are held to new Hulic's Sendagaya Center Building which will be redeveloped by the Company. The Sendagaya area is known as the center of Shogi culture. We plan to look into rebuilding plans in cooperation with Shibuya Ward and Japan Shogi Association as a part of contribution to develop the Sendagaya area.

Health, Medicine and Sports

Support for Japan Para-Badminton Federation

As part of our social contribution activities, we have concluded an Official Gold Partner Agreement with the Japan Para-Badminton Federation and have provided support for para-badminton since 2016. For the purpose of supporting the stable operations of the federation, since September 2017, we have lent the gym of Nishi Kasai Center Building owned by Hulic (Hulic Nishikasai Gym) to the federation at no charge as a practice gym dedicated for players from the Japan Para-Badminton Federation. We have conducted improvement work such as installation of slopes and plumbing so that the players can use the gym more comfortably.

We have also been sponsoring the HULIC DAIHATSU Japan Para-Badminton International every year since 2017. In addition, we have set up our billboard ads showing para-badminton players, mainly in Tokyo subway stations. Going forward, we will continue to promote respect for human rights and diversity as well as increase support for people with disabilities and the activities of para-badminton players.



HULIC DAIHATSU Japan Para-Badminton International tournament in November 2019

Education and Social Education

Assistance for Research at Kyoto University and Support for Scholarship Program of Kyoto University

We have been providing assistance for Environmental Studies at Kyoto University and made a donation to a scholarship program for students.

We support development of the next generation through the donation to a scholarship program for students of Kyoto University as well as supporting environmental protection through assisting research at Kyoto University.



The site observation conducted as part of assistance for research in February 2018

Connection with the Local Communities

Making the Company's Nursery Facilities available to Local Community

Hulic has established onsite nursery facility inside the head office, and has made it partially available to local residents in an effort to contribute to reducing the number of children waiting to get into childcare nursery facilities. For details, please see the following linked page.



Hosting Summer Festivals and Donating of a Portable Shrine

In October 2012, the head office of Hulic was moved to Nihonbashiodenma-cho. As part of our efforts to introduce ourselves to the community, we held the Hulic Odenma Summer Festival at our head office building in July 2013. The event was very well-received, so we decided to continue it and held it for the seventh time in July 2019. The Odenma-cho Ninobu Neighborhood Association cooperated with us on the day of the event, and many people came, from children living in the area to office workers from nearby buildings. We hope that activities such as this will lead to deeper bonds between local residents. The approx. 170,000 yen raised at the festival was added to the 10th matching gift program, and the gift money was provided to a volunteer organization. Moreover, as part of our community contribution activities, we donated a portable shrine to the Odenma-cho Ninobu Neighborhood Association to which we belong in May 2017. We hope that carrying this portable shrine at the festival will lead to further revitalization and prosperity in the area.



Guest Participation in the Kyoto Architectural School

The Kyoto Architectural School started in 2009. It is an inter-college studio of urban and architectural design. Volunteer teachers and students, mainly from universities and vocational schools in Kyoto, and also from Osaka and Hyogo participate in teams to work on joint exercises on the theme of urban design. Hulic has participated several times since 2013 in study meetings held in Kyoto. As a real estate company, we provide advice to students etc., and conduct joint research.

Education and Social Education

Support for AgriFuture Japan

Hulic views the promotion of sustainable agriculture as one of our most important ESG-related management issues, so we are promoting an agri-business project. In this project,

since 2014 we have been supporting AgriFuture Japan, an organization that helps develop the next generation of farmers, as part of our social contribution.

Academic and Research Support

Holding the Seventh Hulic Student Idea Competition on the Theme of Ikebukuro Gateway

We planned this competition as a real estate company with the aim of providing students with opportunities to propose urban development and construction ideas. The seventh Student Ideas Competition held in 2019 included the theme of a public-private partnership project set in Ikebukuro that we are currently working on. In recent years, this area has been transformed into one of the trendiest areas in Tokyo through the intermingling of interesting cultures. We received 196 student entries. At the second open screening, students enthusiastically presented their ideas, which was followed by a question and answer session with judges. After consultations among the judges, one winner of the grand prize, three winners of excellence awards, and six winners of honorable mention awards were selected.



A poster of the event, calling for entries



2nd open screening

Others

Sponsorship to Support Mainichi Shimbun in Fukushima Relief Efforts

In March 2019, we sponsored the fourth Ganbappe, Fukushima! event organized by The Mainichi Newspapers Co., Ltd. and Mushu Co., Ltd. and held at Belle Salle Tokyo Nihonbashi as an activity to support reconstruction efforts in Fukushima, which was struck by the Great East Japan Earthquake. On the day of the event, around 650 people from supporting companies pledged to ensure Fukushima's reconstruction.

The 2020 event was canceled due to the novel coronavirus (COVID-19) pandemic, so we donated a matching amount of the sponsorship fee directly to Fukushima Prefecture instead.



Photograph courtesy of the Mainichi Newspapers

Donation to Ashinaga Scholarship Society

The Hulic Group made a monthly donation of 500,000 yen to the Ashinaga Scholarship Society from June 2011 to May 2019, and a certain amount of money has also been donated every month to this Scholarship Society from the Company's directors and employees who wish to participate in this initiative in an effort to provide continuous support for the living and schooling of the children who will forge the future of this country by supporting children left as orphans

following the Great East Japan Earthquake.

Since the outset, JPY64,991,500 in total has been donated by the Company and individuals as of May 2019. In order to provide wider support for domestic disaster, we changed the donation destination from the Ashinaga Scholarship Society to the Tokyo branch of Japanese Red Cross Society in August 2019.

Supporting Employees to Participate in Social Contribution Activities

Fundamental Approach

To fulfill our social responsibilities, we work to resolve social challenges and make contribution to the sustainable development of society. Further, we strongly support each employee to participate in social contribution activities.

Social contribution by employees

- Matching gift program
- Satoyama conservation activities
- Donation to the Tokyo branch of Japanese Red Cross Society
- Support activities in disaster-struck areas
- Monthly community cleanup activities

Matching Gift

Matching Gift Program

Launching the match gift program in June 2008, we established the Hulic Fureai Fund, which deducts 100 yen every month from the salary of employees who want to take part in the program (300 yen for executive officers). The money collected is then donated to organizations selected by majority vote of all employees that are involved in activities related to local environment protection, coexistence with local communities, and responses to social needs. These are

the main fields under Hulic's policy for social contribution. The Company matches donations with an equal amount. Hulic, Hulic Insurance Service, Hulic Building Management, Hulic Reit Management, Hulic Proserve and Hulic Private Reit Management, have worked together on this activity. We will continue the donation activities, providing opportunities of social contribution to employees who cannot make the first step despite being interested in it.

The 11th Donation to the NPO Japan Committee, Vaccines for the World's Children

Hulic donated JPY1.5 million to an NPO called Japan Committee, Vaccines for the World's Children (JCV) in 2019. JCV works with UNICEF to deliver vaccines to children in places where up to 4,000 children die per day due to a lack of vaccines. In the 25 years since it began, JCV has halved the number of children who lose their lives to infectious diseases that can be prevented through vaccinations, in this way helping to protect the future of the world's children.

Past Donations

- The 1st Donation (2009): WWF Japan 800,000 yen in total
- The 2nd Donation (2010): Aladdin Caregiver Support Network Center 620,000 yen in total
- The 3rd Donation (2011): Doctors of the World Japan (MEDECINS DU MONDE JAPON) 620,000 yen in total
- The 4th Donation (2012): Nonprofit Organization Kokkyo naki Kodomotachi (KnK) 800,000 yen in total
- The 5th Donation (2013): Florence 1,000,000 yen in total
- The 6th Donation (2014): Kid's Door 1,200,000 yen in total
- The 7th Donation (2015): Civic Force 1,300,000 yen in total
- The 8th Donation (2016): NPO After School 1,200,000 yen in total
- The 9th Donation (2017): NPO Second Harvest Japan 1,300,000 yen in total
- The 10th Donation (2018): OISCA, nonprofit incorporated association JPY1.4 million, in total



Support activities in disaster-struck areas/Satoyama conservation activities

Paid Leave for Employees Involved in Volunteer Activities

The Hulic Group has established paid leave for employees involved in volunteer activities, in order to support and nurture their efforts to give back to the community and help to foster an attitude of wanting to address issues facing society. The volunteer paid leave program is designed to support employees who participate in social contribution activities. Employees are eligible to take up to 20 consecutive days of special paid leave (employees who take part in volunteer activities in disaster-hit areas can take paid leave more than once within 20 days) under the volunteer paid leave program to take part in philanthropic activities that give back to society. To encourage employees to use the volunteer paid leave program, we provide not only information on social contribution activities, but also raise awareness about such activities among employees by disseminating the volunteer experiences of employees with the entire Company through our intranet system. In 2019 we continued satoyama conservation activities, which we have conducted annually since 2009 as a participatory volunteer activity involving our employees, and a total of 33 employees and their family members from Hulic, Hulic Insurance Service, Hulic Building Management, Hulic Reit Management and Hulic Proserve have participated in this activity.



Summary of Satoyama Conservation Activities

Objective	As Hulic holds many properties in Tokyo, we came up with the idea to protect the precious natural environment left in Tokyo and participated in the Satoyama Conservation Activities.
Summary	The company participates in the Tokyo Greenship Action hosted by the Bureau of Environment, Tokyo Metropolitan Government, every year, and engages in various volunteering activities in Yokosawairi in Akiruno City such as the rice harvesting experience, trimming of shrubs and weeds in the skirts of a mountain under the supervision of the NPO called "Yokozawairi tanbo no kai."
Date	September 26, 2019
Number of participants	33



and will increase interest in the area. Going forward, we will continue to promote to all employees through our intranet information on volunteer activities. This information includes the results of volunteer activities as well as the thoughts of the participants, the situation on the ground, and information on reconstruction support tours.

Stipend Program for Disaster Recovery Volunteers

The Hulic Group has established a framework for subsidizing up to 60,000 yen of the cost of employees' volunteer activities to support reconstruction in disaster-stricken areas following the Great East Japan Earthquake. One person was subsidized in FY2019, while 25 have received assistance since 2011. We hope that this system will be a catalyst for greater understanding of conditions in the disaster zone

Monthly community cleanup activities

Community Cleanup Activities/Flowerbed Maintenance Activities

The four companies in the Hulic Group, Hulic, Hulic Building Management, Hulic Proserve, and Hulic Property Solution participate in the Machikado (street corner) Clean Day project run by Chuo Ward, where our headquarters is located. Once a month in early morning-time, we clean up

around our head office with the aim of creating a clean and comfortable environment. Through these activities, we are also promoting communication between local people and employees.



Initiatives for Shareholders and Investors

Fundamental Approach

We strive to ensure appropriate and timely disclosure of information, and actively conduct briefing sessions on financial results as well as investor meetings for individual investors. These represent our efforts to achieve diverse forms of mutual communication.

[Results in FY2019] Number of information sessions for personal investors held: 11 times (including sessions for sales personnel of securities companies, IR fairs, and events)

Dividend Policy

We regard returning profits appropriately to our shareholders as a management issues and adopt a basic policy to continue providing the stable payment of dividends as based on the trends of our business performance. The dividends have continued to increase every fiscal year so far. To thank our shareholders for their continued support, we annually present a gift of gourmet catalog equivalent to 3,000 yen to shareholders with 300 shares or more. Furthermore, we have been sending out catalogs gifts (worth 6,000 yen in all, 2 items choiceable) to shareholders holding more than 300 shares for more than three consecutive years.



Related links



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 our various activities. In 2019, our website was selected as the excellent website in overall ranking in Nikko IR's All Listed Company Website Ranking 2019. In addition, our website won the bronze prize in Gómez IR's Site Ranking, and won the Commendation Award in Internet IR Award 2019 by Daiwa Investor Relations Co., Ltd.



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.



Related links



Approaches at General Shareholders' Meetings

The 90th ordinary general meeting of shareholders was held at Hulic Head Office on March 24, 2019 with attendance of a lot of shareholders. In an effort to enliven the general meeting of shareholders, invitations to the meeting were sent out early, and we set up an electromagnetic voting method. In this meeting, we tried to explain about our

business activities in an easy-to-understand way, using image materials, etc. The childcare nursery in the Head Office was opened to shareholders in order to enable those with children to take part in the meeting without worry. We will strive to have shareholders more understand Hulic through communication with them.

Briefing Session for Private Investors

We are proactively working on IR activities to make ourselves better understood by individual investors. We participate in seminars and fairs, etc. for individual investors to create opportunities for more individual investors to learn about us. We will promote IR activities that provide us with opportunities to communicate directly with individual investors.



Brief Sessions for Organizational Investors and Analysts

Briefing sessions on financial results (at the end of the 2nd quarter and fiscal year) are held semiannually by Hulic's top management mainly for institutional investors. We also conduct many One on One Meetings in Japan, through which we visit individual institutional investors to explain Hulic's business activities. Furthermore, we have proactively rolled out IR activities overseas, visiting institutional investors in Europe, the U.S., and Asia, etc. Through these activities, we endeavor to foster a deep understanding of Hulic among institutional investors.



Selected as Indices on ESG Efforts

Hulic has continuously been selected in three indices in FY2020 as a company who took excellent initiatives on environment, social and governance (ESG). The Government Pension Investment Fund (GPIF) uses these three indices as benchmarks of ESG investments.



FTSE Blossom Japan

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Disclaimer: The inclusion of Hulic Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Hulic Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

This page is intentionally left blank.
The corporate governance initiatives start from the next page.

Corporate Governance

Hulic works to strengthen corporate governance with the aim of improving the transparency and efficiency of management and continue to be trusted by society.

Corporate Governance

Fundamental Approach

The Group considers that it is a critically important management matter to build a corporate governance system with fully functioning risk management, compliance, internal controls and disclosure control. We intend to faithfully execute business and fulfill accountability to our stakeholders.

- [Results in FY2019] ●Participation rate in the Board of Directors' Meeting: 99%
 ●Number of internal audits conducted: 10 times ●Number of compliance training sessions: 5 times
 ●Number of Risk Management Committee meetings: 4 times ●Number of Fund and ALM Committee meetings: 13 times ●Number of BCP drills and inspections of stockpiled food and goods: 1 time

Corporate Governance Guidelines

We adopted "Corporate Governance Guidelines" as principles to promote the effective functioning of our corporate governance system.



Corporate Governance Mechanism

Fundamental Approach to Corporate Governance

The Hulic Group understands the responsibilities towards all stakeholders, including shareholders, and makes a point of carrying out transparent and sincere corporate management. We adhere to an autonomous governance system led by the Board of Directors with fully functioning internal controls, risk management, as well as compliance and disclosure

controls.

In addition, the Group has set the Basic Policy for Corporate Governance so that we meet social demands through prompt and resolute decision-making from medium- and long-term perspectives, with the overall goals of improving corporate value and social relevance.

Overview of Corporate Governance System and Reason for Adopting Current System

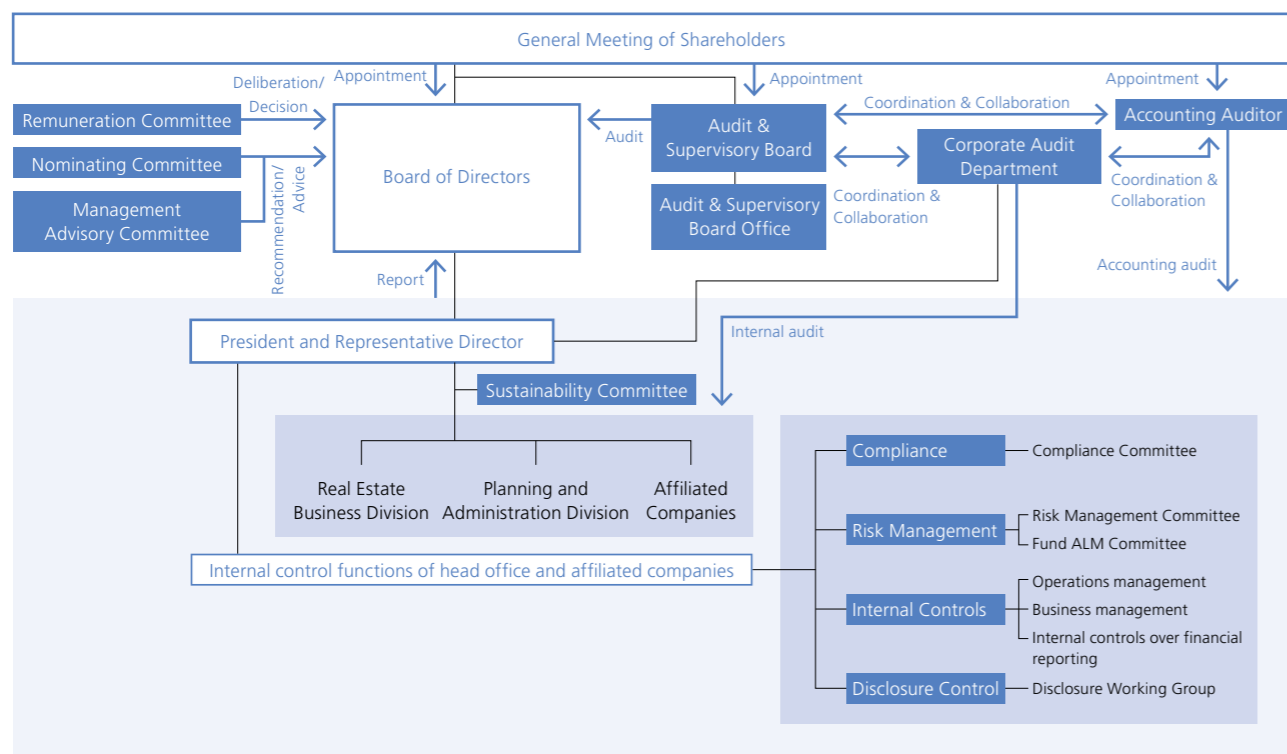
The corporate governance structure of the Company includes bodies such as the Board of Directors, Audit & Supervisory Board, Management Advisory Committee, Nominating Committee, Remuneration Committee, Accounting Auditor, and the internal control system. The Company believes that

adopting the managing officer system, appointing external officers, and establishing various committees have enabled us to build a corporate governance system that is sound and highly efficient, as well as one that has an optimal structure.

Content of the Company's Institutions

Board of Directors	The Board of Directors ("The Board") consists of 10 members (four are external directors) who resolve issues specified in laws and the Articles of Incorporation as well as important matters related to business execution based on the Board of Directors Rules. The Board also oversees the overall execution of duties by directors and managing officers. The Board holds regular meetings (once a month, in principle), and special meetings of the Board of Directors are held when necessary. The Company is strengthening the oversight role of the Board on overall business execution by directors and managing officers to ensure sound management, such as by adopting the managing officer system. The managing officers are appointed by the Board and are responsible for business execution. In addition, the Company believes effective corporate governance is ensured by reinforcing the structure of the internal audit function and by improving the internal control system. The Company's Articles of Incorporation stipulate that the Board should consist of no more than 12 members in order to facilitate its functioning.
Audit & Supervisory Board	Hulic is a company with an Audit & Supervisory Board, which includes five Audit & Supervisory Board members (two are full-time auditors and three are External Auditors, following the Companies Act and Ordinance for Enforcement of the Companies Act). In audit conducted by the Audit & Supervisory Board members, auditors monitor the operations of the internal control system and the status of its implementation through audit of the execution of duties by directors, managing officers and each division in accordance with the audit basic policy and the audit basic plan formulated by the Audit & Supervisory Board. These audits include attending the Board of Directors meetings as well as other meetings and committees when required, interviews on the execution of duties by directors and managing officers, and reviewing important documents, approval documents and accounting records, etc. The Audit & Supervisory Board Office has been established to support the duties of the Auditor & Supervisory Board members.
Management Advisory Committee	The Management Advisory Committee has four or more committee members appointed by the Company's Board of Directors from among legal professionals, public accountants, academics, and business professionals who are not from the Mizuho Financial Group or the Company's specified shareholders.* The Management Advisory Committee has established a system for providing advice and recommendations on overall management practices, such as checking the issues discussed and reported at the Board of Directors meetings, to further secure the independence of the Company and ensure that the interests of the Company's stakeholders are protected. *Specified shareholders refer to the top ten largest shareholders.
Nominating Committee	The Nominating Committee, consists solely of independent external directors, deliberates on the appointment of candidates for director and the Audit & Supervisory Board membership.
Remuneration Committee	Specific amounts for the remuneration of directors are deliberated on and determined by the Remuneration Committee, which consists solely of independent external directors, within the limits of the amounts approved at the General Meeting of Shareholders.
Accounting Auditor	The Company has an audit contract with Ernst & Young ShinNihon LLC to conduct audits.

Diagram of Hulic's Corporate Governance (as of April 1, 2020)



The Members of the Board of Directors, Audit & Supervisory Board and Committees

The Company's Board of Directors, Audit & Supervisory Board, Management Advisory Committee, Nominating Committee and Remuneration Committee include the following members:

As of April 1, 2020, there were 14 males and one female members. (The percentage of female officers was 6.7%.)

Title	Name	Board of Directors	Audit & Supervisory Board	Management Advisory Committee	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	○	-	-	-	-
President, Representative Director	Manabu Yoshidome	◎	-	-	-	-
Vice President, Representative Director	Hidehiro Shiga	○	-	-	-	-
Director, Senior Executive Managing Officer	Hajime Kobayashi	○	-	-	-	-
Director, Senior Executive Managing Officer	Takaya Maeda	○	-	-	-	-
Director, Executive Managing Officer	Tadashi Nakajima	○	-	-	-	-
External Director	Tsukasa Miyajima	○	-	◎	◎	○
External Director	Hideo Yamada	○	-	○	○	◎
External Director	Atsuko Fukushima	○	-	○	-	○
External Director	Kaoru Takahashi	○	-	-	○	-
Full-Time Audit & Supervisory Board Member	Shigeo Nakane	-	◎	-	-	-
Full-Time Audit & Supervisory Board Member	Takuya Asai	-	○	-	-	-
External Auditor	Koichi Nezu	-	○	○	-	-
External Auditor	Nobuyuki Kobayashi	-	○	○	-	-
External Auditor	Kenichi Sekiguchi	-	○	-	-	-

The chairpersons are indicated with ◎.

Nominating Committee and Remuneration Committee

We have established new "discretionary committees" following the enactment of the Corporate Governance Code, effected on June 1, 2015. All members of each committee are independent external directors from 2019 in order

to further strengthen the governance functions where previously a majority of the members at each committee were independent external directors.

Nominating Committee

The Nominating Committee serves the function of reporting to the Board on the nomination of officers, and deliberates on the following matters:

1. Selection of director and auditor candidates, changes to directors (promotion, etc.) and dismissals of directors
2. Other items concerning succession plans and matters concerning the abovementioned items, as deemed necessary by the Board

The committee consists of 3 members that are all independent external directors. In principle, the committee is held at a request of chairperson of the committee in December, once a year. In addition, other committee members can convene the committee if deemed necessary.

Remuneration Committee

The Remuneration Committee is appointed by the Board, and deliberates and makes decisions on the matters outlined below. The committee began making decisions in addition to deliberating on matters from 2019 in order to further strengthen the governance functions.

1. Remuneration standards and other matters pertaining to the remuneration of directors
2. Matters concerning the remuneration of directors, as deemed necessary by the Board

The committee consists of 3 members that are all independent external directors. In principle, the committee is held at a request of chairperson of the committee in December and March, twice a year. In addition, other committee members can convene the committee if deemed necessary.

Management Advisory Committee

The Management Advisory Committee comprises of five members (as of August 2020) selected from legal professionals, public accountants, academics, and business professionals. The Management Advisory Committee provides advice and recommendations to the Board of

Directors on all aspects of management, including matters discussed by the Board of Directors, in order to ensure the independence of the Company and the interests of stakeholder are not damaged.

Sustainability Committee

Hulic set up the Sustainability Committee, with, President, Vice President, Senior Executive Managing Officers, and related departments serving as members.



Policy for Determining Director Compensation, etc.

Compensation of directors consists of basic fixed compensation, which is based on post and the weight of responsibilities, and performance-linked compensation, which is linked to earnings performance of the Company and contribution to earnings. A portion of performance-based compensation is allocated to a share-based payment scheme designed to give incentives for performing duties, in order to achieve the sustainable growth of the Company and to enhance corporate value from shareholders' perspective. Compensation is discussed and determined

by the Remuneration Committee within the limit approved at the General Meeting of Shareholders. Compensation of Audit & Supervisory Board members is determined through discussions at the Audit & Supervisory Board within the limit approved at the General Meeting of Shareholders. Compensation of external directors and external auditors solely consists of basic compensation (fixed amount) in the light of their roles and responsibilities. Details of director compensation are described in the "Corporate Governance Guidelines" posted on our website.

Directors/Auditors' Compensation

(2019)

Post	Total amount of compensation (JPY million)	Total amount by type of compensation (JPY million)			Number of directors/auditors
		Fixed compensation	Performance-linked variable compensation (in stock)	Performance-linked variable compensation (bonus)	
Directors (excluding External Directors)	821	448	186	186	6
Auditors (excluding External Auditors)	72	72	—	—	2
External Directors/Auditors	126	126	—	—	7

(Note) The amount of stock compensation is provision to reserves for stock benefits posted as the portion for the current fiscal year, for performance-linked variable compensation system.

Assessment of the Effectiveness of the Board of Directors

The Board implements self-assessment once a year to regularly ensure its effectiveness. The result of FY2019 assessment was concluded that corporate governance was functioning effectively as the analysis and assessment showed that 1) External Directors with diverse expertise comprise 40% of the total, 2) The Board is fostering a culture in which directors can express their opinions, and 3) appropriate risk-taking and risk management in being carried out.

However, the following points were confirmed as ongoing issues for the Board to work on.

- Ensure that the meetings are proceeded more efficiently by requesting materials that articulate discussion points, and practice more extensive deliberation for important resolutions including medium- and long-term management policy
- Indicate a wide range of risks involved in business and further enhance the appropriate level of risk evaluation.
- Deepen discussion on environment, social and governance (ESG) factors with a view to the Company's role in relation to achieving the SDGs.

Corporate Governance Report

The Company prepares and submits the Corporate Governance Report (in Japanese only) outlining the status of corporate governance to the Tokyo Stock Exchange as part

of timely disclosure based on the regulations of the Tokyo Stock Exchange.

This page is intentionally left blank.
The description of External Directors and External Auditors continues on the next page.

External Directors and External Auditors

Directors, Auditors and Managing Officers (as of April 1, 2020)



Board of Directors

Representative Director, Chairman

1 Saburo Nishiura

April 1971 Joined The Fuji Bank, Limited
 August 2000 The Fuji Bank, Limited, Managing Executive Officer, Head of Corporate Group and General Manager of Corporate Development Division
 April 2002 Mizuho Bank Ltd., Managing Executive Officer
 April 2004 Mizuho Bank, Deputy President
 March 2006 Joined HULIC Co., Ltd., President, Representative Director and Chief Executive Officer
 March 2016 HULIC Co., Ltd., Chairman, Representative Director (to date)

Representative Director, President

2 Manabu Yoshidome

April 1977 Joined The Fuji Bank, Limited
 April 2005 Mizuho Bank Ltd., Executive Officer, General Manager of the Human Resources Division
 March 2006 Mizuho Bank, Managing Executive Officer
 April 2009 Mizuho Bank, Deputy President
 March 2012 Joined HULIC Co., Ltd., Full-Time Audit & Supervisory Board Member
 March 2015 HULIC Co., Ltd., Representative Director and Executive Vice President
 March 2016 HULIC Co., Ltd., President, Representative Director (to date)

Representative Director, Vice President

3 Hidehiro Shiga

April 1978 Joined The Fuji Bank, Limited
 January 2005 Mizuho Bank Ltd., General Manager of the Subsidiaries and Affiliates Management Division
 March 2006 Joined HULIC Co., Ltd., Senior Executive Managing Director, Representative Director,
 July 2006 HULIC Co., Ltd., Representative Director (Senior Executive Managing Officer)
 April 2020 HULIC Co., Ltd., Representative Director and Vice President (to date)

Director, Senior Executive Managing Officer, and General Manager of Corporate Planning Department

4 Hajime Kobayashi

April 1980 Joined The Fuji Bank, Limited
 May 2003 Mizuho Bank Ltd., General Manager of Hamamatsu Branch
 April 2004 Mizuho Bank Ltd., General Manager of Gotanda Station Branch
 August 2006 Joined HULIC Co., Ltd., Managing Officer, General Manager of Corporate Planning Department
 April 2010 HULIC Co., Ltd., Executive Managing Officer, General Manager of Corporate Planning Department
 February 2013 HULIC Co., Ltd., Senior Executive Managing Officer, General Manager of Corporate Planning Department
 March 2013 HULIC Co., Ltd., Director, Senior Executive Managing Officer, and General Manager of Corporate Planning Department (to date)

Director, Senior Executive Managing Officer

5 Takaya Maeda

April 1984 Joined Taisei Corporation
 October 2007 Joined HULIC Co., Ltd. Deputy General Manager of Real Estate Development Department 2
 June 2008 HULIC Co., Ltd., General Manager of Real Estate Development Department 2
 March 2009 HULIC Co., Ltd., Director (Managing Officer), General Manager of Real Estate Development Department 2
 October 2010 HULIC Co., Ltd., Director (Managing Officer), General Manager of Business Planning Department
 April 2013 HULIC Co., Ltd., Director (Managing Officer), General Manager of Real Estate Planning Department
 April 2014 HULIC Co., Ltd., Director (Executive Managing Officer), General Manager of Real Estate Planning Department
 January 2015 HULIC Co., Ltd., Director (Executive Managing Officer), General Manager of Real Estate Development Department 1
 April 2019 HULIC Co., Ltd., Director (Executive Managing Officer), Executive General Manager of Real Estate Development Department 1
 April 2020 HULIC Co., Ltd., Director, Senior Executive Managing Officer (to date)

Director, Executive Managing Officer

6 Tadashi Nakajima

April 1980 Joined Nomura Real Estate Development Co., Ltd.
 April 2012 Nomura Real Estate Development Co., Ltd., Director, Managing Executive Officer
 May 2012 Nomura Real Estate Holdings, Inc., Executive Officer
 June 2012 Nomura Real Estate Development Co., Ltd., Director, Managing Executive Officer, General Manager of Commercial Property Development & Management Division
 April 2013 Nomura Real Estate Development Co., Ltd., Director, Senior Managing Executive Officer, General Manager of Commercial Property Development & Management Division
 April 2014 Nomura Real Estate Development Co., Ltd., Representative Director, Senior Managing Executive Officer, General Manager of Commercial Property Development & Management Division
 April 2016 Nomura Real Estate Development Co., Ltd., Advisor
 August 2016 Joined HULIC Co., Ltd., Executive Managing Officer, General Manager of Real Estate Development Department 3
 April 2017 HULIC Co., Ltd., Executive Managing Officer, General Manager of Value-add Business Department, General Manager of Development Solution Department
 January 2019 HULIC Co., Ltd., Executive Managing Officer
 March 2020 HULIC Co., Ltd., Director, Executive Managing Officer (to date)

External Director

7 Tsukasa Miyajima

April 1990 Keio University Faculty of Law, Professor and Doctor of Law
 April 2003 Registered as a lawyer
 April 2004 General Insurance Rating Organization of Japan, Director
 June 2007 Meiji Yasuda Life Insurance Company, Councilor
 July 2008 HULIC Co., Ltd., Management Advisory Committee Member (to date)
 March 2009 HULIC Co., Ltd., External Director (to date)
 October 2010 Japan Association of Private Law, Director
 October 2013 Japan Railway Construction, Transport and Technology Agency, Asset Disposal Committee Chairman (to date)
 June 2014 Dai Nippon Printing Co., Ltd., External Director (to date) MIKUNI CORPORATION, External Auditor (to date)
 June 2015 Mitsui Sumitomo Insurance Company, Limited, External Director (to date)
 October 2015 Den-en Chofu Gakuen, Councilor (to date)
 April 2016 Keio University, Emeritus Professor (to date) Asahi University, Professor of School of Law / Graduate School of Law (to date)
 June 2018 Daifuku Co., Ltd., External Auditor (to date)

External Director

8 Hideo Yamada

April 1984 Registered as a lawyer
 May 1998 TAIYO CHEMICAL INDUSTRY CO., LTD., External Auditor (to date)
 March 2006 Lion Corporation, External Director
 June 2007 Ishii Food Co., Ltd., External Auditor MIKUNI CORPORATION, External Auditor
 July 2008 HULIC Co., Ltd., Management Advisory Committee Member (to date)
 March 2009 HULIC Co., Ltd., External Director (to date)
 March 2011 Seibu Lions, Inc., External Auditor
 April 2014 Daini Tokyo Bar Association, President Japan Federation of Bar Association, Vice President
 June 2015 SATO HOLDINGS CORPORATION External Director (to date) Akiko Tachibana Memorial Foundation, Chairman of the Board of Directors (to date)
 June 2016 MIKUNI CORPORATION, External Director (to date)

External Director

9 Atsuko Fukushima

April 1985 Joined CHUBU-NIPPON BROADCASTING CO., LTD.
 April 1988 NHK contract presenter
 October 1993 TBS contract presenter
 April 2005 TV Tokyo economics program regular presenter
 April 2006 Shimane University, Management Council Member (to date)
 December 2006 Panasonic Corporation, Management Advisor
 March 2012 HULIC Co., Ltd., External Director (to date) HULIC Co., Ltd., Management Advisory Committee Member (to date)
 June 2015 Nagoya Railroad Co., Ltd., External Director (to date) Calbee, Inc., External Director (to date)
 October 2017 The Resona Foundation for Future, Director (to date)
 March 2020 Councilor of Forestry Policy Council, Ministry of Agriculture, Forestry and Fisheries (to date)

External Director

10 Kaoru Takahashi

April 1979 Joined The Yasuda Fire & Marine Insurance Co., Ltd.
 April 2012 Sompo Japan Insurance Inc., Representative Director, Deputy President, and Senior Managing Executive Officer
 April 2013 NIPPONKOA Insurance Co., Limited, Deputy President and Senior Managing Executive Officer
 September 2014 Sompo Japan Nipponkoa Insurance Inc., Representative Director, Deputy President, and Senior Managing Executive Officer
 April 2015 Sompo Japan Nipponkoa Himawari Life Insurance, Inc. Representative Director, President and Chief Executive Officer
 June 2015 Sompo Holdings, Inc., Director
 March 2016 HULIC Co., Ltd., External Director (to date)
 April 2018 Sompo Japan Nipponkoa Himawari Life Insurance, Inc., Director, Chairman and Executive Officer
 April 2019 Sompo Holdings, Inc., Advisor (to date)

Audit & Supervisory Board Members

Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member

11 Shigeo Nakane

April 1980 Joined The Fuji Bank, Limited
 August 2005 Mizuho Bank Ltd., General Manager of the Accounting Division
 July 2009 Senshu Shogi Co., Ltd., Auditor
 July 2010 Joined HULIC Co., Ltd., Executive Managing Officer, General Manager of the Accounting Department
 March 2015 HULIC Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)

Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member

12 Takuya Asai

April 1978 Joined The Fuji Bank, Limited
 July 2000 The Fuji Bank, Limited, General Manager of Esaka Branch
 March 2007 Joined HULIC Co., Ltd., General Manager of Compliance Department
 April 2013 HULIC Co., Ltd., Managing Officer, General Manager of Legal and Compliance Department
 March 2015 HULIC Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)

External Auditor, Audit & Supervisory Board Member

13 Koichi Nezu

April 1975 Joined TOBU RAILWAY CO., LTD.
 November 1990 Tobu Department Store Co., Ltd., Representative Director and Senior Director
 January 1999 Tobu Department Store, Representative Director and President
 April 2002 Kabushiki Kaisha Seiyoken, Director (to date)
 May 2002 Nezu Museum, Chairman of the Board and Curator (to date)
 May 2003 Tobu Utsunomiya Department Store Co., Ltd., Chairman of the Board of Directors and President
 April 2006 Musashi Academy of the Nezu Foundation., Chairman of the Board of Directors (to date)
 October 2007 HULIC Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
 July 2008 HULIC Co., Ltd., Management Advisory Committee Member (to date)
 April 2013 Tobu Department Store Co., Ltd., Chairman of the Board of Directors Tobu Utsunomiya Department Store Co., Ltd., Chairman of the Board of Directors
 May 2015 Tobu Department Store Co., Ltd., Chairman Emeritus (to date)

External Auditor, Audit & Supervisory Board Member

14 Nobuyuki Kobayashi

March 1991 Registered as a certified public accountant
 December 1995 Established the Kobayashi Certified Public Accountants Office
 March 2005 Registered as a tax accountant
 April 2007 National Institute for Environmental Studies, Japan, Auditor
 July 2008 HULIC Co., Ltd., Management Advisory Committee Member (to date)
 March 2009 HULIC Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
 April 2010 Nagoya University of Commerce & Business (graduate school), Professor (to date)
 October 2011 Japan Arts Council, Auditor (to date)
 July 2017 The Japan Institute for Labour Policy and Training, Auditor (to date)
 October 2017 Tokyo District Court, Adviser (to date)
 June 2019 The Japanese Institute of Certified Public Accountants Tokyo Chapter, Deputy Chairman (to date)

External Auditor, Audit & Supervisory Board Member

15 Kenichi Sekiguchi

April 1972 Joined Yasuda Mutual Life Insurance Company
 April 2001 Yasuda Mutual Life Insurance Company, Executive Director, Deputy Senior Manager of Asset Management Division and General Manager of Operational Policy Division
 April 2002 Yasuda Life Direct General Insurance Company, Director and President
 January 2004 Meiji Yasuda Life Insurance Company, Managing Director, General Manager of New Market Sales Division
 December 2005 Meiji Yasuda Life Insurance Company, Chairman of the Board
 July 2006 Meiji Yasuda Life Insurance Company, Chairman of the Board and Executive Officer
 July 2013 Meiji Yasuda Life Insurance Company, Special Advisor (to date)
 March 2014 HULIC Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
 October 2015 Kyushu Financial Group, Inc., External Auditor (to date)
 June 2018 Okuhiei Sankei Driveway Co., Ltd., Director (to date) Shinjuku Subnade Co., Ltd., Director (to date)

Managing Officers

Senior Executive Managing Officer	Executive Managing Officer	Managing Officer	Senior Executive Managing Officer	Executive Managing Officer	Managing Officer
Yasuki Yakabi	Hiroshi Kitano	Taichi Nakamura	Nobuyoshi Tanaka	Kazuhiro Noguchi	Kazuteru Miyayama
	Noritaka Takahashi	Yoshito Nishikawa	Yasushi Umeda	Hiroshi Hara	
	Shin Ito	Yoshikazu Nagatsuka	Mikio Morikawa	Ken Ohta	

Policy for the Selection of External Directors and External Auditors

The Company has four External Directors and three External Auditors. The External Directors and External Auditors comment appropriately at the meetings of the Board of Directors from a position that is independent from that of the business and operations of the corporation and fulfill the functions of oversight and checks on the management.

External Directors and External Audit & Supervisory

Board members meet the criteria in the guidelines on the independence of independent executive officer(s) set out in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange and the "Criteria for assessing the independence of independent external directors" in Hulic's Corporate Governance Guidelines.

Expertise of External Directors and External Audit & Supervisory Board Members

The expertise and reasons for selection of the External Directors and External Audit & Supervisory Board Members are as follows.

External Directors

Name	Attendance at Board of Directors meetings in FY2019	Occupation/affiliation, etc.	Reason for appointment	Independent Director
Tsukasa Miyajima	15 of 15 (100%)	Professor Emeritus of Keio University, Lawyer, Professor of School of Law and Graduate, School of Law of Asahi University	It is expected that Mr. Miyajima leverages his extensive track record and insight as a person of academic standing in the management of the Group, and the Company believes that he appropriately performs his duties as an External Director.	○
Hideo Yamada	15 of 15 (100%)	Lawyer of Yamada Ozaki Law Office	Mr. Yamada has been active as a lawyer for years and has high views as a legal expert as well as experience as an external director of other companies, and the Company believes that he leverages this expertise in the management of the Group.	○
Atsuko Fukushima	15 of 15 (100%)	Journalist, Councillor of Forestry Policy Council, Ministry of Agriculture, Forestry and Fisheries	Ms. Fukushima has been active in the media industry for years and has extensive experience, and as such, the Company believes she can reflect her wide range of perspectives in areas including socio-economics, environment, culture and diversity in the management of the Group.	○
Kaoru Takahashi	15 of 15 (100%)	Advisor, Sompco Holdings, Inc.	Mr. Takahashi has extensive experience and broad insight as the top management of a major insurance company, and the Company believes that he leverages this expertise in the management of the Group.	○

External Auditor and Audit & Supervisory Board members

Name	Attendance at meetings in FY2019		Occupation/affiliation, etc.	Reason for appointment	Independent Director
	Board of Directors	Audit & Supervisory Board			
Koichi Nezu	13 of 15 (86%)	13 of 15 (86%)	Chairman Emeritus of Tobu Department Store Co., Ltd., Board Chairman and Curator of Nezu Museum	Mr. Nezu has a wealth of business management experience and broad insight into management in general through his management of a major department store, and as such, the Company expects him to be able to audit its management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Nobuyuki Kobayashi	15 of 15 (100%)	15 of 15 (100%)	Director of Kobayashi Certified Public Accountants Office	Mr. Kobayashi has specialized knowledge in accounting and taxation as a certified public accountant and tax accountant, and as such, the Company expects him to be able to audit its management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Kenichi Sekiguchi	15 of 15 (100%)	15 of 15 (100%)	Special Advisor of Meiji Yasuda Life Insurance Company	Over the years, Mr. Sekiguchi has accumulated extensive business management experience and broad insight as chairman, and as such, the Company expects that he will be able to audit its management objectively and from a neutral position.	○

Auditing Mechanism

Auditing Mechanism

The Company enhances the effectiveness and efficiency of audits through mutual cooperation and regular exchange of information among the Audit & Supervisory Board members, the Accounting Auditor, and the Corporate Audit Department.

Status of Audits by the Audit & Supervisory Board Members

Hulic is a company with an Audit & Supervisory Board, which comprises five Audit & Supervisory Board members (two are full-time auditors and three are External Auditor pursuant to the Companies Act and Ordinance for Enforcement of the Companies Act). In audit conducted by the Audit & Supervisory Board members, auditors monitor the operations of the internal control system and the status of its implementation through audit of the execution of duties by directors, managing officers and each division in accordance with the audit basic policy and the audit basic plan formulated by the Audit & Supervisory Board. These audits consist of attendance at the Board meetings as well as other meetings and committees when required, interviews on the execution of duties by directors and managing officers, and reviewing important documents, approval documents and accounting documents, etc. In addition, the Board responds promptly to any wrongdoing identified as well as

deficiencies and issues pointed out by the Accounting Auditor after receiving a report from an Audit & Supervisory Board member. The Audit & Supervisory Board Office has been established to support the duties of Audit & Supervisory Board members.

In addition, the Audit & Supervisory Board members receive reports on the results of audits performed by the Corporate Audit Department and exchange information regularly to enhance the effectiveness and efficiency of audits by both the Audit & Supervisory Board members and Corporate Audit Department, which performs internal audits. Note that Shigeo Nakane, Full-Time Audit & Supervisory Board member, has served as Executive Managing Officer, General Manager of the Accounting Department, and that Nobuyuki Kobayashi, External Audit & Supervisory Board Member, is registered as a certified public accountant. Both members have considerable knowledge of finance and accounting.

Status of Accounting Audit

Name of Accounting Auditor

Ernst & Young ShinNihon LLC

The Company enters into an agreement with the Accounting Auditor that limits liability for damages resulting from the neglect of duties based on Article 427, Paragraph 1 of the Companies Act and Article 41, Paragraph 2 of the

Company's Articles of Incorporation. The maximum amount of liability under the agreement is the higher of an amount predetermined by the Company and the amount stipulated by law.

Policy and Reason for Selecting the Accounting Auditor

When it is necessary to select a certified public accountant to perform audits, the Audit & Supervisory Board examines and confirms the following items through interviews and questions with the certified public accountant and an exchange of opinions with business execution divisions before making a comprehensive judgment.

- Status of quality control
- Independence
- Expertise
- Appropriate member configuration
- Audit plan considering risk
- Appropriateness of audit fees

The Accounting Auditor will be dismissed based on agreement among all Audit & Supervisory Board members when they have judged that there is a reason for dismissal as provided for in Article 340, Paragraph 1 of the Companies Act. In addition, if the Audit & Supervisory Board determines that it is not appropriate for the Accounting Auditor, due to such reasons as violation of the Certified Public Accountants Act, the Audit & Supervisory Board will determine the content of the proposal for dismissal or non-reappointment of the Accounting Auditor, and based on that decision, the Board of Directors will submit the proposal at the general meeting of shareholders.

Evaluation of the Accounting Auditor by the Audit & Supervisory Board and Its Members

The Audit & Supervisory Board performed an evaluation of the Accounting Auditor from the perspectives of quality control, independence of the audit team, exercise of professional distance, appropriateness of audit fees, effectiveness of communication with management and the

Audit & Supervisory Board, and handling of Group audits and fraud risk, after receiving a report on the status of the audit quality from Ernst & Young ShinNihon LLC. As a result, it was deemed appropriate to reappoint Ernst & Young ShinNihon LLC as the Accounting Auditor.

Details of Audit Fees, etc.

Compensation for Audit by a Certified Public Accountant, etc.

(JPY million, consolidated basis)

Category	FY2018		FY2019	
	Compensation based on audit and attestation services	Compensation based on non-audit services	Compensation based on audit and attestation services	Compensation based on non-audit services
Hulic	50	8	52	6
Consolidated subsidiaries	1	-	23	-
Total	52	8	76	6

(FY2018)

Non-audit services for which the Company paid compensation to the Accounting Auditor consist of work to prepare comfort letters related to issuing corporate bonds.

(FY2019)

Non-audit services for which the Company paid compensation to the Accounting Auditor consist of work to prepare comfort letters related to issuing corporate bonds.

Policy for Determining Audit Fees

Audit fees for the certified public accountant are determined with the consent of the Audit & Supervisory Board in accordance with laws and regulations and in consideration of such factors as the size and characteristics of the Company and the number of days spent for the audit.

Reasons the Audit & Supervisory Board Gave Consent to Remuneration of the Accounting Auditor

The Audit & Supervisory Board performs necessary checks regarding the details of the audit plan of the Accounting Auditor, the performance status of accounting audit duties and the basis for calculating remuneration estimates, and has given consent for the remuneration paid to the Accounting Auditor.

Status of Internal Audit

The Corporate Audit Department, which reports directly to the President and works independently from other business activities, carries out internal audits of the Company and the Company's affiliates. Specifically, the Corporate Audit Department systematically conducts internal audits in accordance with the internal audit basic plan, which is resolved

by the Board of Directors, and reports the findings to the President. The department also provides advice, guidance and recommendations for improvements to the audited departments to help resolve issues. The President, who oversees the Corporate Audit Department, reports important matters related to the internal audits regularly to the Board of Directors.

Internal Control System

System to Ensure the Appropriateness of the Company's Operations and Operational Status of the System

The Board resolves matters concerning the basic design and operation of the internal control system specified in the provisions of the Companies Act and the Ordinance for Enforcement of the Companies Act, as a system to ensure appropriate business operations of the Company, and promoting sound management and business operations by enhancing internal controls.

System to Ensure the Appropriateness of the Company's Operations

- ① System for ensuring that the directors, managing officers, and employees of our company and subsidiaries execute their duties while they comply with laws and regulations, and the Articles of Incorporation
- ② System for storing and managing the information related to the execution of duties of our directors
- ③ System for the rules, etc. that are related to the management of the risk of losses of our company and subsidiaries
- ④ System for ensuring that the directors of our company and subsidiaries effectively execute their duties
- ⑤ System for reporting to our company about the execution of duties of the directors, etc. of subsidiaries
- ⑥ Matters relating to the employees who are asked to support auditors' duties by the auditors
- ⑦ Matters relating to the guarantee of the independence of the abovementioned employees from the directors and of the effectiveness of the orders given by the auditors
- ⑧ System for having the directors, managing officers, as well as employees of our company, and the directors, auditors, managing officers, as well as employees of subsidiaries, or the persons receiving a report from any of the abovementioned persons report to our Audit & Supervisory Board and its members and other systems for reporting to auditors
- ⑨ Matters relating to payment for auditors for executing their duties and other systems for ensuring that audits are effectively carried out by the auditors

Operational Status of the System to Ensure the Appropriateness of the Company's Operations

Compliance Initiatives

The Company established an annual compliance program ("the program") and confirms the status of progress through the Compliance Committee, which convenes four times a year. In the program, regular compliance training for employees and the distribution of compliance-related news ensure thorough compliance, including severing any ties with anti-social forces. Compliance training is also separately provided for officers.

In addition, the internal reporting system or Compliance Hotline ensures prompt detection and resolution of issues as well as to protect the whistleblower. Reports are regularly made to the Board of Directors concerning the status of operations and reporting. Moreover, since FY2018, we added an independent outside contact, as well as one female manager as an internal contact, with the aim of improving the effectiveness of the internal reporting system.

Efforts to Manage the Risk of Losses

The Company's Risk Management Committee convenes every quarter and conducts appropriate risk management in response to fluctuations in risk by assessing the predetermined monitoring items. As for BCP preparedness, we review our Basic Plan for Business Continuity (BCP) and the BCP Manual. In addition, in November 2019, we conducted more practical BCP drill assuming a large-scale earthquake to test our response in the event of an emergency.

Initiatives for Ensuring Appropriate and Efficient Business Execution

In addition to regular Board of Directors meetings held each month, the Company also holds extraordinary Board of Directors meetings as required to ensure effective decision-making and the oversight of business execution. We are also striving to ensure efficiency, for example by consolidating common operations in the Group to a shared service company.

Initiatives to Ensure Appropriate Group Operations

The Company's subsidiaries apply for approval and make reports on important issues based on the Regulations for Business Management of Affiliated Companies. Furthermore, the Corporate Audit Department conducts audits with appropriate intervals and Business Planning and Management Department regularly provides guidance to the subsidiaries.

Companies that have recently become subsidiaries receive individual guidance on areas including risk management based on the Company regulations.

Initiatives to Ensure the Effectiveness of Audits by the Audit & Supervisory Board Members

The Company has an Audit & Supervisory Board, which meets once a month in principle, to make decisions on, make reports, and discuss important issues related to auditing. In addition, the Audit & Supervisory Board members ensure the effectiveness of audits by attending various meetings and reviewing the minutes of meetings.

The Company established the Audit & Supervisory Board Office as part of a system to respond promptly to requests from the Audit & Supervisory Board members.

Risk Management

Fundamental Approach

Pursuant to the Basic Rules of Risk Management, we manage various risks related to the Group's businesses including operational, market, liquidity, and credit risk, among others.

- [Results in FY2019] ●Number of Risk Management Committee meetings: 4 times
 ●Number of Fund and ALM Committee meetings: 13 times
 ●Number of BCP drills: 1 time ●Number of inspections of stockpiled food and goods: 1 time

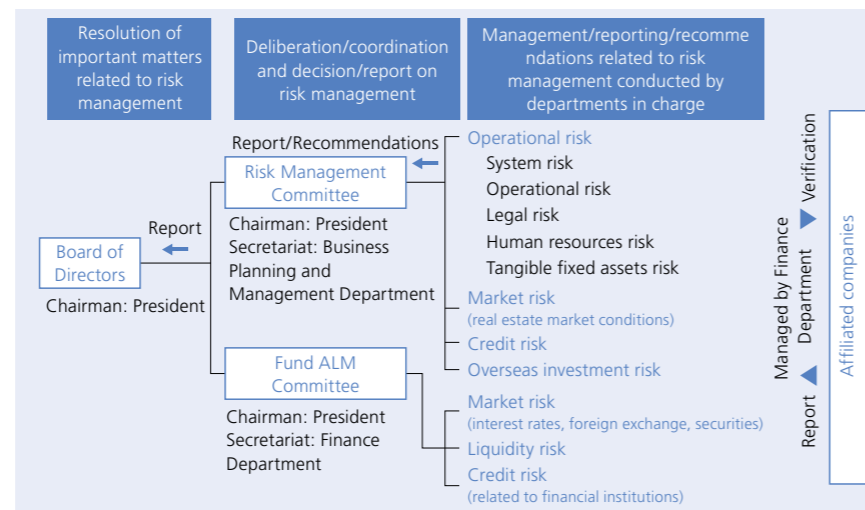
Risk Management Mechanism

Hulic recognizes that appropriately managing risks of the Company and its affiliates is one of its most important management challenges, and has set up a structure with the Board of Directors at the top while working to make improvements. The department responsible for a particular risk stripe formulates risk management method, then appropriately monitor and control risk. The status of risk management is reported to the Risk Management Committee and Fund ALM Committee regularly and as required by the department in charge with its recommendations. The Risk Management Committee and Fund ALM Committee, which convene regularly, examine the reports and recommendations provided by the departments in charge of risk management, assess overall risks and discuss appropriate responses before reporting to the Board of Directors. The Board of Directors resolves important matters related to risk management upon receiving reports from the Committees. We also verify that our affiliated companies are implementing appropriate risk management by

requiring them to submit accurate and pertinent reports on a regular basis. In addition, the Corporate Audit Department conducts internal audits of all departments and operations including affiliates to provide assurance on the appropriateness of risk management. As for risk stripes, we review them and make additions when necessary in order to manage evolving risks appropriately.



Diagram of Risk Management Mechanism



Business Continuity Initiatives for Disasters

Business Continuity Approach for Disasters

Hulic is a real estate company that engages in development, reconstruction, and operation of office buildings and rental apartments primarily in Tokyo 23 wards. We are constantly working to generate new added value by offering properties that are superior in terms of safety, environmental

performance, and convenience. We have established various emergency and disaster scenarios for which we have created measures to improve the structural performance of our buildings as well as operational and management aspects.

Establishment of the Basic Plan for Business Continuity (BCP)

Our Basic Plan for Business Continuity (BCP) defines the framework and method for continuing important business functions while minimizing damage to business assets in the event of an emergency, such as a metropolitan epicentral earthquake. We have also created the BCP Manual outlining specific execution plans and have thoroughly communicated the contents of the manual to officers and employees. The BCP Manual outlines practical guidance on confirming customer safety, responding to the injured, and confirming employee safety based on the time that has elapsed since the disaster. The plan is to be implemented mainly by an emergency task force. The BCP Manual also describes

emergency and restorative actions to ensure business continuity. Further, a portable Disaster Response Manual was prepared and distributed to all employees. This manual contains information on preparedness for disasters, procedures for using emergency messaging service and safety confirmation system, as well as a flowchart showing how to act when a disaster occurs while commuting or during holidays.



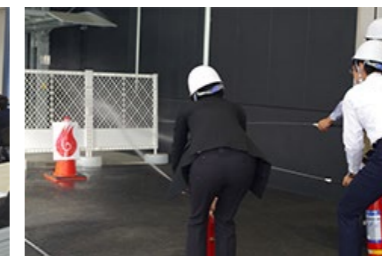
Review and Improvement of the Basic Plan for Business Continuity Plan

Given Hulic's responsibility to ensure earthquake-resistant safety of buildings, we have developed the Basic Plan for Business Continuity ("the plan"). By following the plan, we periodically carry out BCP drills to implement the PDCA (plan-do-check-act) cycle for our business continuity system. In addition, we review the plan periodically and actively prepare for company-wide recovery activities for large-

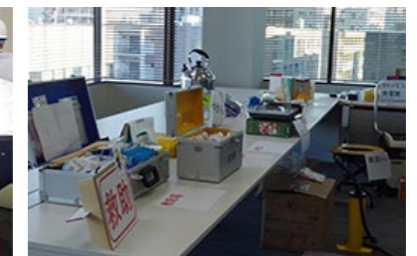
scale disasters including the Tokyo Metropolitan epicentral earthquake. Also, we have developed highly effective plans for continuing in the real estate business by establishing cross-sectional cooperation with external organizations, such as design companies, construction companies, management companies, as well as elevator companies.



BCP drill



Fire drill



An exhibit of emergency supplies

Improving the Earthquake Resistance Performance of Buildings

Hulic ensures that its new office buildings meet the highest earthquake resistance standards by equipping them with earthquake-absorbing and earthquake-damping structures in order to protect lives and the operation of facilities in the event of a large-scale earthquake. We made the percentage of buildings meeting new earthquake resistance

standards: 100% each year as one of KPIs and disclose the result. Additionally, for existing office buildings, we carry out seismic retrofitting to ensure full compliance with new earthquake resistance standards, thereby ensuring the safety of occupants.

Facilities and Stockpiles for Sustaining Business Operations

We are proactively carrying out measures to strengthen the business continuity capabilities of our core head office functions during an emergency. The following measures have been taken at the Hulic Head Office Building.

1. Adopts earthquake-absorbing and earthquake-damping structures that enable building functions to operate even during an earthquake with a seismic intensity of seven
2. Features emergency generators that can operate continuously for up to six days
3. Secures food and drinking water to last more than seven days
4. Uses wireless equipment for communications between the management offices of other company-owned properties, etc.

For buildings where we are undertaking reconstruction (office buildings, commercial properties and hotels, etc.), we also stockpile water, set up a drainage system, and install emergency back-up generators that can generate power continuously for three days.



Emergency back-up generator

Maintaining Functions during a Disaster (Hulic Head Office Building)

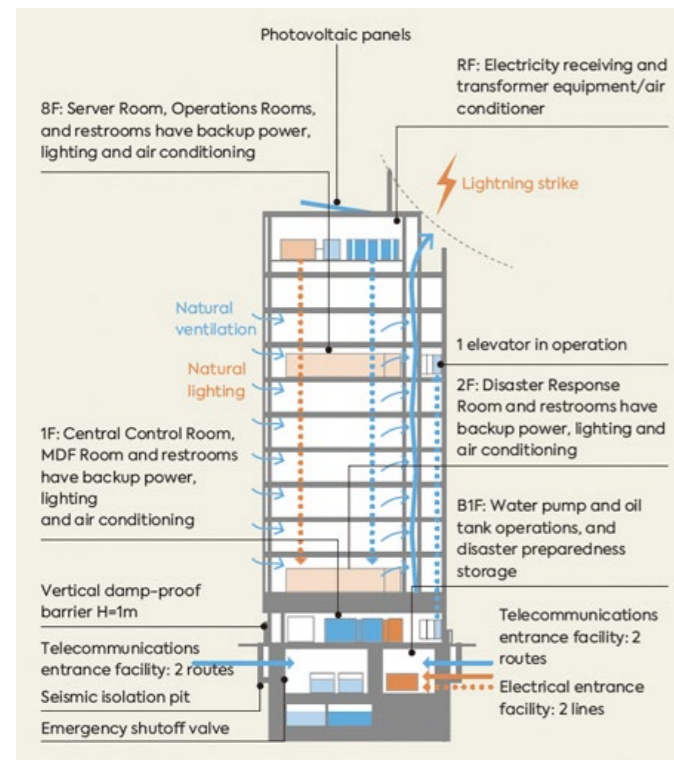
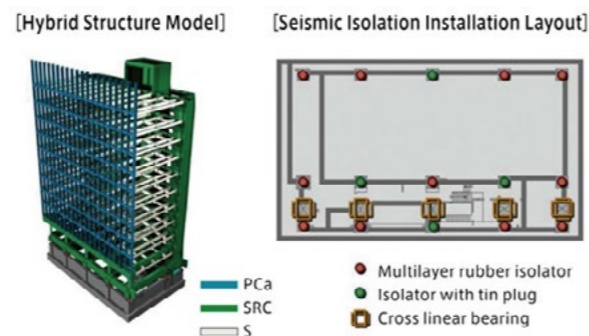


Diagram of Hybrid Structure Model



Hulic was the First in the Real Estate Industry to Receive the Highest Rating of DBJ BCM

In November 2013, Hulic's business continuity framework (highlighted above) was recognized with a DBJ BCM rating from the Development Bank of Japan. The decision for the rating, the highest from the Bank, praised Hulic for our disaster prevention and business continuity programs. At

the same time, Hulic received a favorable loan based on this rating. This marks the first time that a company from the real estate industry has received the highest rating from Development Bank of Japan.

Quick Summary of the DBJ BCM Rating:

The DBJ BCM rating was established by the Development Bank of Japan (DBJ) and recognizes companies with particularly noteworthy business continuity management (BCM). The rating is based on a comprehensive evaluation using tangible and intangible aspects of a company's BCM initiatives, including its ability to quickly restore operations following a natural disaster.

Compliance

Fundamental Approach

Hulic has established Basic Stance outlining its approach for achieving Corporate Philosophy and the Basic Principles of Corporate Conduct, which clarifies the Basic Stance. Additionally, the Compliance Manual, which reflects changes in business environment and social trends, stipulates actions that must be followed commonly in the Hulic Group in everyday business execution. We understand that ensuring these actions are followed and practiced represents Hulic's basic stance toward compliance, and we are promoting the activities to educate all employees about the importance of complying with laws and regulations, social ethics, and company rules. Each and every employee will strive to fulfill the trust of every stakeholder and fulfill Hulic's social responsibilities by complying with applicable laws and regulations, and company rules as well as engaging in business activities based on a high standard of ethics.

[Results in FY2019] ● Compliance trainings for all officers and employees Number of trainings conducted: 5 times
Number of dissemination of compliance news: 12 times

Compliance Promotion Mechanism

In accordance with the Compliance Rules, we have built a Company-wide system composed of the Board of Directors at the top, the Compliance Committee, the senior executive managing officer in charge of compliance, and compliance officers of each department. In addition, affiliated companies under management by the Company are monitored and managed in a centralized way to build an effective compliance

system that matches the Compliance Rules set by each company. Hulic receives applications and reports on a regular basis and, as required, on the status of compliance at each company, which improves our understanding of the situation and enables an appropriate response, when necessary. There were neither internal compliance breaches nor violations of laws, etc. or any fines imposed during FY2019.

Board of Directors

The Board of Directors makes decisions on the issues discussed at the Compliance Committee and receives reports from the Committee regarding important matters for compliance.

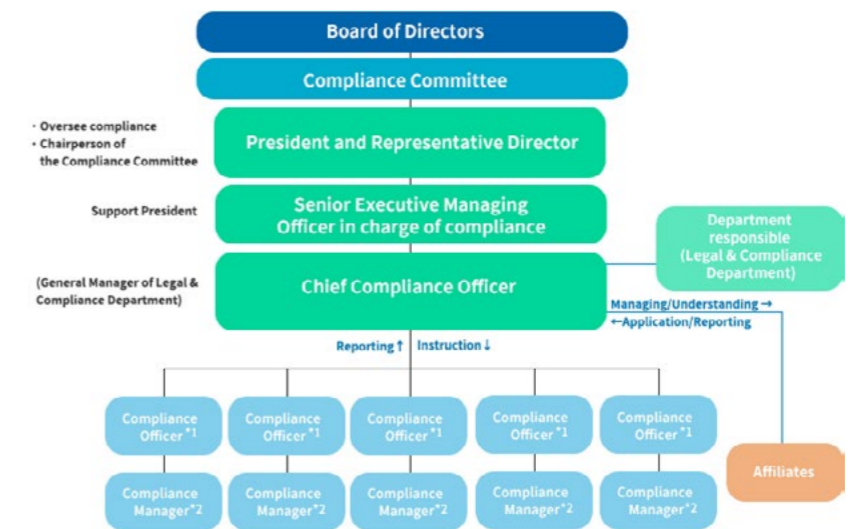
Compliance Committee

Headed by the President, the Compliance Committee convenes four times a year, in principle. The Committee deliberates on important matters related to compliance, such as revisions to the Compliance Rules and the Compliance Manual, and formulation of a compliance program. The Committee also identifies and makes decisions to improve compliance, including information management.

Compliance Program

The Compliance Committee formulates a compliance program as an implementation plan to promote compliance, on a Company-wide basis. The results of the program are reported to the Compliance Committee. Moreover, affiliated companies create compliance programs in the same manner and report progress and achievements to the Company.

Compliance Promotion Framework



*1 Assigned to each department to promote compliance
*2 Assigned to each department to assist the Compliance Officer

Compliance Manual

Pursuant to Basic Principles of Corporate Conduct and Code of Conduct, the Compliance Manual stipulates the following items as rules for promoting compliance by all officers and employees of the Group.

In addition, we make sure that everyone understands the Compliance Manual and actively puts the principles into practice by providing compliance training and disseminating compliance-related information.

In FY2019, once again there were no violations of applicable laws and regulations, and our compliance rules in our business, services, transaction methods, and so on.

- ① Respect human rights and prohibit discrimination and harassment
- ② Comply with laws and rules
- ③ Conduct business in a faithful and fair manner
- ④ Manage information appropriately
- ⑤ Adhere to insider trading regulations
- ⑥ Avoid involvement with anti-social forces
- ⑦ Be considerate of environmental conservation
- ⑧ Maintain and encourage the best communication possible
- ⑨ Respect intellectual property rights
- ⑩ Prohibit bribery, and rules concerning gifts and entertainments
- ⑪ Ensure transparency and reasonableness of transactions



Compliance Hotline

Our employees are encouraged to report directly to the internal or external Compliance Hotline when they consider it unlikely that appropriate corrective actions will be implemented after they consult with the compliance officers of their departments on matters involving compliance issues, or when they are uncomfortable consulting with compliance officers due to the nature of the issues involved.

Anyone can report to the Compliance Hotline, including officers and employees of the Company, retirees and employees of our business partners, when there is concern on human rights violation, corruption, bribery and

harassments, etc. When a report is made, we investigate the facts and respond promptly while giving due consideration to the privacy of the reporter.

- Internal contacts:** General Manager of Corporate Planning Department, Vice Manager of Corporate Planning Department, General Manager of Legal & Compliance Department (Chief Compliance Officer); an additional female manager contact was added in 2018
- External contacts:** Attorney's offices; additional legal firm was added aside from our legal counsel

Compliance Training

We regularly provide training on themes that correspond with the Compliance Manual, including prohibiting bribery and handling gifts and entertainment, intellectual property rights, insider trading, and severing all relations with anti-social forces to raise awareness of compliance among all employees. In addition to training on themes in the Compliance Manual, we also provide real estate industry-specific training on important themes and hold discussions, as needed. We also provide compliance-related news and Q&As once a month on our intranet to supplement the

training. Other related training includes training for new recruits and new hires as well as external training for newly appointed officers, including at affiliated companies.

Compliance Training Sessions in FY2019

- Frequency:** 5 sessions implemented (four times for all employees, once for officers), dissemination of compliance-related news 12 times
- No. of participants:** All employees (including temporary staff)

Initiatives for Anti-corruption

Hulic prohibits any act or suspicious act that leads to corruption with business partners, including public agencies such as the government and local government. We also strictly prohibit any bribery and clearly define prohibited activities specifically that lead to corruption and bribery in the section prohibit bribery, and rules concerning gifts and entertainments of the Compliance Manual. In addition, we conduct compliance training for all employees as appropriate to build their awareness on prohibited activities such as giving gifts to public officials and excessive entertainment and make sure that our employees are communicated of

Hulic's policy on prohibition of corruption and bribery. Moreover, twice a year, we monitor whether each department is appropriately receiving business entertainment and gifts, and confirm no bribery is accepted or received, and then identifies and assesses the associated risks. In case of doubt, anyone can make a report to the Compliance Hotline, not only officers and employees of the Company but also retirees and employees of business partners. Once received, all reports are handled swiftly and appropriately. We made no political contributions in FY2019.

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.

When selecting an outsourcing contractor, we make

a comprehensive decision by carefully checking their past performance and their ability to execute operations, the effectiveness of their business execution system and the clarity of the procedures, the appropriateness of the operation management system, possible relationships with anti-social forces, and other items.

Initiatives for Fair Competition

We believe that trust in the Company is built up by trust from every employee, and we require that everyone works sincerely and in good faith. We realize that we must strive to ensure the transparency and rationality of transactions to make sure they are appropriate and fair so that no transaction harms the interests of the Company or shareholders, or provokes any concern. In particular, the Compliance Manual specifies the prohibition of acts

that constitute a conflict of interest, compliance with arm's length transaction principles, and the prohibition of providing special interests to shareholders.

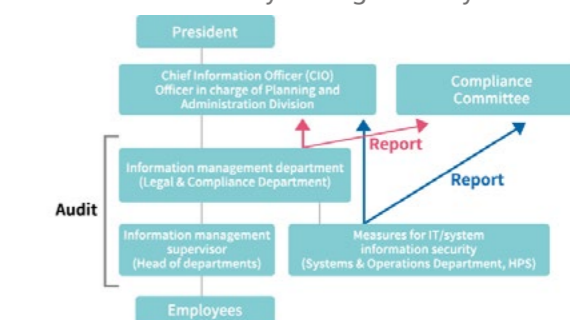
In addition, thorough measures are taken to ensure fair trade and to prevent unfair competition by prohibiting any acts that acquire, use, or inappropriately disclose the trade secrets of others, or acts that undermine trust in the business of others we are in competition with.

Information Security Management

We recognize that it is our social responsibility to effectively protect our information assets. To protect these assets from various threats, we have established an information security management system, and are ensuring that we operate and manage information assets carefully based on information management rules that include rules on handling information. We more strictly check the right of access to the shared server, regulate the use of storage media, and regulate instances where information assets are removed off-site. In our compliance training held on a regular basis, we stress the significance of information management and information security measures in terms of systems in order to increase each employee's

awareness. Additionally, we carry out internal audits to check compliance with company rules on information management.

Information Security Management System



Privacy Policy

In full respect of the importance of protecting personal information we properly handle personal information in compliance with the Personal Information Protection Law (the "Privacy Law") and other relevant laws and guidelines, and take appropriate measures to ensure that personal information is secure. We make efforts to conduct training and education for our employees so that personal information is appropriately handled. We immediately respond to any claims

or concerns regarding the handling of personal information, and review and improve, as necessary, our provisions for the handling and safeguarding of personal information. We did not identify any substantiated complaints concerning breaches of customer privacy and there were no significant incidents or cases regarding leakage of personal data in FY2019.



Counteracting Anti-Social Forces

The Compliance Manual states that no anti-social activities will be tolerated and that all relationships with anti-social forces must be severed. As a concrete measure to promote severing any transactions with anti-social forces, we established Rules for Counteracting anti-social Forces, which we are now practicing.

In addition, the Legal & Compliance Department promote implementation at the organizational level, and a range of measures have been introduced to severing any ties with anti-social forces, including creating inhouse procedures, effective ways to ensure employee safety, and coordination with specialist external organizations.

External Evaluation

Third-party Assurance

Taking proactive actions against ESG-related risks such as environmental issues including climate change, working environment and human rights and contributing to SDGs are one of Hulic's material management matters. We believe it is important to provide reliable information concerning our sustainability-related activities. As such, we received independent assurance from an independent assurance provider, KPMG AZSA Sustainability Co., Ltd., on the following eight items: electricity and gas consumption, CO₂

emissions (Scope1, Scope2) and CO₂ emissions intensity, number of greening projects, waste disposal, water consumption, employment ratio of persons with disabilities, usage rate of paid leave, and percentage of employees who received medical checkups. Indicators that have been assured are marked with "✓".

We will continue to disclose information on the progress of our ESG activities to the stakeholders while strive to improve quality of disclosure using PDCA cycle.

External Evaluations

Included in FTSE4Good Index Series

Hulic has been a constituent company in the FTSE4Good Index Series. The FTSE4Good Index Series is designed to identify companies that demonstrate strong environmental, social and governance practices measured against globally

recognized standards. The socially responsible investing (SRI) indices are important indicators that display pools of investment options for investors.



Selected for FTSE Blossom Japan Index

Hulic has been selected for a constituent of the FTSE Blossom Japan Index. Created by the global index company FTSE Russell, the FTSE Blossom Japan Index is designed as an industry neutral benchmark that reflects the performance of companies demonstrating strong environmental, social and governance (ESG) practices in Japan. FTSE Russell evaluations are based on

performance in areas such as Corporate Governance, Health & Safety, Anti-Corruption and Climate Change. Businesses included in the FTSE Blossom Japan Index meet a variety of environmental, social and governance criteria.



Included in "MSCI Japan ESG Select Leaders Index" and "MSCI Japan Empowering Women Index (WIN)"

Hulic has been approved for membership of the "MSCI Japan ESG Select Leaders Index" and the "MSCI Japan Empowering Women Index (WIN)" by MSCI Inc.

The MSCI Japan ESG Select Leaders Index is comprised of companies, chosen from the largest 700 Japanese companies by market capitalization, which have high environmental, social and governance (ESG) profiles compared to their sector peers, after excluding companies with the lowest ESG rating by MSCI and companies hit by serious scandals.

The MSCI Japan Empowering Women Index (WIN) is

comprised of Japanese companies, chosen from the largest 700 Japanese companies by market capitalization, with a high level of gender diversity in their workforces compared to sector peers classified by GICS®.

Accordingly, Hulic has been continuously included in all three indices selected by the Government Pension Investment Fund (GPIF) for the purpose of investment based on a company's ESG efforts: FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and MSCI Japan Empowering Women Index.

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Disclaimer: The inclusion of Hulic Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Hulic Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Achieved a "Green Star" Rating by GRESB

Hulic obtained the highest "Green Star" assessment in the Global Real Estate Sustainability Benchmark (GRESB) survey conducted in 2019.

GRESB is a benchmark which was founded in 2009 mainly by a group of major pension funds in Europe. This benchmark measures sustainability and performance of the real estate sector. Hulic received a high recognition for its progress in (i) implementing management that emphasizes

sustainable co-creation and co-existence with society as one of the basic strategies in its Medium- and Long-term Management Plan, (ii) managing ESG-related KPIs/targets through identifying materiality, and (iii) business operation with emphasis on dialogues with stakeholders such as customers, business partners and the local communities.



Received CASBEE-Wellness Office Certification

Hulic Head Office Building received highest rank of "S" in CASBEE-Wellness Office certification (issued by Institute for Building Environment and Energy Conservation) which rated health and intellectual productivity improvement of employees.

Factors attributing to high rating

Hulic head office building has been highly rated with multiple notable factors that led to the excellent rating: (1) exterior walls designed to fit with townscape; (2) achievement of both comfortability and energy-saving with an environmentally friendly design that actively utilizes uniquely developed natural ventilation and natural

lighting systems, enabling fine control of lighting and air conditioning adds to the satisfaction of employees; (3) adoption of out-framed structure which provided a spacious working area; (4) installation of ancillary amenities including a rooftop garden, cafeteria that facilitate communication in addition to meeting spaces on each floor; (5) adoption of an earthquake-absorbing structure; (6) installation of supplies including sufficient electric power, food and beverages to continue business functions when lifelines are damaged by earthquakes.



DBJ Green Building

DBJ Green Building certification system is a program to comprehensively assess the building's environmental performance, crime and fire prevention, user comfort and convenience, cooperation with stakeholders, etc. by the Development Bank of Japan Inc. Hulic obtained the highest

certification of "5 Stars" for Hulic Head Office Building and three buildings in reconstruction projects including Hulic Shinjuku Building, and one building was granted "4 Stars."



Approaches to JHEP Certification

JHEP is a program to evaluate and certify activities that contribute to conservation and restoration of biodiversity, which was established and is operated by Ecosystem Conservation Society-Japan. Hulic carries out efforts to conserve and restore local vegetation as part of its reconstruction projects for

company-owned properties from the standpoint of safeguarding biodiversity. Our approach to biodiversity and many projects have received the JHEP certification.



Received "Platinum Kurumin" and "Kurumin" Certifications

In regard to the support for raising the next generation, Hulic aims at a higher level than the legal requirements and has established various in-house measures. We are working to develop a work environment in which employees can take childcare leave more easily in addition to providing economic support to employees who take the leave. In recognition of our efforts, Hulic has received a certification of "Platinum Kurumin" from the Minister of Health, Labour and Welfare

as the Company supports employees in raising the next generation at a distinctive level. At the same time, we also received "Kurumin" certification for the third time (in 2010, 2017 and 2020).



Certified as Health & Productivity Management Outstanding Organization

Hulic was certified as a Health & Productivity Management Outstanding Organization in 2020 (Small and Medium-sized Enterprises Category) for the second consecutive year in recognition of our health and productivity management initiatives. The award has been promoted by the Ministry of

Economy, Trade and Industry in conjunction with the Nippon Kenko Kaigi to advance health and productivity.



Corporate Certification for Eruboshi Based on the Act on Promotion of Women's Participation and Advancement in the Workplace Obtained

As a result of the formulation of the Action Plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace, Hulic attained the highest rank in the "Eruboshi" certification presented by the Minister of Health, Labor and Welfare in 2016, in recognition of the Company as an outstanding company in the implementation of initiatives to promote female empowerment at the workplace. We have put effort into creating an environment where diverse human resources can perform (diversity management), especially into establishing a top-class system for nurturing the next generations (a childcare support system/ onsite childcare and nursery facilities), with the aim

of ensuring that female employees will be able to continue playing an active role in the company after childbirth and while parenting.

Since we have been facilitating in creating a corporate culture where employees respect the diversity among them and can perform best, we were able to meet the criteria for the certification established by the Ministry of Health, Labour and Welfare and obtain the highest rank certification.



Recognized for Inclusion in Diversity Management Selection 100

Diversity Management Selection 100 is a commendation system run by the Ministry of Economy, Trade and Industry since 2012, to recognize companies of various sizes and from different sectors for their proactive initiatives towards diversity management as a contributing factor behind the economic growth of Japan. By communicating best practices, this aims to broaden the fields that encourage diversity.

From the standpoint of empowering female employees

and helping employees improve their professional skills, Hulic is working to transform our organizational structure, develop an employee-friendly work environment, and further enhance our benefit programs. We believe the achievement was the result of our collective efforts.

