

Sustainability Book 2021

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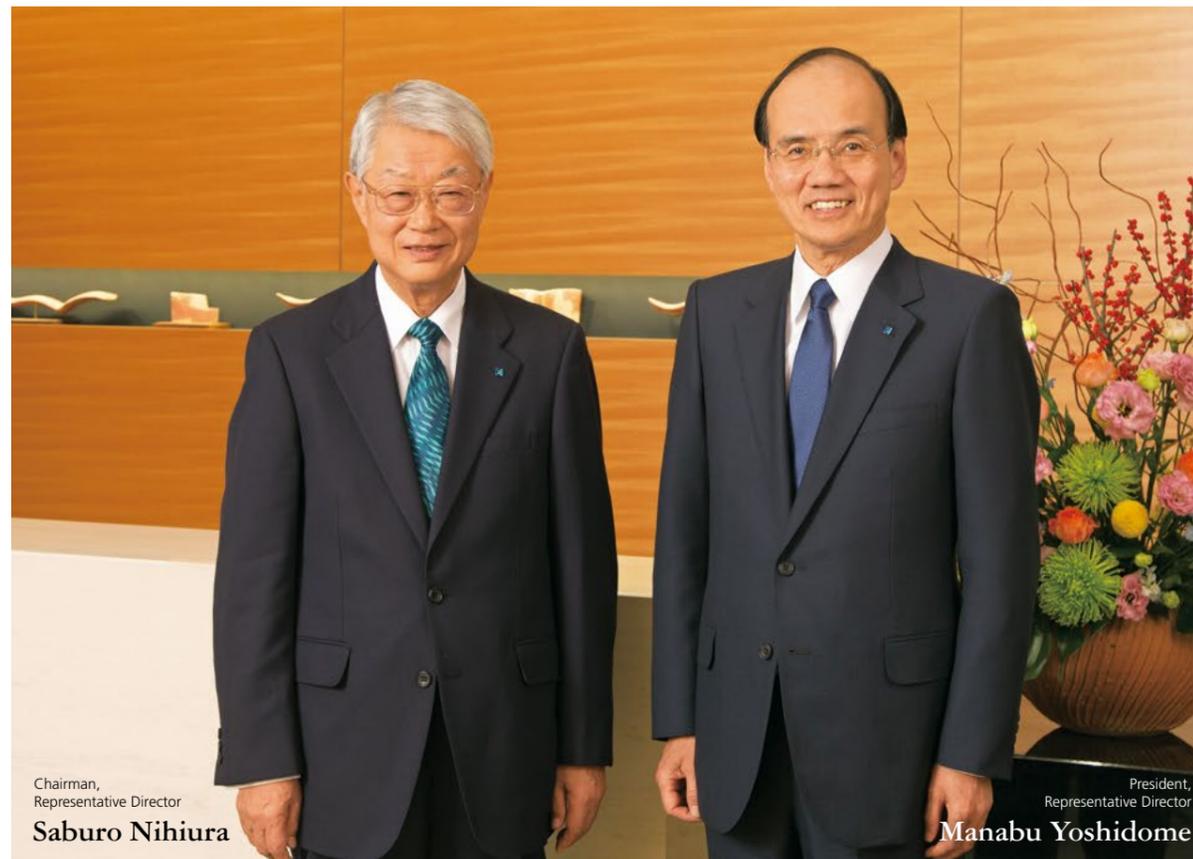
Sustainability Initiatives

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

Message from the Management

The starting point of Hulic's Sustainable 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 sustainability-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 by implementing management that emphasizes sustainability.



Chairman,
Representative Director
Saburo Nihira

President,
Representative Director
Manabu Yoshidome

Medium- and Long-Term Management Plan (2020 to 2029) and Sustainability

In the Medium- and Long-Term Management Plan (2020 -2029), which began in FY2020, we aim to implement management that emphasizes sustainable co-creation and co-existence with society as one of the basic strategies. With "driving innovation and accelerating progress" as our motto, we are focusing on executing sustainability-conscious business operations and value creation to help resolve social issues and to pursue initiatives that synchronize social value creation with corporate growth by evolving flexibly in response to changes in the macro environment.

Materiality in sustainability and progress

We identified and selected issues of especially high materiality in terms of their importance to Hulic and to our stakeholders. We will continue to review the materiality issues we have identified and implement effective initiatives and counteractions as well as assess opportunities and risks. To steadily implement these initiatives, we also set KPIs and other targets so that we can quantitatively evaluate every materiality issue, while reviewing their status every year.

To all 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.

We look forward to the growth and evolution of Hulic, which has continued to change with the keywords "driving innovation and accelerating progress," and we sincerely ask for your continued support.

Chairman, Representative Director

Saburo Nihira

President, Representative Director

Manabu Yoshidome

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Editorial Policy

The "Sustainability Book 2021" was created with the aim of informing stakeholders about our various sustainability initiatives that link the creation of social value and corporate growth, and creating new opportunities for dialogue.

Reporting Boundary

Hulic Co., Ltd. and its Group companies

Time of Issuance

August 2021

Reference Guidelines

GRI (Global Reporting Initiative)

"The GRI Sustainability Reporting Standards"

"The Environmental Reporting Guidelines (2018)"

TCFD (Task Force on Climate-related Financial Disclosures)

Final Report "Recommendations of the Task Force on Climate-related Financial Disclosures"

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 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 | <ol style="list-style-type: none"> 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 |
|---|--|

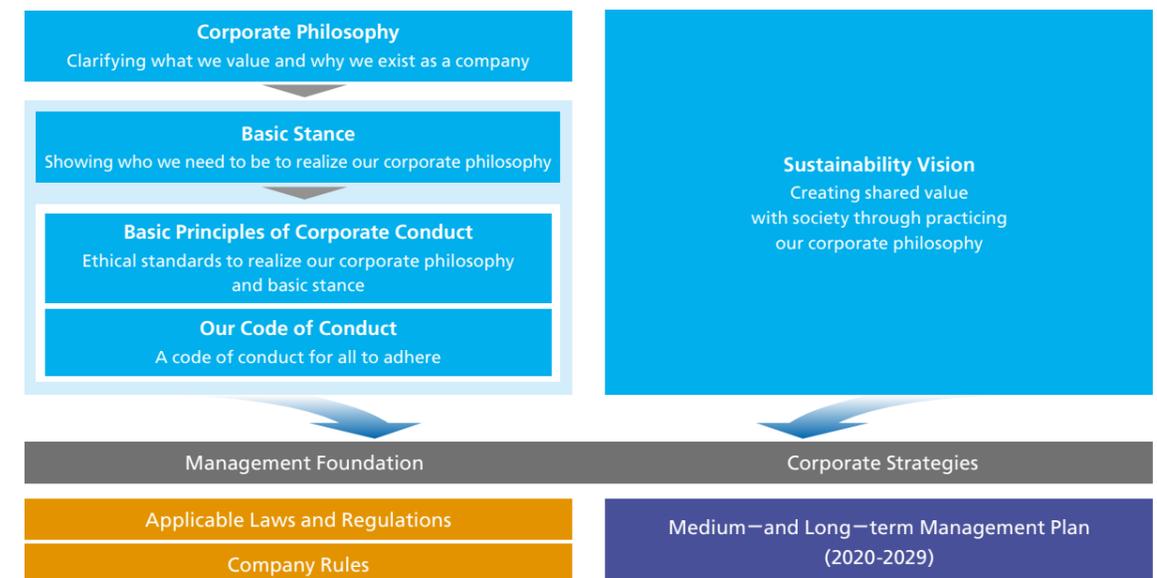
Sustainability Vision

We aim to pursue realization of a sustainable society and continued growth of Hulic by putting our Corporate Philosophy into practice. We commit to take a faithful approach to all of stakeholders. To this end, we pursue initiatives based on a three-point Vision.

- We create shared value with our society by actively engaging with the environmental issues through our corporate activities.
- We lay the foundation for the future by providing peace of mind to our customers through offering our high value-added products and services.
- We take compliance seriously, respect human rights and strive to perform transparent corporate activities based on our high ethical standards.

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.

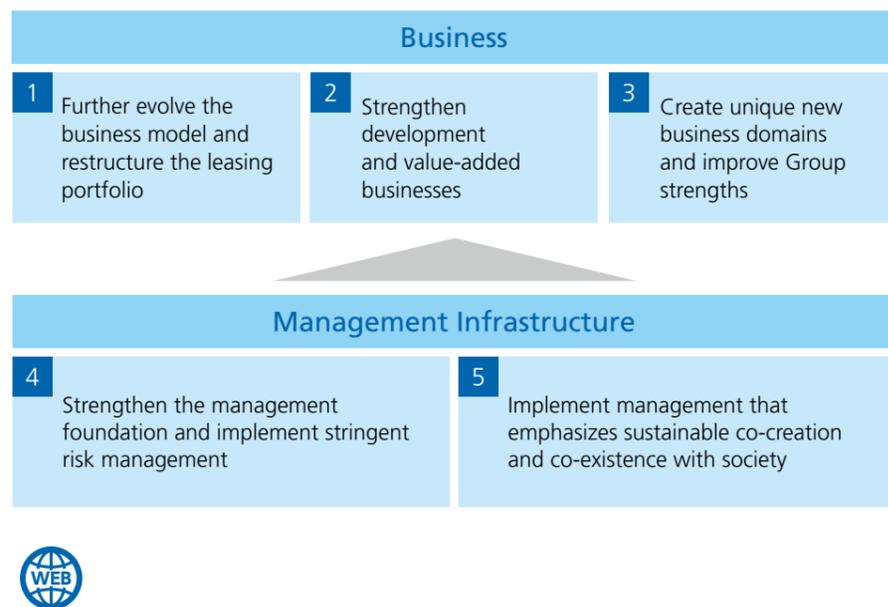


Outline of Medium- and Long-term Management Plan (2020-2029)

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



Results of FY2020 initiatives related our sustainability

Environment: To realize a “carbon-free and recycling-oriented society”

- Declared a commitment to act on building a carbon-free society, started initiatives to achieve net zero CO2 emissions by 2050*
- Advance the initiative to achieve RE100 by 2025*
- Announced our support for the TCFD recommendations, conducted a series of actions including the scenario analysis of climate change risks and opportunities in our businesses, etc.

- Implementing the reduction of waste disposal by applying longer-life designs as standard specifications
- Issuing Japan First Sustainability-Linked Bonds (Maturity: 10 years, Issue amount: JPY10 billion)

*We brought forward target years for each to 2030 and 2024, respectively in August 2021, and are accelerating implementation.

Society: providing value to the stakeholders

- Continuing operation of a real estate business that emphasizes earthquake resistance and environmentally friendly measures
- Strengthen relationships with local communities and other stakeholders
- Implementing a wide range of social contribution activities (launching new Shogi championships for women (Hulic Cup Hakurei Championships and women’s rank-deciding competition), supporting para-badminton, supporting single-parent households, donating books to a nearby elementary school, etc.).

Corporate governance: Promotion of balanced management

- Maintaining sound corporate governance based on our Corporate Governance Guidelines
- Setting additional nonfinancial KPIs (assessment of the effectiveness of the Board of Directors)

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 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 relevant opportunities and risks.



Opportunities and Risks related to Materiality and Our Actions
<https://www.hulic.co.jp/en/sustainability/about/process/initiative.html>

Paris Agreement and SBT

We intend to reduce CO₂ emissions in line with the 2015 Paris Agreement adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (COP21). To reach this goal, we plan to supply 100% of the electricity used by all leasing properties owned by the Company* with electricity generated by Hulic-owned solar photovoltaic equipment that does not use the FIT system.* In this way, we expect to achieve net zero CO₂ emissions from electricity. Further, to steadily reduce CO₂ emissions in line with the 2015 Paris Agreement, we have committed to setting and working toward SBT targets* within two years.



*Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which we do not manage energy, and real estate for sale.

*A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government. FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.

*Science-based targets are CO₂ emission reduction targets in the next 5 to 15 years for the private sector that align with the Paris Agreement pathways. Paris Agreement: World governments committed to limiting global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C at the 2015 United Nations Climate Change Conference (COP 21).

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 2020 and started disclosing information in line with the recommendations after completing analysis and responses on the recommended framework.



We will continue providing to our stakeholders information regarding our initiatives on creating a sustainable society in an easy-to-understand way and will work to further improve information disclosure.

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



Information Disclosure based on TCFD Recommendations
<https://www.hulic.co.jp/en/sustainability/ecology/tcfd/>

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 2024, 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.



*A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government.

FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.



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 realize a net zero greenhouse gas emission society 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 set an example for revitalizing forestry business by using wood biomass.

Keidanren Biodiversity Declaration Initiative

Biodiversity conservation, along with efforts to address climate change and realize a recycling-oriented society, constitute the main pillar of Hulic environmental materiality issue. With the United Nations Decade on Biodiversity ended in 2020, Keidanren (Japan Business Federation) made a proposal to continue this initiative in the Japanese business community with the Keidanren Biodiversity Declaration (revised edition) announced in June 2020. Hulic endorses and participates in this Keidanren initiative, and as a member of the international community, we will collaborate and cooperate with various stakeholders to resolve social issues.

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.

Issuance of Integrated Report and the Sustainability Book

We have been issuing the Integrated Report since 2020. 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 which support our corporate growth in an easy-to-understand way for our 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. Further, Hulic discontinued its CSR Report, published since 2008, and instead compiles sustainability initiatives aimed at realizing a society full of safety, peace of mind and trust, and for the continuous improvement of corporate value in the Sustainability Book as well as on the Hulic website.



Organizational Structure

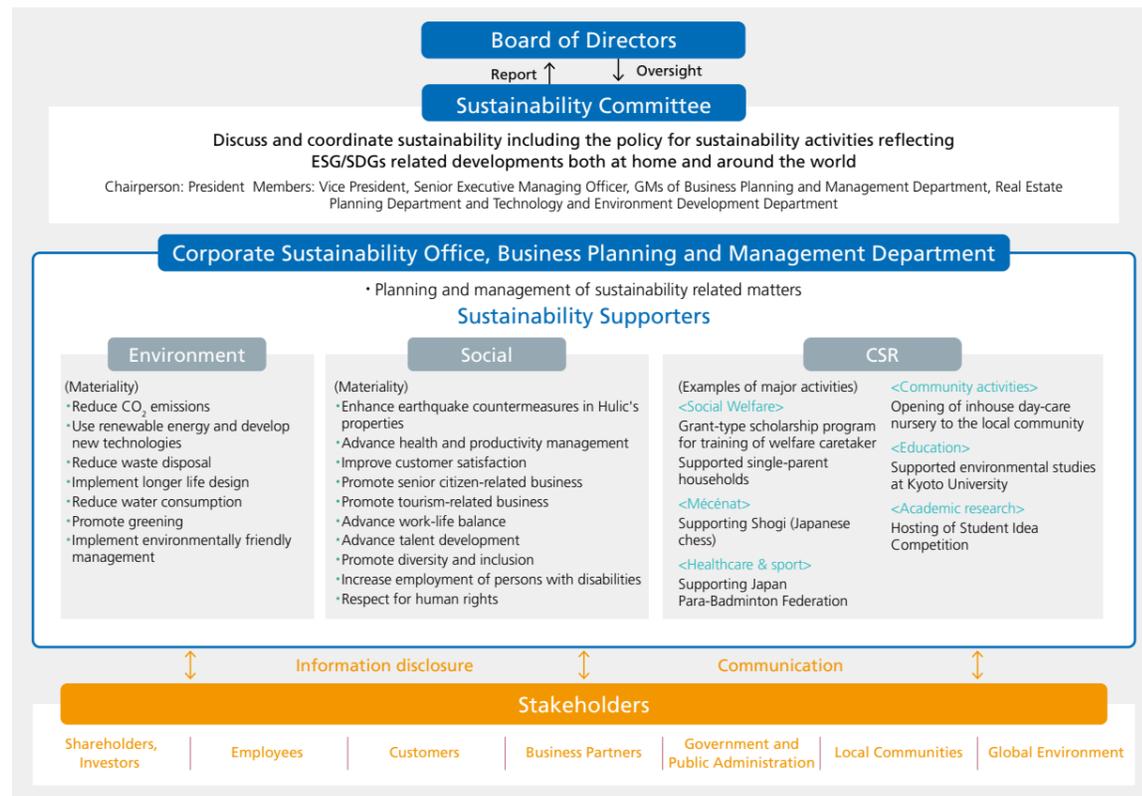
Establishment of the Sustainability Committee

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 Group company executives.

Further, based on TCFD recommendations, we established a governance mechanism under which the Sustainability Committee deliberates and coordinates matters related to climate change. The Committee evaluates the impact of climate change on business at least once a year, formulates policies and strategies for mitigating identified risks and seizing opportunities, and discusses how to adapt to climate change, including reflecting its impact in plans, budgets and targets. The Committee also sets KPIs related to sustainability, including climate change, and evaluates progress by reviewing performance. The Sustainability Committee submits reports on the deliberation of matters related to climate change at least once a year to the Board of Directors, which oversees the committee.

Organizational Structure



Activities of Sustainability Supporters

Approximately 20 employees are appointed from Hulic Group companies as sustainability supporters. During a one-year term as sustainability supporters, they play a central role in social contribution activities that include hosting a summer festival, conducting satoyama conservation activities and sorting used stamps. Additionally, sustainability supporters assist the Corporate Sustainability Office in the promulgation and inculcation of the Hulic Sustainability Vision into the entire Group. At sustainability supporter meetings, opinions are proactively exchanged and proposals submitted that contribute to sustainability initiatives and the formulation of action plans.



Sorting used stamps

Hulic Group's Value Creation Process

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

Materiality identified from social issues

E Environment-related issues Actions for climate change Efficient use of resources Promotion of the ecosystem protection and restoration Enhancement of environmental management system	S Social issues Provision of safe and secure lifestyles Provision of healthy and comfortable lifestyles Coexistence with business partners / local communities Response to aging society Response to increasing number of tourists Striking a work-life balance and advancement of talent development Advancement of diversity and inclusion and respect for human rights Practicing sustainable agriculture	G Corporate governance-related issues Corporate governance and compliance Response to changes in financial and real estate markets Business continuity plans (BCPs)
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Properties in prime locations
(Manufactured capital)

- Approx. 250 properties owned or under management
- Focus areas: Ginza, Shinjuku East Side, Shibuya / Aoyama, Asakusa
- Approx. 75% of Hulic's properties are in Tokyo 23 wards (excluding residential and related properties)
- Approx. 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): 1,934 (of which, 287 are in the real estate business)
- Ordinary Income per employee (parent company basis): JPY580 million

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

- Formulation and implementation of the Hulic Guidelines for Longer Life Building
- Introduction of natural ventilation and natural lighting systems that were developed with MIT
- Operational improvement using AI and IoT technologies

Stable financial base
(Financial capital)

- Credit rating: A+ (positive) (as of May 12, 2021)
- Equity: JPY486.4 billion
- Equity ratio: 32.7%*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



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



Financial achievements*2

- Ordinary Income **JPY95.6 billion**
Average rate of growth of Ordinary Income: 22.0%
- ROE **13.4%**
- Dividend Payout Ratio **37.8%**
- Dividends per share **JPY36.0**
- Net D/ E Ratio **1.7 times*3**
- Debt /EBITDA **9.9 times*3**

Non-financial achievements

Targets were achieved for;

- CO₂ emissions intensity
- Technical measures applied to reduce construction waste
- Number of investments in renewable energy facilities
- Number of greening projects
- Number of times the Sustainability Committee engaged in climate change monitoring
- Percentage of properties meeting Hulic's earthquake-resistance standards
- Usage rate of paid leaves
- Ratio of female managers
- Employment ratio of persons with disabilities
- Number of BCP drills and inspections of stockpiled food and goods

Peace of mind and trust for society as a whole

- Achieving net zero CO₂ emissions at Hulic's properties, and achieving RE100*4
- Developing environmentally conscious and energy-saving buildings
- Protecting the global environment by introducing environmental technology

Peace of mind and trust for customers

- Buildings with particular emphasis on earthquakes and water damage
- High energy-saving performance buildings
- Extending the lifespan of buildings
- Active development of businesses in response to demographic change (aging) and social dynamics (increasing tourists)

Peace of mind and trust for employees

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

Peace of mind and trust for investors

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

Peace of mind and trust for local communities and business partners

- Contributing to positive long-term relationships
- Contributing to resolution of issues in local communities
- Providing broader social contribution activities



*1 As of December 31, 2020

Continue evolving for further progress

*2 FY2020 results
 *3 50% (JPY175 Bln) of all hybrid finance raised in 2018 and 2020 combined (JPY350 Bln) was calculated as nominal equity.
 *4 Renewable electricity 100%, or sourcing 100% of electricity needed for business activities from renewable energy sources

Materiality Assessment

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

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.

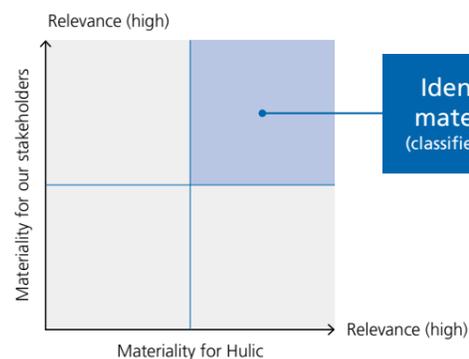
Materiality Assessment



We will continue to review the identified materiality issues and implement effective initiatives and actions.

Materiality Identified

We identified and selected issues of especially high materiality in terms of their importance to Hulic and to our stakeholders.



Identified materiality	
E	Actions for climate change
	Efficient use of resources
	Promotion of the ecosystem protection and restoration
	Enhancement of environmental management system
S	Provision of safe and secure lifestyles
	Provision of healthy and comfortable lifestyles
	Coexistence with business partners / local communities
	Response to aging society
	Response to increasing number of tourists
	Striking a work-life balance and advancement of talent development
G	Advancement of diversity and inclusion and respect for human rights
	Practicing sustainable agriculture
	Corporate governance and compliance
	Response to changes in financial and real estate markets
	Business continuity plans (BCPs)

Our major stakeholders and related materiality

We are committed to realizing a sustainable society by delivering environmental, social and economic value through interactive communication with all stakeholders. Stakeholders who are particularly important for our sustainable growth and relevant materiality issues are indicated below.

Classification	Key stakeholders	Major engagements (frequency in parentheses)	Materiality of high relevance
Customers	<ul style="list-style-type: none"> Tenants Facility users 	<ul style="list-style-type: none"> Customer satisfaction survey (annually) Disclosure of information in our Integrated Report and on our website (when appropriate) Establishment of a contact point for inquiries (permanent) 	<ul style="list-style-type: none"> Provision of safe and secure lifestyles Provision of healthy and comfortable lifestyles Coexistence with business partners / local communities Response to aging society Response to increasing number of tourists Practicing sustainable agriculture
Business Partners	<ul style="list-style-type: none"> Building management companies Construction companies Building maintenance contractors Real estate agents Financial Institutions 	<ul style="list-style-type: none"> Regular meetings and business interaction (as required) Disclosure of information in our Integrated Report and on our website (when appropriate) 	<ul style="list-style-type: none"> Coexistence with business partners / local communities Response to changes in financial and real estate markets
Employees	<ul style="list-style-type: none"> Employees of the Hulic Group 	<ul style="list-style-type: none"> Disclosure of information through the company intranet (when appropriate) President's message (monthly) Career development interviews (twice a year or more) President's survey (twice a year) 	<ul style="list-style-type: none"> Striking a work-life balance and advancement of talent development Advancement of diversity and inclusion and respect for human rights
Local Communities	<ul style="list-style-type: none"> Local communities NPOs and NGOs 	<ul style="list-style-type: none"> Social contribution activities and volunteer activities (when appropriate) Participation in neighborhood associations (when appropriate) Engagement with communities in the vicinity of our projects (when appropriate) Engagement with NPOs and NGOs (when appropriate) 	<ul style="list-style-type: none"> Coexistence with business partners / local communities
Administrative Organizations	<ul style="list-style-type: none"> National and local public bodies 	<ul style="list-style-type: none"> Promoting PPP business (when appropriate) Initiatives for various awards and evaluations (when appropriate) Payment of appropriate taxes (when appropriate) 	<ul style="list-style-type: none"> Coexistence with business partners / local communities Advancement of diversity and inclusion and respect for human rights
Shareholders, Investors	<ul style="list-style-type: none"> Individual investors Buy-and-hold investors 	<ul style="list-style-type: none"> Briefings for individual investors and for analysts and institutional investors (including overseas) (when appropriate) Timely disclosure of information through our website (when appropriate) Establishment of a contact point for inquiries (permanent) Issuing a shareholder newsletter (twice a year) 	<ul style="list-style-type: none"> Corporate governance and compliance

Materiality relevant to all stakeholders

- Actions for climate change
- Efficient use of resources
- Promotion of the ecosystem protection and restoration
- Enhancement of environmental management system

* We are actively working on environment-related issues and business continuity plans (BCPs), as they are materiality issues that affect society as a whole.

Opportunities and risks related to materiality and our actions

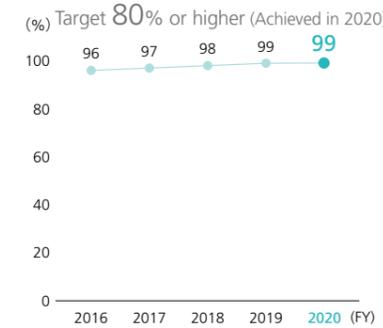
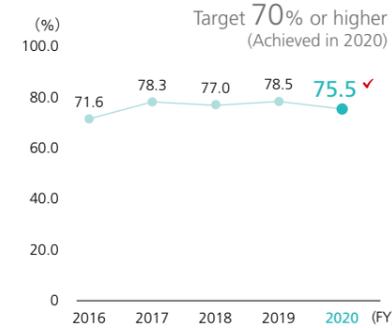
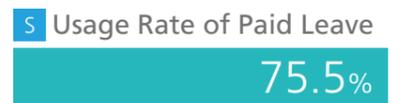
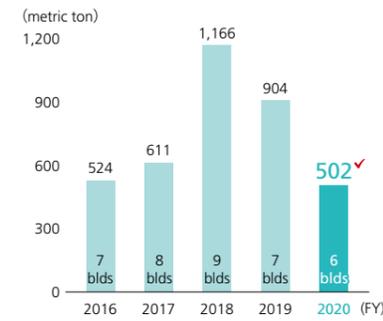
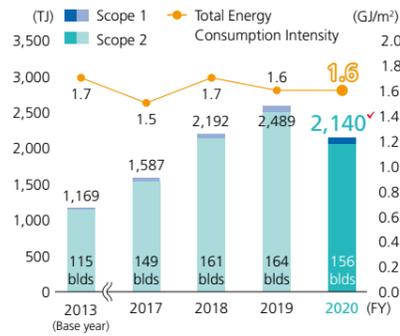
	Materiality	Major Opportunities and Risks (○: opportunities, ●: risks)	Hulic's Major Initiatives and Actions	SDGs contributed to
Environment	Take actions for climate change	<ul style="list-style-type: none"> ○ Heightened need for buildings and properties equipped with higher energy efficiency and renewable 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"> • Initiatives to achieve net zero CO₂ emissions by 2030 and RE100 by 2024, and investment in renewable energy facilities • Information disclosure based on TCFD recommendations • Reducing CO₂ emissions and promoting forest circulation by developing fireproof wooden buildings • Active adoption of environmentally friendly technologies (natural ventilation and natural lighting systems developed jointly with MIT, etc.) 	
	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"> • Oversight of the Board of Directors and setting up a corporate governance mechanism centered on the Sustainability Committee • Establishment and implementation of long-term vision for environment 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"> • Develop and apply Hulic earthquake-resistance standards* to ensure the continuity of our tenants as well as the Company's business operations (Active adoption of earthquake-absorbing and earthquake-damping structures) • Comprehensive assessment of natural disaster risks at properties of all asset types 	
	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 meticulous response to tenant needs (Business partners) Establishment of close communications with management and construction companies (Local communities) Donating books to an elementary school near the Hulic head office building, 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) To secure a stable workforce, improve fringe benefits and rehire seniors who want to work • (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"> ○ Expected rise in need for accommodation over the medium- to long-term ● 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 • 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 and inclusion and respect for human rights	<ul style="list-style-type: none"> ○ Improvement of operational quality and productivity can be achieved by respecting diversity and inclusion ● Reputational risk may rise if we failed to respond to the need for diversity and inclusion 	<ul style="list-style-type: none"> • Raising awareness of diversity and inclusion, as well as developing various programs and systems • Initiatives to establish a talent management system that recognizes various work styles including work from home • Employment of diverse human resources 	
	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"> ○ The effectiveness of operations is ensured and confidence in management improves when internal controls and corporate governance work ● 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 a nomination committee and a 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 	<ul style="list-style-type: none"> (Real estate markets) • Maintenance and improvement of competitiveness through adding value to our properties by redevelopments, renovations, etc. • Careful selection of investment projects / flexible rebalancing of portfolio mix (Financial markets) • 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 (BCPs)		<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 drills once or more each year • Establishment of cooperative program with external parties to examine situations and implement response measures on Company properties in times of disaster 	

* Earthquake-resistance standards as specified by Hulic are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of seven.

Non-financial Highlights

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

Major Non-Financial Information E Environment S Social G Governance



*1 Until Integrated Report 2020, the boundary was: "office buildings with a total floor area of 3,000m² or above (excluding buildings where bank branch is the sole tenant, as well as sectional and shared ownership properties and real estate for sale)." From this year, we expanded the boundary to: "buildings in which the Company's ownership ratio of the total floor area is 50% or more (excluding properties for residential use and real estate for sale)." This includes properties for which we do not have control of energy management. The values for 2019 and years preceding were recalculated as reference values based on the new boundary. The target data is energy-related CO₂ emissions. The unit calorific values and the CO₂ emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. CO₂ emissions intensity and energy consumption intensity are calculated by dividing by the sum of the total floor area of the properties in the boundary. CO₂ emissions and energy consumption of sectional and shared ownership properties are accounted according to Hulic's share of ownership of the total floor area.

*2 In FY2020, we calculated total waste disposal at certain properties in the boundary by using weight conversion factors based on actual measurements. As a result, we were able to improve the precision of the weight of the total waste disposed by 169 metric tons compared with the weight calculated by using the conventional weight conversion factors.

*3 Hulic's earthquake-resistance standards are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of 7.

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The Key Performance Indicators (KPIs) /Targets and Results start from the next page.

Key Performance Indicators (KPIs) /Targets and Results

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 FY2020 results, we received assurance from an independent assurance provider concerning the following eight items: total energy consumption, CO₂ emissions (aggregate of Scope 1 and Scope 2) and CO₂ emissions intensity, number of greening projects, water consumption, waste disposal, 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 sustainability initiatives to the stakeholders while strive to improve disclosure quality using PDCA cycle.

Results for KPIs are shown from the year they were set as KPIs and indicated as a "– (dash)" for earlier years.

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 (If no fiscal year is given for a target, the target remains effective every year)	Coverage	Base Year (FY2013)	Results					Unit	Assessment (○:achieved, ◐:progressed, △:not progressed, —:not subject to assessment)
							FY2016	FY2017	FY2018	FY2019	FY2020		
Environment	Promote carbon-free society initiatives through building operations	Take actions for climate change	Take actions for global warming across the entire value chain of Hulic's properties	CO ₂ emission reduction target* ¹ : Reduce CO ₂ emissions (The base year: 2013) 40% by 2025, 45% by 2030, 100% by 2050	156 major properties* ²	96.8	—	—	—	—	70.6✓/27%	kg-CO ₂ /m ² /%	○
			Use renewable energy and develop new technologies	RE100 achievement rate* ³ : 4% in 2021, 30% in 2022, 35% in 2023, 70% in 2024, 100% in 2025	Electricity used in Hulic Group business activities	—	—	—	—	0.5%	%	○	
				Number of capital investments for renewable energy facilities: 3 or more each year	All completed properties each year	3	4	6	4	3 (8 properties in boundary)	property	○	
		Promote efficient use of resources	Reduce waste at Hulic Group	Waste disposal: No numerical target (follow-up item)* ⁴	6 buildings occupied by the head offices of Hulic and its Group companies* ⁵	524	611	1,166	904	502✓	metric ton	—	
			Reduce waste in property development	Percentage of technical measures (such as longer life design, etc.) * ⁶ applied to reduce construction waste: 100% each year	All completed fixed assets each year	—	—	—	—	100% (8 properties in boundary)	%	○	
			Reduce water consumption at Hulic's properties	Water consumption (thousand m ³): No numerical target (follow-up item) * ⁴	55 major properties* ⁷	401	436	420	437	346✓	thousand m ³	—	
		Promote the ecosystem protection and restoration	Promote greening	Number of greening projects* ⁸ : 1 or more each year	All completed properties each year	1	5	9	3	5✓ (8 properties in boundary)	property	○	
			Enhance environmental management system	Implement environmentally friendly management	Number of times the Sustainability Committee engaged in climate change monitoring: 1 or more each year	Hulic Co., Ltd.	—	—	—	—	1	time	○
		Number of Environmental Advisory Council meetings held: 1 or more each year			Hulic Co., Ltd.	—	—	—	1	1	time	○	
		Social	Promote business operations with particular emphasis on improving earthquake resistance to build a more resilient society	Deliver safe and secure lifestyles	Enhance earthquake countermeasures in Hulic's properties	Percentage of properties meeting Hulic's earthquake-resistance standards* ⁹ : 100% each year	All completed properties each year	—	100% (2 properties in boundary)	100% (6 properties in boundary)	100% (11 properties in boundary)	100% (4 properties in boundary)	100% (8 properties in boundary)
Deliver healthy and comfortable lifestyles	Advance health and productivity management				Percentage of employees who received medical checkup* ¹⁰ : 100% each year	Hulic Co., Ltd.	100%	100%	100%	100%	100%	100%	%
Coexistence with business partners / local communities	Improve customer satisfaction			Number of customer satisfaction surveys: 1 or more each year	Hulic Group	1	1	1	1	1	time	○	
	Respond to aging society			Promote senior citizen-related business	Nursing homes Number of units: 5,000 in near future	Hulic Group (including properties sold/trusted to REIT)	—	—	—	3,400	3,600	room	○
Respond to increasing number of tourists	Promote tourism-related business			Accommodation facilities Number of rooms: 10,000 in near future	Hulic Group (including properties sold/trusted to REIT)	—	—	—	8,200	8,000	room	○	
	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	Hulic Co., Ltd.	100%/6 people	100%/0 people	100%/1 people	100%/7 people	100%/3 people	%/people	○
Encourage the planned use of paid leave				Usage rate of paid leaves* ¹¹ : 70% or higher each year	Hulic Co., Ltd.	71.6%	78.3%	77.0%	78.5%	75.5%✓	%	○	
Advance talent development				Number of additionally obtained qualifications by employees* ¹² : No numerical target (follow-up item)	Hulic Co., Ltd.	10	31	21	23	29	people	—	
Promote diversity and inclusion and respect for human rights	Further increase programs for advancing diversity and inclusion			Ratio of female managers: 2020; 20%, 2024; 25%, 2029; 30%	Hulic Co., Ltd.	12.3%	15.6%	18.5%	20.2%	23.9%	%	○	
	Increase employment of persons with disabilities			Number of seminars provided by the Diversity Promotion Project Team: once each year	Hulic Co., Ltd.	1	1	1	1	1	time	○	
Practice sustainable agriculture	Enhance agribusiness	Employment ratio of persons with disabilities: Maintaining the statutory employment ratio of 2.2% or higher (The statutory employment ratio was 2.0% or higher in and before 2017, and 2.2% or higher between 2018 to 2020.)	Hulic Group* ¹³	2.21%	2.11%	2.41%	2.42%	2.34%✓	%	○			
		Production area (ha): 15ha by 2025	Hulic Group	—	—	—	11	10	hectare	○			
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: 80% or higher each year	Hulic Co., Ltd.	96%	97%	98%	99%	99%	%	○	
			Compliance	Number of effectiveness assessment of the Board of Directors: once each year	Hulic Co., Ltd.	—	—	—	—	1	time	○	
		Respond to changes in financial and real estate markets	Risk management	Number of compliance training conducted: Five times each year (4 times for employees and once for officers)	Hulic Co., Ltd.	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	time	○	
			Risk management	Number of Risk Management Committee and Fund and ALM Committee meetings: 4 times each year, respectively	Hulic Co., Ltd.	—	—	—	4/13	4/22	time	○	
Enhance business continuity plans (BCPs)	Risk management	Number of BCP drills and inspections of stockpiled food and goods: 1 or more each year	Hulic Group	1	1	1	1	1	time	○			

*1 Based on intensity (level) of CO₂ emissions.
 *2 The boundary of properties is the buildings in which the Company's ownership ratio of the total floor area is 50% or more (excluding properties for residential use and real estate for sale). This includes properties for which we do not have control of energy management. Please refer to page 15 for the number of target properties.
 *3 The RE100 achievement rate is calculated by dividing the amount of power generated by Hulic-owned solar photovoltaic equipment for one year by the total amount of electricity used at the Hulic head office building and on the floors occupied by Group companies in one year.
 *4 To be comprehensive when making calculations for waste disposal and water consumption, we are preparing basic data to change the boundaries for aggregation of this data. As 2020 is the transition period for this change, we have not set any quantitative targets. In FY2020, we calculated total waste disposal at certain properties in the boundary by using weight conversion factors based on actual measurements. As a result, we were able to improve the precision of the weight of the total waste disposal by 169 metric tons compared with the weight calculated by using the conventional weight conversion factors.
 *5 The boundary is Hulic's head office building and buildings where the head offices of Group companies are located. Please refer to page 15 for the number of target properties.
 *6 The percentage of properties completed in the given year that used technologies and measures that contributed to a reduction in waste as well as raw materials and other resources based on the Hulic Guidelines for Longer Life.

*7 The boundary is properties with a total floor area of 3,000 m² or more, excluding buildings where bank branch is the sole tenant, as well as sectional and shared ownership properties and real estate for sale. Please refer to page 15 for the number of target properties.
 *8 The number of completed properties in each year among those imposed with greening obligation (excludes real estate for sale).
 *9 Earthquake-resistance standards as specified by Hulic are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of 7.
 *10 The executive officers, employees (including seconded staff) and full-time contract staff who were with the Company at the time of application of medical checkup and as of December 31, 2020 were counted (excluding personnel who were on leave).
 *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 of paid leave granted in the year. The number of days carried over in the year are excluded.
 *12 The counted qualifications were those which the Company recommends employees to obtain.
 *13 Limited to Hulic Co., Ltd. and subsidiary companies that have been certified as special subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities. The employment ratio for persons with disabilities is as of June 1st of each year.
 *14 A video training session was held in lieu of in-person seminar session to prevent the spread of COVID-19.

ESG 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

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.

Collaboration with External Organizations

Hulic implements environmental initiatives focused on climate change while actively collaborating with relevant government agencies and industry groups and engaging in partnerships with NPOs and other private organizations. There are no discrepancies or conflicts between each industry group and policies or the direction of our environmental efforts.



Group Name	Activity Details
The Real Estate Companies Association of Japan	The Real Estate Companies Association of Japan (RECAJ) is an organization comprising companies engaged in urban development and the creation of appealing cityscapes. RECAJ contributes to the SDGs and is engaged in environmental initiatives for the real estate industry. As a member of the RECAJ Environmental Committee, Hulic regularly participates in initiatives related to eliminating environmental degradation.
Fuyo Kondankai Business Council	The Fuyo Kondankai Business Council holds regular meetings to introduce environmental technologies, presents lectures by experts and engages in other efforts aimed at creating and expanding environmental business opportunities.
Wood Change Network	Hulic engages in ongoing lumber promotion activities through participation in Wood Change Network, a networking gathering sponsored by Japan's Forestry Agency to promote the use of lumber in residential and other construction projects.
Japan Economic Research Institute	This private research institute publishes data and makes recommendations based on proprietary research into economics and management issues. Hulic participates in the Carbon Neutral Committee, where we engage in pragmatic discussions regarding private-sector support for the realization of carbon neutrality in 2050 and requests for the government.
Japan Climate Leaders' Partnership (JCLP)	Viewing preparations for the transition to a carbon-free society as an opportunity for corporate development, this voluntary organization shares information on the latest trends in Japan and overseas while recommending government policy proposals and disseminating information throughout society from a corporate perspective.
TCFD Consortium	Hulic announced support for the TCFD recommendations and began disclosing information in line with them. We also participate in the TCFD Consortium to promote the unified efforts of companies, financial institutions and other organizations that endorse the TCFD recommendations.

Long-term Vision for the Environment

Hulic has formulated the Environmental Policy embodied in our Sustainability Vision and is executing environmentally friendly management. We aim to continue sustainable growth through business activities, with analyzing and evaluating climate change mitigation and adaptation, and we are also implementing initiatives to realize a carbon-free, recycling-oriented society envisioned in Hulic's Long-term Vision for the Environment with targets for

2050.

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 carbon-free and recycling-oriented society in 2050.

As a real estate developer, we believe that Hulic can offer value to society by putting our environmental effort into reducing CO₂ emissions, using resources efficiently, and reducing waste.

Roadmap of Initiatives for Achieving the Vision

To realize a carbon-free society, we are accelerating our initiatives to achieve net zero CO₂ emissions and RE100 by bringing forward target years for each, respectively.

	2020	2021	2025	2030	2050 (FY)
General	<ul style="list-style-type: none"> Announce support for the TCFD*1 recommendations and start disclosing information in line with them in 2021 				Realization of a carbon-free and recycle-based society
	<ul style="list-style-type: none"> Adoption of environmentally friendly technologies to properties owned Harmonization of business activities and environmental initiatives 				
Decarbonization	Join RE100	1 Years Ahead of Initial Plan		20 Years Ahead of Initial Plan	
	<ul style="list-style-type: none"> Start to develop solar photovoltaic equipment that does not use the FIT system*3, and start to supply renewable energy sourced electricity to head office building and buildings housing group companies Declared goal of net zero CO₂ emissions by 2050 Start to develop small hydroelectric plants 				
	<ul style="list-style-type: none"> Promote energy conservation and utilize renewable and unused energy sources 				
Circular economy	<ul style="list-style-type: none"> Complete fireproof wooden building Tree planting 				
	<ul style="list-style-type: none"> Technical measures to reduce waste and resource inputs (develop longer life buildings) and initiatives to save water 				
KPIs	CO ₂ emission reduction target (compared with 2013)	27% reduction	Reduce by 40%	Reduce by 45%	Reduce by 100%

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.

*1 TCFD is an abbreviation for The Task Force on Climate-related Financial Disclosures, which was created by the Financial Stability Board (FSB) at the request of the G20, and makes recommendations on climate change-related disclosures to companies and other organizations.
 *2 RE100 is an abbreviation of Renewable Electricity 100% and is an international initiative in which member companies aim to use 100% renewable sources for the energy required for their business activities.
 *3 A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government.
 FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.

Example of Specific Initiatives for Achieving the Vision

- Achieving net zero CO₂ emissions and RE100 : Forwarded target years for each, respectively, and developing solar photovoltaic equipment that does not use the FIT system and small hydroelectric plants.
- 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.
- Fireproof 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.



Natural ventilation (HULIC Head Office Building)



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



Photovoltaic panels (HULIC Head Office Building)



Japan's first 12-story wooden fireproof commercial building (Ginza, Tokyo) Photo credit to the Kengo Kuma and Associates



The solar photovoltaic equipment that does not use the FIT system (Saitama Pref.)

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.

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 five years (2016 ~ 2020).



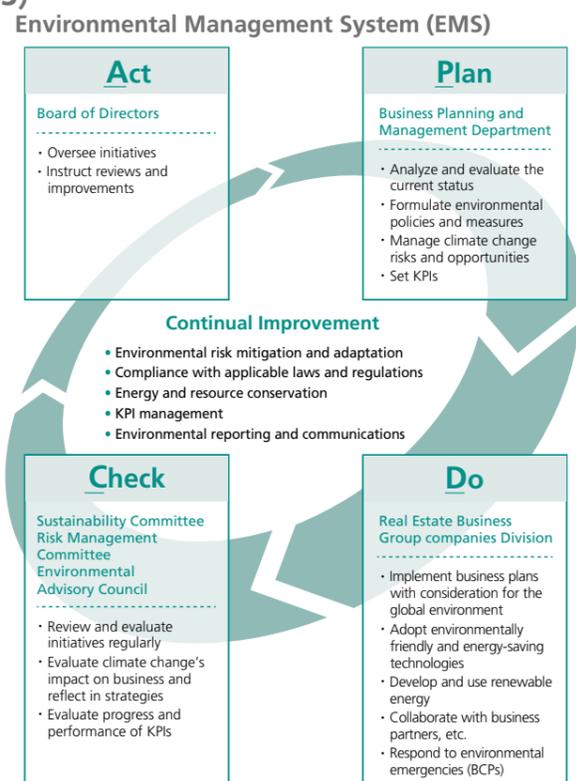
Major Environmental Laws and Regulations

- 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.

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 2020, we have strengthened our governance mechanism centered on Board of Director oversight and the Sustainability Committee with regard to climate change based on TCFD recommendations.

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



PLAN: Planning and Promotion of Environmental Issues

We will formulate response policies and measures based on our recognition of current environmental conditions, including the impact of climate change on Hulic's businesses. Further, we will set KPIs including but not limited to CO2 reduction targets and manage the results.

DO: Operations

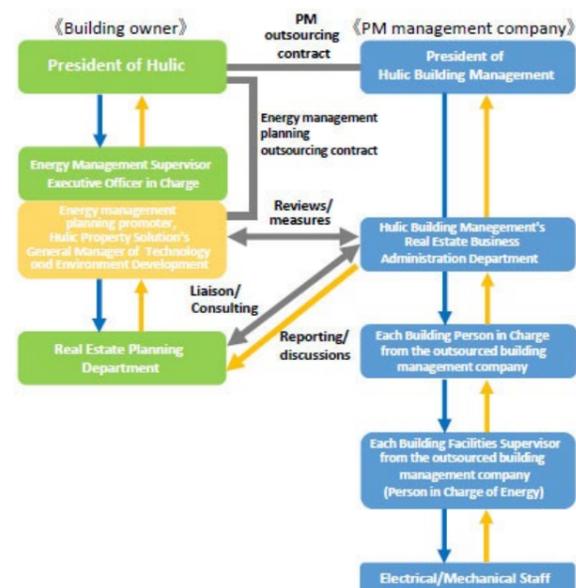
Execute business plans in line with CSR Procurement Policy in collaboration with the Group companies, business partners, etc.

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).

Organizational Diagram for Facility Management on Energy Conservation



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 part of 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

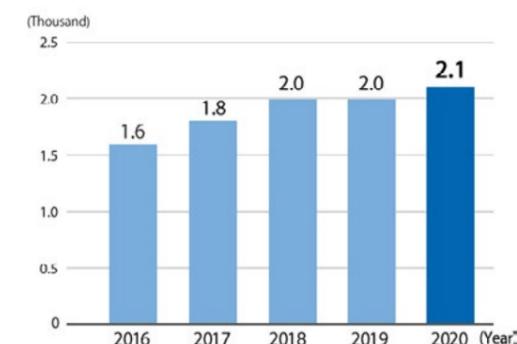
through more efficient operations, and implement small-scale renovations as needed.

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.

Additionally, we are promoting digitalization to improve work efficiency, while transitioning to a paperless business flows in all operations and meetings. We believe this will result in significantly reduced paper usage going forward.

Paper consumption per person (Hulic Head Office)



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.



ACTION: Review and Improve

Continual improvements and oversight by the Board of Directors on environmental initiatives reflecting the results of in-house and external confirmation and inspection.

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 foot of mountains. These activities, with participation by many employees every year, provide them good opportunities to learn about biodiversity.



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

New Hire Training

Training for newly hired recently graduated employees upon joining the company includes detailed explanations regarding the development of renewable energy equipment, the introduction of longer life designs and eco-friendly technologies into building

development and environmental efforts such as fireproof wooden construction initiatives, all in an effort to inculcate awareness of the environment as soon as new employees are hired.

Afforestation Training

Hulic's policy is to plant trees used for fireproof wooden buildings as an initiative promoting forest regeneration to realize a recycling-oriented society and reductions in CO₂ emissions targeting a carbon-free society. To this end, Hulic conducts afforestation training so that employees experience the forest lifecycle. This activity provides opportunities to think about environmental protection and communicate across the entire Company. (In FY2021, afforestation training was cancelled due to COVID-19.)



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 formulated Long-term Vision for the Environment in

which we commit to execute environmentally friendly management to realize an ideal society of carbon-free and recycling-oriented society. For promoting environmental initiatives efficiently and effectively, Hulic strives to quantitatively evaluate effects and disclose costs for environmental conservation in business activities and results through these activities.

Environmental Accounting Report for FY2020

Reporting Period	From January 1, 2020 to December 31, 2020
Scope	156 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
Categories	Investment Amounts	Cost Amounts	
(1) Business area cost	3,973,502	13,114	
Breakdown	(1)-1 Pollution prevention cost	0	0 *1
	(1)-2 Global environmental conservation cost	3,973,502	11,535
	(1)-3 Resource recycling cost	0	1,580
(2) Upstream/downstream cost	0	286	Cost for recycling toner cartridges
(3) Administration cost	0	26,632	Plant/vegetation maintenance costs/Preparation of various reports/ Ads related to Hulic's environmental efforts
(4) R&D cost	0	13,658	Development of energy-saving systems
(5) Social activity cost	0	1,000	Satoyama conservation activities, etc.
(6) Environmental remediation cost	0	0	
Total	3,973,502	54,691	

*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		
	FY2020	FY2019	Difference
Total energy consumption intensity (Scope 1, 2)(GJ/m ²)	1.6	1.6	0.0
CO ₂ emissions intensity (Scope 1, 2)(kg-CO ₂ /m ²)	70.6	72.1	-1.5
Water consumption intensity (m ³ /m ²)	0.6	0.6	0.0
Waste disposal intensity (kg/m ²)	10.1	9.5	0.6
Renewable energy generated by solar photovoltaic equipment (kWh/p.a.)	3,258,582	3,033,813	224,769

* Occupancy rate is not taken into account in the calculation of basic unit per floor area.

* The unit calorific values and the CO₂ emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures.

* The number of properties in the boundary were: Total energy consumption and CO₂ emissions intensity; 2019; 164 and 2020; 156

Water consumption intensity: 2019; 59 and 2020; 55

Waste disposal intensity: Hulic head office building

Sustainability-Linked Bonds

Hulic has issued Japan's first Sustainability-Linked Bonds ("the Bonds") in October 15, 2020.

For the issuance of the Bonds, the Company applied for "the Public Offering for Model Cases in the Model Creation Projects on Sustainability Linked Loans 2020" launched by the Ministry of the Environment (the "Public Offering") and the Bonds were highly evaluated for the modeling and pioneering features and selected as the first model case in the Public Offering.

The Bonds are the world's first publicly offered Sustainability-

Linked Bonds that align with the "Sustainability Linked Bond Principles" ("SLB Principles") published by The International Capital Market Association ("ICMA") (as of the date of this announcement).

In February 2021, we received the silver prize as well as the Minister of the Environment award in the issuer category of the second ESG Finance Award Japan hosted by the Ministry of the Environment for this bond issuance.

Third-party verification

The compliance of the bonds with the Ministry of Environment Guidelines and SLB Principles has been confirmed by the Ministry of Environment and its contractors (JCR, E&ES).



Overview of the Bonds

10th series unsecured subordinated bonds(with an inter-bond pari passu clause, Sustainability-Linked Bonds)	
Maturity	10 years
Issue amount	10 billion yen
SPTs linked with the issue terms	① Achievement of RE100 by 2025 ② Completion of Japan's first 12-story fire-resistant wooden commercial facility in the Ginza 8-chome Development Plan by 2025 ※The Bonds set out additional SPTs subject to monitoring
Interest rate	An interest rate of 0.44% per annum will be applied during the period from the day immediately following October 15, 2020 through October 15, 2026. A coupon step-up of 0.10% is triggered if any of the SPTs linked with the issue terms has not been achieved as of August 31, 2026
Pricing date	October 9, 2020
Issue date	October 15, 2020
Maturity date	October 15, 2030
Credit rating	A+ (Japan Credit Rating Agency Ltd., "JCR")

SPTs Progress against targets

1. Achieving the RE100 Goal

Having launched the solar power generation business in 2012, Hulic started developing photovoltaic equipment that does not apply the feed-in tariff (FIT) system in 2020. Hulic had been aiming to achieve 100% renewable energy (the goal of RE100) by 2025 by developing solar power generation system that covers the power consumption of the Group, including its subsidiaries, but now we are aiming to achieve it ahead of schedule by 2024. The electricity generated by the solar equipment will be supplied to each building through Hulic Property Solution Co., Ltd., a Group company, which acts as a power producer and supplier. This will

make Hulic Japan's first company to entirely cover its power usage by this self-supply initiative, ensuring it achieves the goal set out for RE100 companies. Under this initiative, Hulic expects to be able to use renewable energy at a price equivalent to that of electricity generated by fossil fuels. Success in achieving the RE100 goal through the development of the non-FIT solar power generation will contribute extensively to Hulic's CO₂ reduction plan as well as ensure that Hulic is taking a step forward to realize a sustainable society (carbon-free and recycling-oriented society) under its long-term vision for the environment.

Progress against the target

List of solar photovoltaic equipment developed by the Company

Start of generation	Location
October 2020	Kazo City 1, Saitama Prefecture
January 2021	Omiya Town, Wakaba Ward, Chiba Prefecture
April 2021	Gotomaki, Tamura City, Fukushima Prefecture
April 2021	Meishizawa, Tamura City, Fukushima Prefecture
June 2021	Kikutamachi, Koriyama City, Fukushima Prefecture
June 2021	Kazo City 2, Saitama Prefecture
June 2021	Amimachi, Inashiki, Ibaraki Prefecture

Total power generation capacity of solar photovoltaic equipment that started generating power in FY2020:1.3MW

2. Completion of Japan's first 12-story fire-resistant wooden commercial facility in the Ginza 8-chome Development Plan

Since 2018, Hulic has been developing fire-resistant wooden buildings using timber that requires less energy for manufacturing and processing, in response to Japan Forestry Agency's effort to expand use of wood under a series of initiatives to reduce overall CO₂ emissions. 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. Considering trees are losing ability to absorb CO₂ as they get older, it is possible to maintain a certain number of young, CO₂ absorbing trees by

Solar power generation results and RE100 rate of progress

Solar power generation results (as of the end of December 2020)	RE100 rate of progress (as of the end of December 2020)*
283.75MWh	0.9%

* RE100 rate of progress is reported to CDP, and the calculation method is as follows. the amount of power generated by Hulic-owned solar photovoltaic equipment for one year ÷ the total amount of electricity used at the Hulic head office building and on the floors occupied by Group companies in one year

planting new trees after cutting down old trees to use as building materials. This initiative for fire-resistant wooden buildings helps promote forest circulation, which in turn leads to reduction in CO₂. Hulic is developing Japan's first 12-story, fire-resistant wooden commercial facility (hybrid construction combining mainly domestic wooden and steel structures) in Ginza, one of its focus areas.

The facility is scheduled for completion in October 2021.

Progress against the target

As of August 2021
Under Construction

Forest Circulation



Ginza 8-chome Development Plan (fire-resistant commercial building)

Asset type	Commercial facility
Location	Ginza 8-chome (four-minute walk from Shinbashi Station)
Structure	Hybrid construction combining wooden and steel structure
No. of floors	12 floors above ground, 1 below
Site area	251.98m ² (plan)
Total floor area	2,456.54m ² (plan)
Design and construction	Takenaka Corporation
Exterior design supervisor	Kengo Kuma and Associates
Completion	October 2021 (plan)

List of investors that have committed to investing in the Bonds

The list of investors that have committed to investing in the Bonds is included in the press release.



Received the silver prize in the second ESG Finance Award Japan

In February 2021, we received the silver prize as well as the Minister of the Environment award in the issuer category of the second ESG Finance Award Japan hosted by the Ministry of the Environment for this bond issuance.

Initiatives for Climate Change

Fundamental Approach

Targeting to realize a carbon-free society which is envisioned in Hulic's Long-term Vision for the Environment, we act to combat climate change by pursuing initiatives including net zero CO₂ emissions by 2030 and achieving RE100 by 2024.

CO₂ emission reduction target

For CO₂ emission reduction plans and results, refer to page 20 for the long-term environmental vision.

Setting Specific Climate Change Targets (KPIs)

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. The conditions surrounding climate change are time sensitive and we need to act now. As a real estate company, we recognize that it is our responsibility to reduce CO₂ emitted by the Hulic Group and our properties. To this end, we set KPIs and are engaged in concrete climate change countermeasures as a priority

issue (materiality).

KPIs are shown below.

- CO₂emission reduction target*1: Reduce CO₂emissions (The base year: 2013) 40% by 2025, 45% by 2030, 100% by 2050
- RE100 achievement rate*2: 4% in 2021, 30% in 2022, 35% in 2023, 70% in 2024, 100% in 2025
- Number of capital investments for renewable energy facilities: 3 or more each year

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.

*1 Based on intensity (level) of CO₂ emissions.

*2 RE100 is an abbreviation of Renewable Electricity 100% and is an international initiative in which member companies aim to use 100% renewable sources for the energy required for their business activities.

Our Initiatives for Achieving the Targets

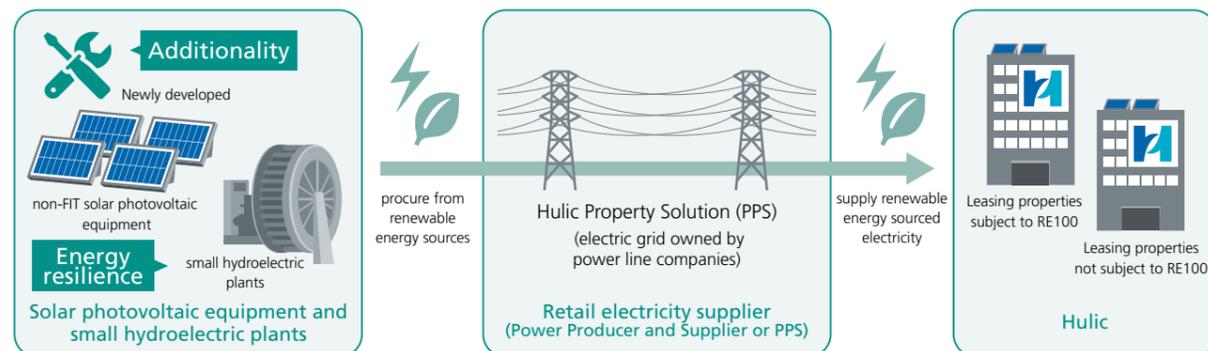
Proprietary Complete Corporate PPA Model for in-house development and ownership of non-FIT renewable energy power generation equipment

In line with our Long-term Vision for the Environment, we have been implementing net zero CO₂ emissions by 2050 and RE100 by 2025 as part of our medium- to long-term initiatives related to climate change. We emphasize "additionality" perspective of renewable energy and we develop and own proprietary renewable energy equipment to increase the total amount of renewable energy. We plan to use electricity derived from renewable energy supplied from our proprietary and owned solar photovoltaic equipment that do not use the FIT*2 system as well as small hydroelectric plants at all Hulic-owned properties*1.

derived electricity from Hulic and selling to Hulic-owned properties. In this way, we have established a market-independent electricity trading mechanism.

Furthermore, it was determined that we could move the target years ahead as a result of revisiting our development plan, so we brought the achievement of net zero CO₂ emissions forward 20 years, from 2050 to 2030. Along with this move, we moved the achievement of RE100 forward by one year, with 2024 as the new target year. We estimate to invest approximately JPY60 billion to develop solar photovoltaic equipment with a generating capacity of 310 GWh/p.a. (equivalent of our estimated electricity usage in 2030).

Hulic Property Solutions, a Group company, serves as a power producer and supplier (PPS) in order to create complete proprietary Group corporate PPA*3 model by purchasing renewable energy



As solar power does not generate electricity at night and the amount of power generated fluctuates depending on the weather, we are developing and operating our own small hydroelectric plants that can generate electricity both day and night regardless of the weather from long-term perspective with the goal of developing energy resilience (a stable power supply from varied

power sources).

Note that small hydroelectric plants will not be used as renewable power sources as at 2030 since they use the FIT system. We plan to supply renewable energy to its properties after the FIT period has ended (20 years hence).

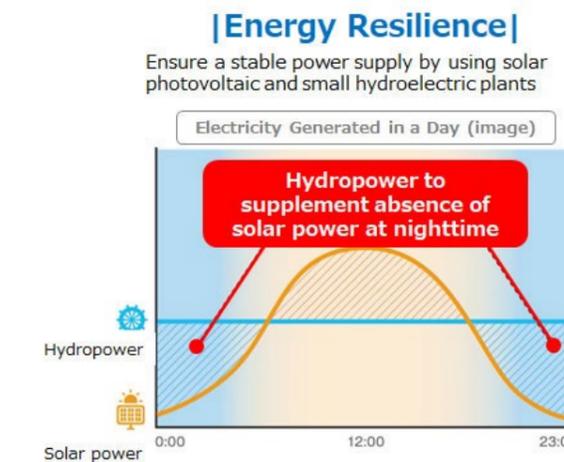
*1 Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which we do not manage energy, and real estate for sale.

*2 A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government.

FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.

*3 A long-term contract scheme under which a business agrees to purchase electricity directly from an energy generator.

Mechanism facilitating stable energy supplies utilizing multiple power sources (image)



RE100

Having joined RE100 in 2019, Hulic will convert electricity used in Group company business activities to renewable energy by 2024 to realize RE100. To ensure we will achieve this target, we will monitor progress using achievement rates for each year until 2024 as KPIs.

Achieve Net Zero CO₂ Emissions

Electricity-derived CO₂ emissions for tenants in our properties will become net zero when converting electricity used by all Hulic-owned properties to renewable energy is completed by 2030.

CO₂ emission reduction targets (The base year: 2013): 40% by 2025; 45% by 2030; 100% by 2050

Result of FY2020 : 27% reduction

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.



KPI: 4% in 2021, 30% in 2022, 35% in 2023, 70% in 2024 and 100% in 2025

Result at the end of FY2020: 0.5%

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.



The solar photovoltaic equipment (Chiba Pref.)

Adoption of Energy-saving Technologies, etc.

Energy Conservation Initiatives

- Properties for reconstruction: Reduce energy consumption by an average of 25% by implementing various energy-saving measures.
- Properties requiring maintenance/renovation, or properties to be newly purchased: Reduce energy consumption by an average of 5% by implementing facility renovation (increasing value), utilizing green leasing* and operational arrangements.
- All buildings: Endeavor to reduce energy consumption with cooperation from tenants by taking measures such as visualizing the energy consumption of each building.
- 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.

*A green lease is where building owners and tenants collaborate to reach voluntary agreements with regards to energy saving and other environmental burdens of real estate as well as improvements of indoor environments through contracts, etc., and implement actions agreed.



Natural Lighting System (Hulic Head Office Building)



Natural Ventilation System (Hulic Head Office Building)

Utilization of Unused Energy

Unused energy is a generic term for energy that can be utilized effectively but has not been used, such as heat discarded from buildings and factories, and temperature differences between outside air and rivers, groundwater, and sewage. We are working on the utilization of unused energy according to location conditions, asset type, and the characteristics of development projects.



Status of Greenhouse Gas Emissions

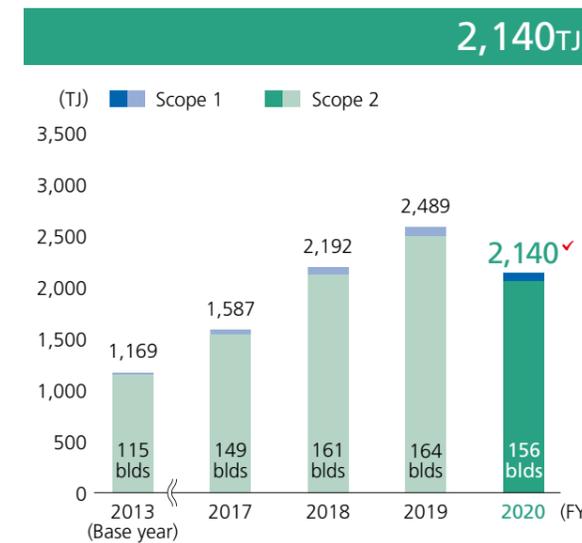
Total Energy Consumption and CO₂ emissions

Total energy consumption and CO₂ emissions are shown below.

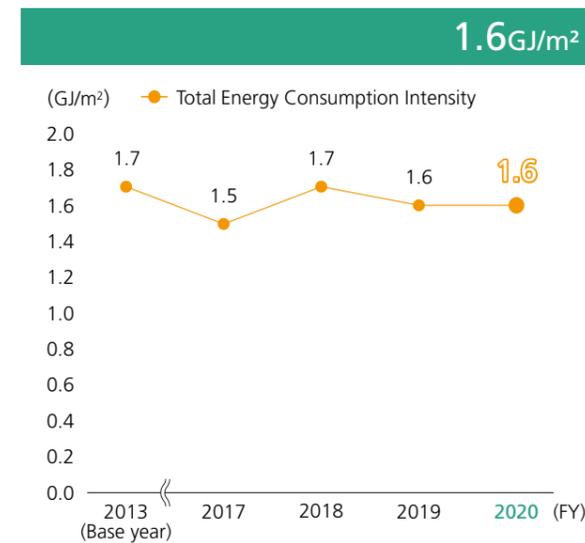
We are making steady progress toward our CO₂ emission reduction targets (short-, mid- and long-term) with a 27% reduction in FY2020.



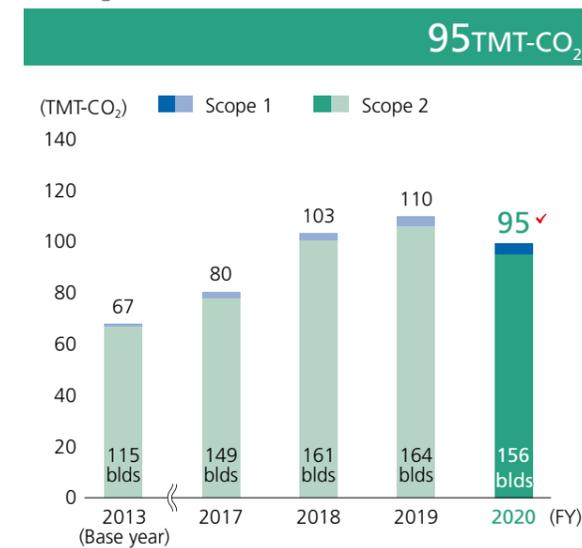
E Total Energy Consumption



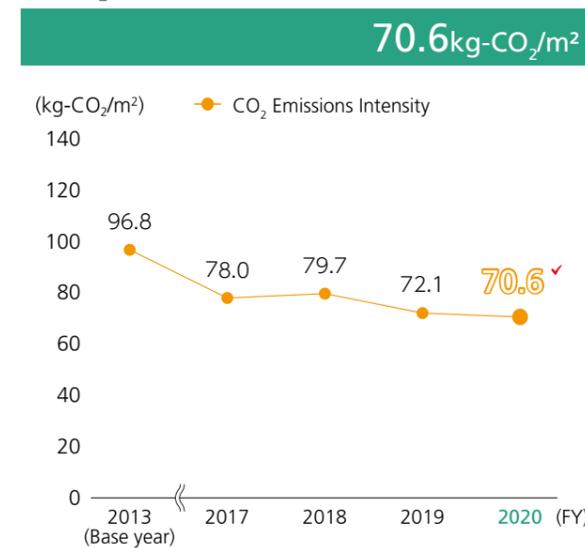
E Total Energy Consumption Intensity*1



E CO₂ Emissions



E CO₂ Emissions Intensity*1



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

*1 From this year, we expanded the boundary to : "buildings in which the Company's ownership ratio of the total floor area is 50% or more (excluding properties for residential use and real estate for sale)." This includes properties for which we do not have control of energy management. The values for 2019 and years preceding were recalculated as reference values based on the new boundary. The target data is energy-related CO₂ emissions. The unit calorific values and the CO₂ emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. CO₂ emissions intensity and energy consumption intensity are calculated by dividing by the sum of the total floor area of the properties in the boundary. CO₂ emissions and energy consumption of sectional and shared ownership properties are accounted according to Hulic's share of ownership of the total floor area.

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.

In addition, the Hulic Group calculates not only its own

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.

Hulic has committed SBTi* in June 2021 and is engaged in effort to conform with the standardized CO₂ emissions calculations.

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.

*Science-based targets are greenhouse gas emission reduction targets set by companies focusing 5 -15 years ahead, which meets standards required by the Paris Agreement.

Green Procurement Initiatives

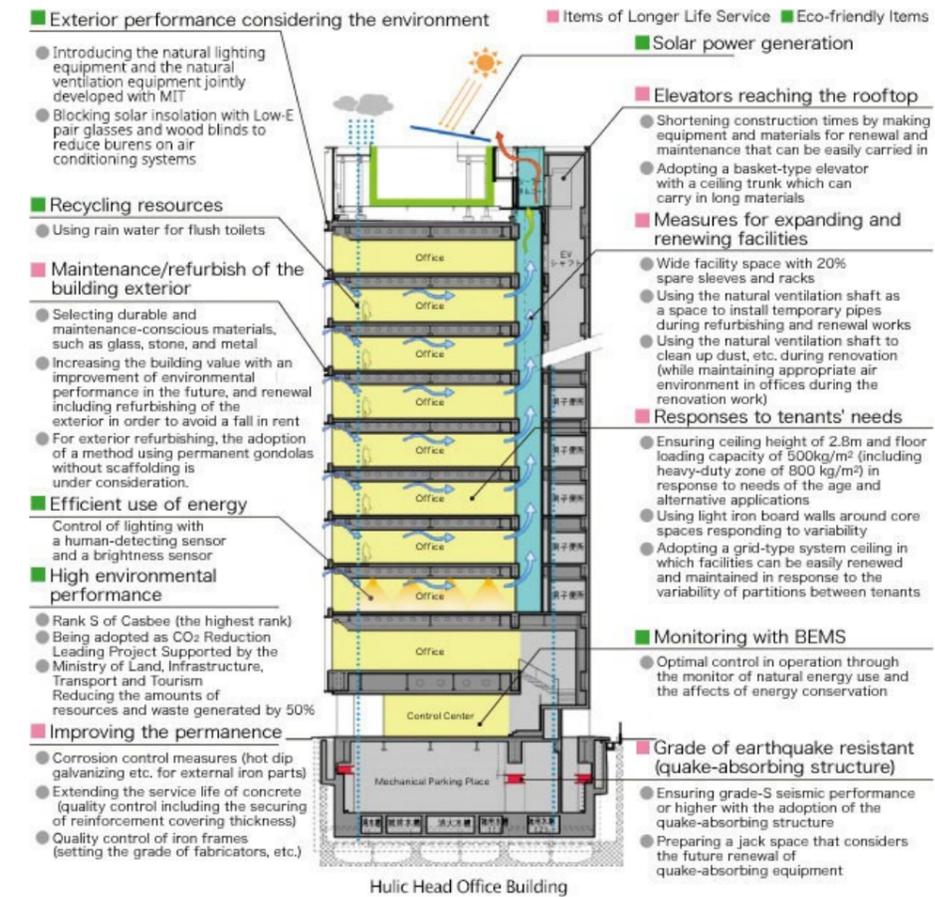
Hulic is working to reduce environmental impacts throughout all of our operations, and we ask our business partners, including suppliers, to cooperate with the following green procurement policy:

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.

Initiatives for Environmentally Friendly 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.

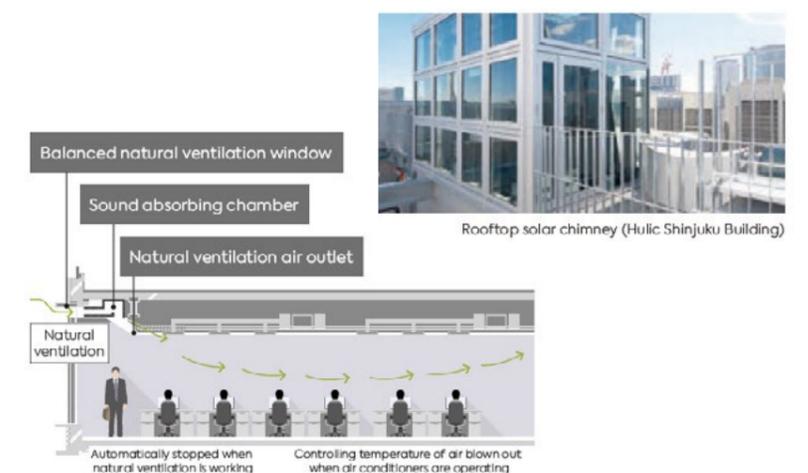


Natural Ventilation and Natural Lighting System Developed through Joint Research with the Massachusetts Institute of Technology (MIT)

Natural Ventilation System

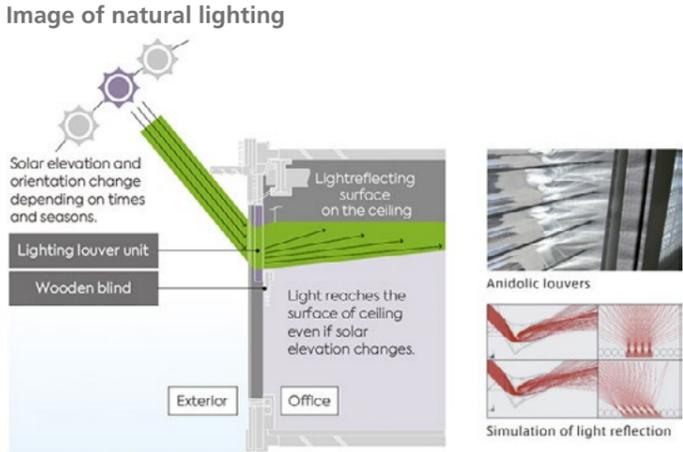
If the load from air conditioning can be lessened by making the maximum use of natural energy to curb energy consumption, CO₂ emissions can be reduced significantly. To introduce a natural ventilation system, joint research with MIT was conducted, in which the flow of air and other factors were meticulously 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.

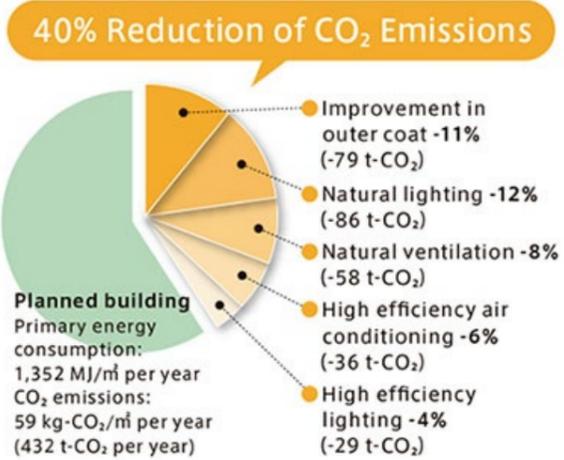


Effects of CO₂ Reduction

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 = 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

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.



Photovoltaic panels (patent awarded)

[Summary of patent]
Name of invention: Photovoltaic generation system and assembly method
Registration No.: 6018856
Registration date: October 7, 2016

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.



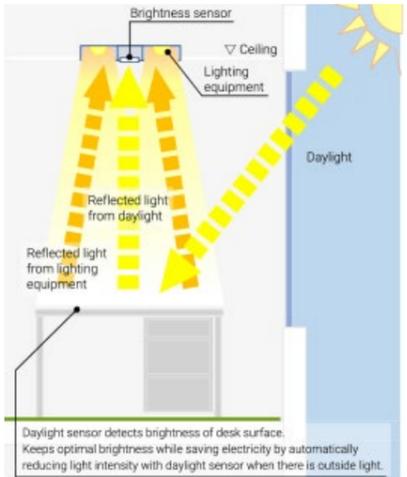
Commercialization of thin-layer wall greening system

[Summary of patent]
Name of invention: Greening device and its method
Registration No.: 6460942
Registration date: January 11, 2019

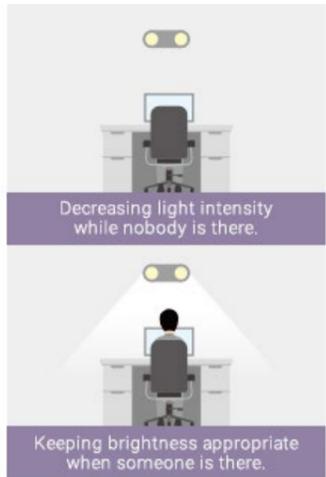
Initiatives for Energy Conservation

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

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 (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

Hulic promotes the use of renewable energy power generation equipment through proprietary development and ownership, as an alternative main power source for reducing CO₂ emissions.

Additionally, we are installing renewable energy equipment as supplemental power supplies at our properties, and have set the target for the number of capital investments on renewable energy

at three investments or more in each year. Results in FY2020 were three.



Proprietary Complete Corporate PPA*⁴ Model for in-house development and ownership of non-FIT renewable energy power generation equipment

Hulic entered the photovoltaic business using the FIT system*¹ in 2012. In 2020, we started developing and using solar photovoltaic equipment that does not use the FIT system (non-FIT). Electricity derived from renewable energy generated by non-FIT power sources will be supplied to our properties by Hulic Property Solution, a Group company retail electricity supplier (Power Producer and Supplier or

PPS). In this way, we aim to achieve RE100*² by 2024. Further, we aim to achieve net zero CO₂ emissions from all Hulic-owned properties*³ in 2030.



*1 A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government.

FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.

*2 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 energy required for their business activities.

*3 Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which we do not manage energy, and real estate for sale.

*4 A long-term contract scheme under which a business agrees to purchase electricity directly from an energy generator.



Solar photovoltaic equipment that does not use the FIT system (Saitama Prefecture)

Small Hydroelectric Plants

As solar power does not generate electricity at night and the amount of power generated fluctuates depending on the weather, we are developing and operating our own small hydroelectric plants that can generate electricity both day and night regardless of the weather from long-term perspective with the goal of developing energy resilience (a stable power supply from varied power sources).

In May 2021, Hulic's first small hydroelectric was completed and began operations in Kawabamura, Tone-gun, Gunma

*1 Small-scale hydroelectric power generation with an output of 1,000 kW or less. As it generates electricity stably day and night, it is considered to be a stable power supply with relatively high operating rates among renewable energy facilities.
Note that small hydroelectric plans will not be used as renewable power sources as at 2030 since they use the FIT system. We plan to supply renewable energy to its properties after the FIT period has ended (20 years hence).



Kawabadani small hydroelectric plant water intake

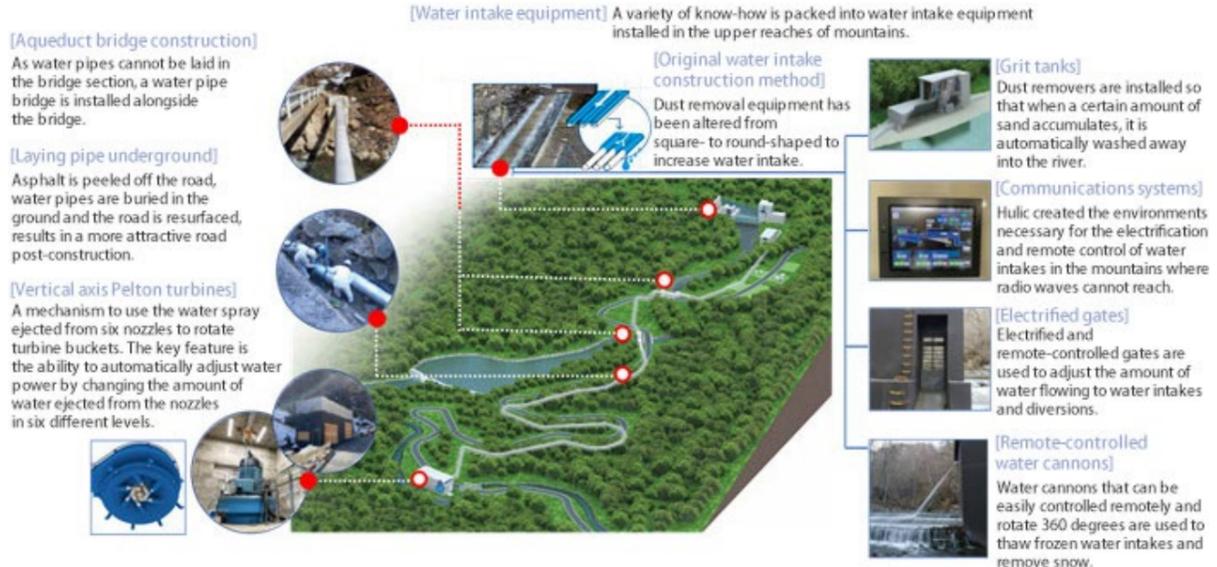
Prefecture. Mindful of the location and conditions, a range of autonomous, electrification, and remote technologies were introduced. These initiatives have resulted in a state-of-the-art power plant expected to operate at higher operating rates than conventional small hydroelectric power plants.

From the perspective of the energy mix, Hulic plans to continue developing and using small hydroelectric power generators.

Kawabadani small hydroelectric plant overview

- Water source: Usune River in Kawabamura, Gunma Prefecture
- Overall length: 1.65 km
- Height difference: Approximately 120m
- Power generation scale: 199kW
- Annual power generation: Approximately 1.3GWh (equivalent to 360 households in terms of annual power consumed by ordinary households)
- Hulic plans to supply electricity to its properties after the FIT period has ended (20 years hence)

Small Hydroelectric Plant Construction (Image)



Photovoltaic Generation System

We have been making effort to reduce CO₂ emissions by installing a photovoltaic cell module on the rooftop of buildings and use solar power as a supplemental energy source. Among the completed buildings in 2020, Rissei Garden Hulic Kyoto(power generating capacity 5.5kW) and Hulic Ryogoku River Center(ditto 5.0kW) are equipped with photovoltaic panels.



Photovoltaic panels installed on the roof top of Hulic Ryogoku River Center

Actual power generation in FY2020

Property Name	Amount of power generated [kWh/Year]
Hulic Kaminarimon Building	86,583
Hulic Shimurasakaue	10,915
Hulic Head Office Building	10,751
Hulic Osaka Building	9,596
Hulic Kojimachi Building	6,519
Hulic Hachioji Building	5,751
Hulic Fuchu Building	5,703
Hulic Ginza Building	4,820
Hulic Aoyama Building	4,391
Kyoto Shijotakakura Central Building	4,013
Other	16,730
Total	165,773

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 4.8 kW system capable of generating 2,600 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

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. To help realize a carbon-free society, we are working on the advanced utilization of unused energy according to location conditions, asset type, and the characteristics of development projects.

Case Study1

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.



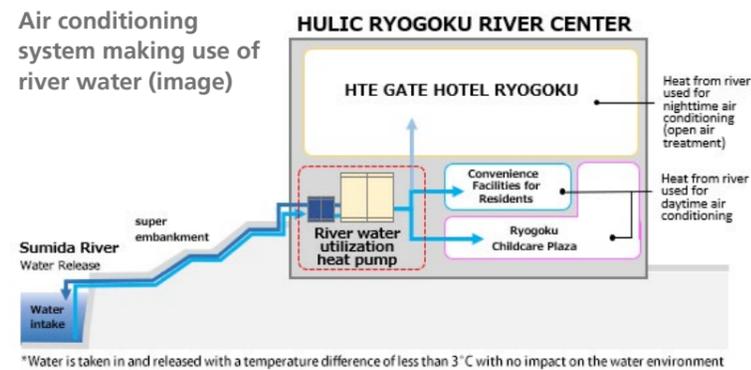
Exterior of FUFU Kawaguchiko

Case Study2

An air-conditioning system that utilizes energy from the difference in temperature with the river water in the HULIC RYOGOKU RIVER CENTER

In the HULIC RYOGOKU RIVER CENTER (a PPP project), which was completed in 2020, we focused on the Sumida River adjacent to the site of the property and installed an air-conditioning system that utilizes energy from the difference in temperature with the river water. Praised for its advanced nature, the project was selected by Cool Net Tokyo (Tokyo Metropolitan Center for Climate Change Actions) as a "project to expand the introduction of renewable energy on a local production for local consumption basis." The River Water Temperature Difference Energy Utilization Equipment uses a purpose-built heat pump to provide air conditioning in the facility by extracting heat from or releasing heat to the river water, within a range that does not affect the environment, as the temperature of the river water is cooler than the outside air in summer and warmer in winter. Compared with air-source heat pumps that transfer heat absorbed from the outside air to an

indoor space, such as household air conditioners, this enables facilities to be air conditioned with less energy consumption. It is estimated that this project will reduce the annual energy consumption for air conditioning in the target area by approximately 12%.



Building a Recycling-oriented Society

Realization of a Recycling-oriented 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 carbon-free and recycling-oriented society in 2050. As a real estate developer, we believe that Hulic can offer value to society by putting our environmental effort into reducing CO2 emissions, using resources efficiently, and reducing waste.

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 and reconstructing 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 FY2020》 Percentage of technical measures (such as longer life design, etc.)* applied to reduce construction waste: **100 %** each year

*The percentage of properties completed in the given year that used technologies and measures that contributed to a reduction in waste as well as raw materials and other resources based on the Hulic Guidelines for Longer Life.

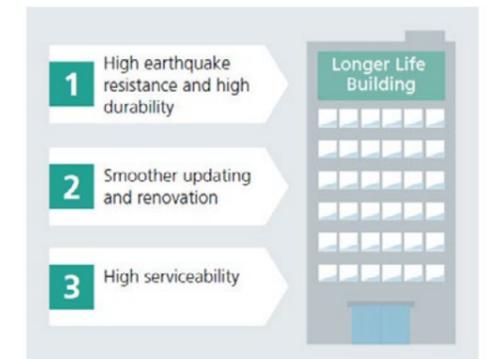


Longer Life Buildings

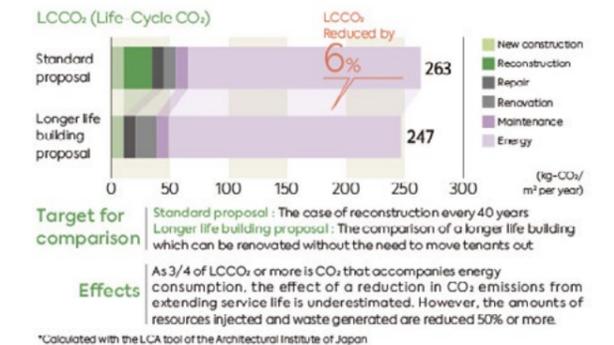
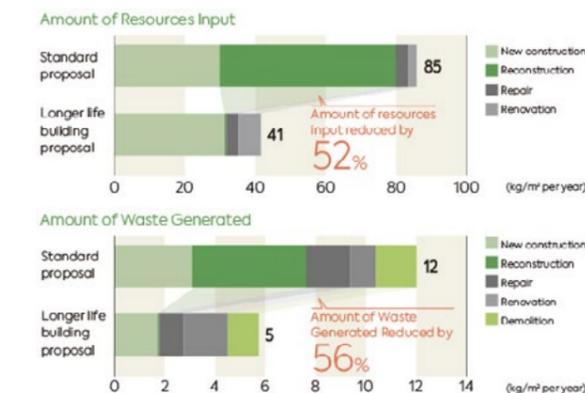
Standardization of 100 Year Buildings

The Company formulated the Hulic Guidelines for Longer Life Building (the Guidelines) in 2011 to standardize specifications for development and reconstruction 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 development and reconstruction 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.

- We apply our internal earthquake-resistance standards where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of seven to all asset types of properties we develop or construct
- 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.

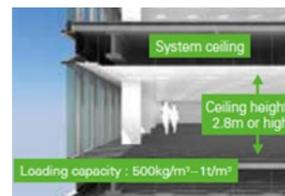
- Use gondola for maintenance, including inspections of the building exterior.
- Install an elevator reaching the rooftop to carry in materials there.

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.

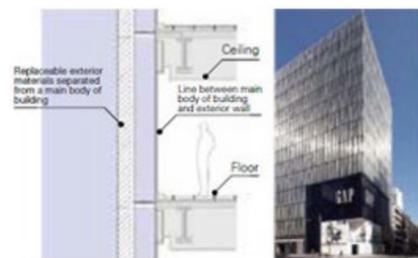


POINT2

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.



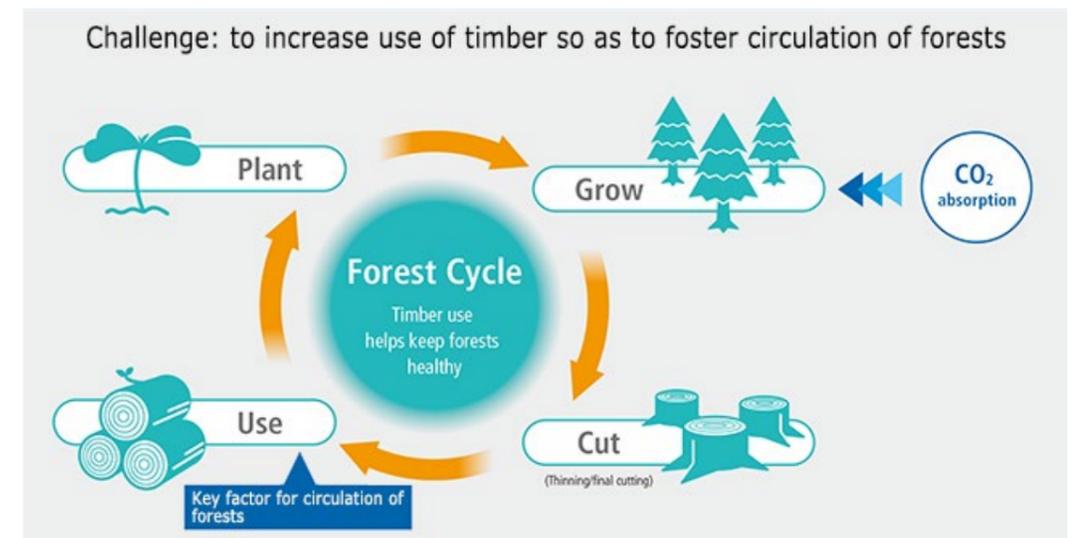
Hulic Ginza Sukiyabashi Building

Wooden Construction and Conversion Initiatives

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

We also engage in activities to cut, plant, and remove undergrowth by the same amount as the standing timber used as the source of building materials for our fireproof wooden buildings. 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, 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. In this way, we are contributing in maintaining the proportion of young trees that absorb CO₂ well at a certain level. Through this initiative for fireproof wooden buildings, we are promoting forest circulation by using, planting, growing, and cutting down trees, which in turn reduces CO₂ emissions and leads to efforts to conserve biodiversity.



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 fireproof commercial building (hybrid construction combining wooden and steel structures) in Ginza.
To Plant	Execution of environmental afforestation We execute planting trees in addition to use them in building construction so that we can promote circulation of forests.

Example of Use 1: Ginza 8-chome Development Plan (fireproof commercial building)

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

Special Features

New technologies

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

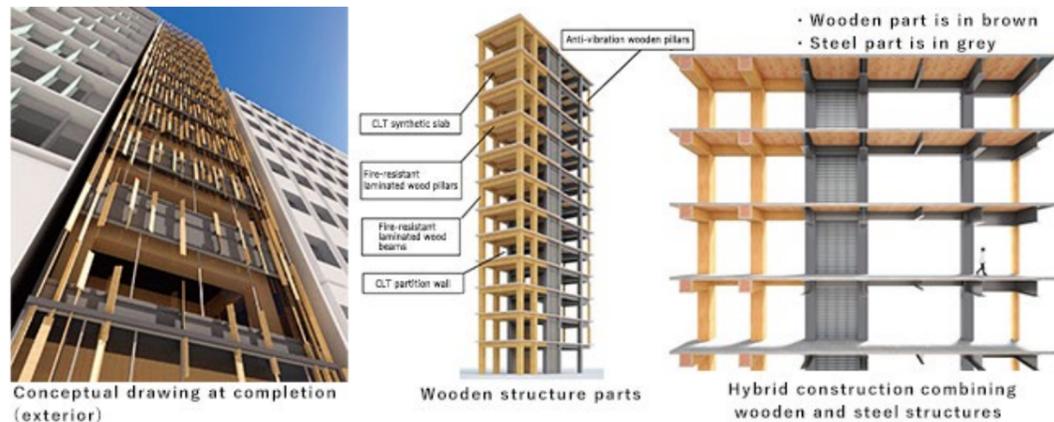
Environmental benefits

- Promotes fixation of CO₂ emissions
Reduces CO₂ by increasing the amount of wood used, leading to forest regeneration (forest health)
- Reinvigorates forestry (regional revitalization)
- Reduces CO₂ emissions from construction
Eliminates CO₂ emissions during structural member manufacturing (eliminates CO₂ that would have been emitted during iron manufacturing, iron processing, concrete manufacturing and other processes)

- Facilitates simplified foundations
Lightweight superstructure (above-ground frame section) eliminates the need for piles, etc.
- Shortens time required for construction
Superstructure construction is simplified as no fireproof coating is required when columns and beams are lightweight and fireproof when manufactured at the factory.

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.



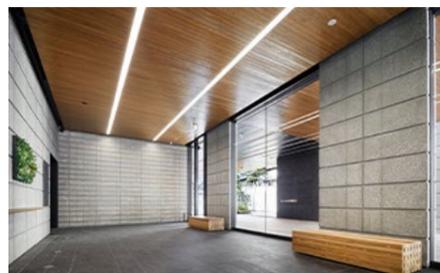
Example of Use 2: Promoting Conversion to Wood

Along with the development of fireproof wooden buildings, Hulic is actively promoting the use of wood for exteriors and interiors depending on the application and location of the developed property.

In Hulic JP Akasaka Building, based on the concept of "a wellness space for working people," we focused on creating a

better working environment for office workers. The building uses plentiful natural materials and wooden benches and wooden shelves arranged in a spacious 3.8 meter-high entrance hall complete with a full wooden ceiling. Praised for our initiatives, we received highest rank of "S" in CASBEE-Wellness Office* certification (issued by Institute for Building Environment and Energy Conservation).

* Comprehensive Assessment System for Built Environment Efficiency (CASBEE) assesses the specifications, performance, and initiatives of buildings that support the health and comfort of building users, factors that contribute to intellectual productivity improvement, and the performance of safety and security.



Entrance Hall (Hulic JP Akasaka Building)



Wooden louvers (Hulic Ryogoku River Center)

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)

From concrete to wood

Japan could be the front runner in the century of wood.

- 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
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)
Atsuko FUKUSHIMA
(Journalist)

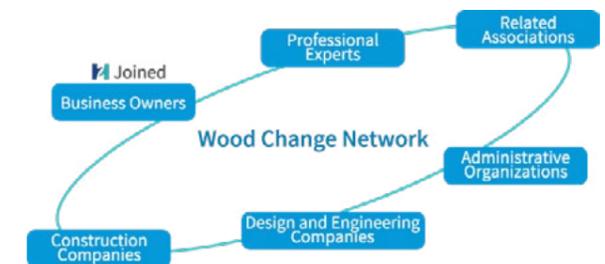
Aiming to increase demand for timber in urban areas

- Increase in middle-to-high-story wooden buildings will promote community vitalization
 - Wooden buildings will improve global and human environmental issues
- K. KUMA:** - Wooden construction is the area that Japan can make the world to seek after.
S. Sumi: - Effective use of Japan's ample forestry resources will be the key to regional revitalization.
T. Kamei: - Optimization of timber is the key in planning of high-story wooden buildings.
M. Miyashita: - Technological innovation of wood engineering will support high-story wooden construction.
A. Fukushima: Wood is the ideal future material of sustainable society.

Note:Occupation, affiliation, title, etc., when symposium was held.

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.



Example of Planting 1: Planting the Same Amount of Trees Used

Hulic outsources logging, planting, and weeding activities to forestry cooperatives in an effort to plant the same amount of trees as the standing trees used as building materials for fireproof wooden construction. Approximately 300 m³ of lumber will be used in the construction of a commercial facility (the Ginza 8-chome development plan) for the fireproof wooden construction

(hybrid structure combining wooden and steel frame construction) of a property scheduled for completion in October 2021. At the same time, approximately 12,000 cedar saplings were planted (new plantings) across an area of about 4.3 hectares. Over the next five years, we will continue cutting undergrowth so that the planted cedar saplings will grow healthy.



Cedar sapling newly planted in the spring of 2021 (Fukushima Prefecture)



A mountain where saplings were newly planted in the spring of 2021 (Fukushima Prefecture)

Our Group-wide Initiatives

Fundamental Approach We are proactively working to reduce waste and water consumption in cooperation with tenants and building management companies toward realization of recycling society. For developing and reconstructing 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.

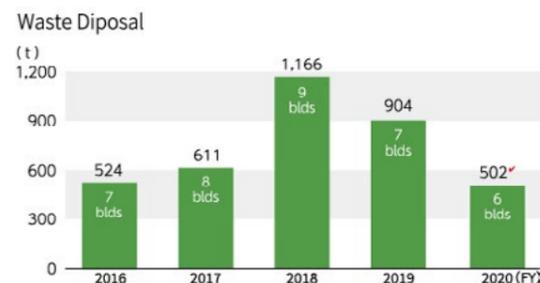
Resource-saving and Reduction of Waste in Buildings Owned by Hulic and Reconstruction of Buildings

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 Group

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.



	2016	2017	2018	2019	2020
Number of target buildings	7blds	8blds	9blds	7blds	6blds
Waste that can be recycled					
Paper	240	296	348	102	52
Bottles, cans, plastic bottles	28	29	80	76	37
Total	268	325	428	179	89
Waste that cannot be recycled					
Other general waste	195	218	629	576	309
Industrial waste	61	68	109	149	104
Total	256	286	738	725	414
Total of waste that can be recycled and waste that cannot be recycled	524	611	1,166	904	502

* 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. In FY2020, we calculated total waste disposal at certain properties in the boundary by using weight conversion factors based on actual measurements. As a result, we were able to improve the precision of the weight of the total waste disposal by 169 metric tons compared with the weight calculated by using the conventional weight conversion factors. The results increased from FY2018 as Porte Kanazawa, a large commercial building, has become subject to aggregation since.

Raw Materials Purchase Volume

	2018	2019	2020
Number of properties	10	4	7
Steel materials purchase volume (t)	12,971	1,660	5,507
Batten cleats purchase volume (m ³)	353	58	106
Plywood purchase volume (m ³)	1,397	270	204
Lumber purchase volume (m ³)	1,146	299	335

* Figures are for developed and constructed buildings for which data were collected in each year.

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:

Examples of buildings that have used recycled underground frames

- 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(*)

Fiscal year	FY2016	FY2017	FY2018	FY2019	FY2020
Recycled amount	9,400	11,365	13,125	14,540	15,600

* 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. When planning buildings, we adopt construction methods to reduce pollutant emissions to the extent possible in

cooperation with design and construction companies. In addition, we aggregate data on SO_x, NO_x, VOC, and hazardous waste generated in the development business to monitor the amounts generated, and we disclose the actual results.

Amount of emission of SO_x, NO_x and VOC from hazardous wastes

	FY2018	FY2019	FY2020
Number of properties	10	4	7
SO _x emissions (kg)	1,620	60	142
NO _x emissions (kg)	11,527	1,334	1,649
VOC emissions (kg)	157	124	0

* Figures are for developed and constructed buildings for which data were collected in each year.

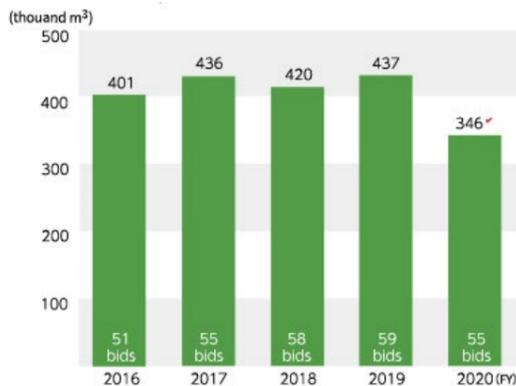
Initiatives for Water

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 properties with a total floor area of 3,000 m² or more, excluding buildings where bank branch is the sole tenant, as well as sectional and shared ownership properties and real estate for sale. Please refer to page 19 for the number of target properties.

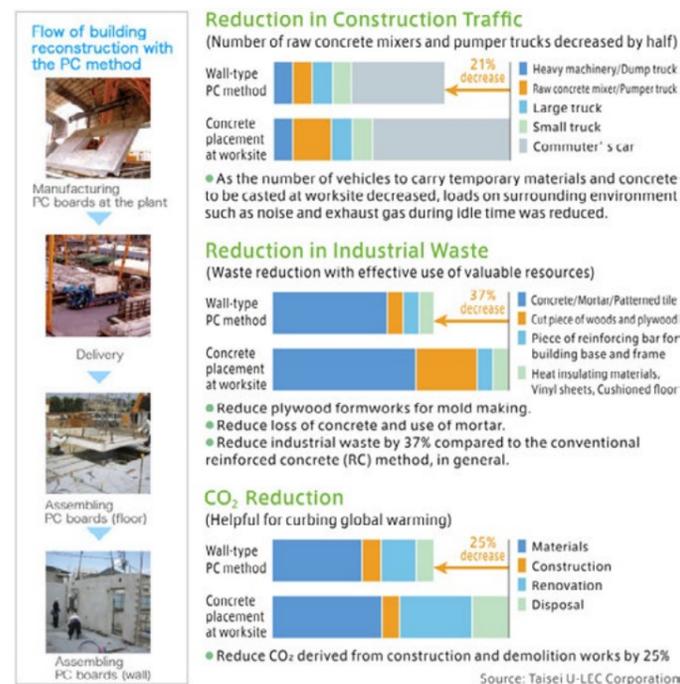
Construction

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



Benefits of Hybrid Fireproof Wooden Construction*

(Reducing environmental burdens)

- Reduced-weight materials
 - Rationalization of vehicles and heavy machinery in transportation and construction operations
 - Reduction of CO₂ emissions from transportation
- Factory production reduces the amount of onsite work and eliminates onsite waste materials
- Adoption of floor CLT eliminates need for scaffolding

(Benefits within construction activities)

- Highly accurate pre-cut processing (machining) contributes to smooth assembly work
 - Convenience when fixing to other building materials with screws
 - Since structure is finished material, interior finishing costs are reduced
- *Hybrid structure combining wooden and steel framework



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 FY2020》 Number of greening properties: 5 (Coverage: all completed properties each year)

* 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. The number of properties certified totaling 12 as of December 31, 2020.



Hospitalment Hongo: exterior and garden



Greening Initiatives

As a part of our measures against global warming, we have put emphasis on greening of surrounds, rooftops, and walls which can effectively ease the heat-island phenomenon as well as making buildings more energy efficient.

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.

Hulic JP Akasaka Building (completed in November 2020)

This property is a medium-sized office building facing Sotobori-dori, jointly developed by the Company and Japan Post Real Estate Co., Ltd. It is located in the middle of a lush area comprising the Imperial Palace, Akasaka Imperial Palace and Hibiya Park, all of which are home to living creatures in the center of Tokyo. By greening the rooftop and walls, the JP Akasaka Building will serve as a relay point for living creatures to move between habitats,

contributing to the formation of an ecological network in the city and the promotion of biodiversity in the heart of Tokyo. This building received highest rank of "S" in CASBEE-Wellness Office* certification (issued by Institute for Building Environment and Energy Conservation). Greening the rooftop and walls will enable office workers to sense the four seasons even while in the center of the city.

* Comprehensive Assessment System for Built Environment Efficiency (CASBEE) assesses the specifications, performance, and initiatives of buildings that support the health and comfort of building users, factors that contribute to intellectual productivity improvement, and the performance of safety and security.



Green walls and wooden conversion of entrance



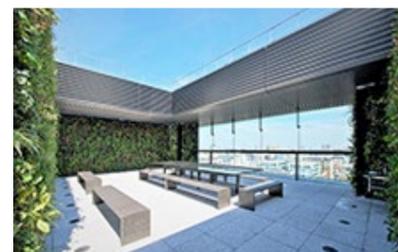
Rooftop garden

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

Information Disclosure based on TCFD Recommendations

Hulic Initiatives (Summary)

Information Disclosure based on TCFD Recommendations

Hulic has formulated Hulic Environmental Policy which embodied our Sustainability Vision and is executing environmentally friendly management. Aiming to continue sustainable growth while mitigating and adapting to climate change through our business activities, we announced our long-term vision for the environment, with 2050 as the target achievement year and are proceeding with efforts toward the realization of a carbon-free and a recycling-oriented society. Recognizing the importance of climate-related financial information disclosure, we expressed our support for



the TCFD* recommendations in 2020 and started disclosing information in line with the recommendations after completing analysis and responses on the recommended framework.

* TCFD is an abbreviation for "Task Force on Climate-related Financial Disclosures", which was established by the Financial Stability Board and has proposed a framework for disclosing climate-related information to investors.

Details	Page3 Sustainability Vision
	Page18 Hulic Environmental Policy
	Page20 Long-term Vision for the Environment

TCFD Disclosure Recommendations and Hulic Initiatives (Summary)

TCFD Disclosure Recommendations	Hulic Initiatives (Summary)
Corporate Governance	
a) Board of Directors oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> Establish Board of Directors oversight and monitoring structure Matters related to climate change are deliberated by the Sustainability Committee, which is chaired by the President and Representative Director, who is responsible for climate change
Strategy	
a) Short, medium, and long term climate-related risks and opportunities identified by the organization b) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning c) Describe the resilience of the organization's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> Analyze and evaluate climate change mitigation and adaptations relating to climate change risks and opportunities, based on a 2°C or lower scenario and a business as usual scenario Examine validity of current strategies based on evaluation results
Risk Management	
a) Organizational process for identifying and assessing climate-related risks b) Organizational process for managing climate-related risks c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	<ul style="list-style-type: none"> The Sustainability Committee centrally deliberates climate change matters including risk management and reports to the Board of Directors The Risk Management Committee evaluates and deliberates climate change risks from a Group-wide risk management perspective and reports to the Board of Directors The Board of Directors receives reports from the Sustainability and Risk Management Committees and oversees climate change risks
Metrics and Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> Set climate change KPIs (non-financial key performance indicators) and related indicators, disclose progress toward achieving targets on Hulic website, etc. Reductions in CO₂ emissions (compared to 2013 base year) 40% reduction in 2025, 45% reduction in 2030, 100% reduction in 2050 Achieving RE100 by 2025 Number of times the Sustainability Committee engaged in climate change monitoring Number of Environmental Advisory Council held

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.

Corporate Governance

Recognizing Hulic's climate change response as an important management issue, we have established a corporate governance mechanism centered on Board of Director oversight and the Sustainability Committee. This governance mechanism is stipulated in the Basic Regulations on Climate Change.

Examples of discussions and decisions made under our climate change-related governance structure:

- An initiative to reduce CO₂ emissions from owned properties to net zero and related investment of approximately JPY 100 billion
- Supporting RE100 initiative and achieving by 2025
- Developing Japan's first fireproof wooden 12-story commercial facility
- Supporting TCFD recommendations and disclosing information in line with the recommendations
- Achieving net zero CO₂ emissions from owned properties and RE100 ahead of schedule, and related investment of approximately JPY 60billion

Board of Directors Oversight

The Board of Directors receives reports on climate change risks and opportunities from the Sustainability Committee at least once a year, and monitors and oversees the resolution of issues and setting of targets. In addition, important matters such as management

strategies, management plans, annual budgets and profit targets are decided after consideration of climate change risks and opportunities when needed.

Sustainability Committee

Matters concerning climate change are deliberated and coordinated by the Sustainability Committee.

The Sustainability Committee, which is chaired by the President and Representative Director, who is responsible for climate change, is composed of the Vice Presidents, Senior Executive Managing Officer, the General Manager of the Business Planning and Management Department, the General Manager of the Real Estate Planning Department and Group company executives. The Committee evaluates the impact of climate change on business at least once a year, formulates policies and strategies for mitigating identified risks and seizing opportunities, and discusses how to adapt to climate change, including reflecting its impact in plans, budgets and targets. The Committee also sets KPIs related to

sustainability, including climate change, and evaluates progress by reviewing performance.

Members

President, Vice Presidents, Senior Executive Managing Officer, General Manager of Business Planning and Management Department, General Manager of Real Estate Planning Department

Observers

Group company executives, Full-time Audit & Supervisory Board members

Secretariat

Business Planning and Management Department, Corporate Sustainability Office

Management Responsible for Climate Change

The President and Representative Director is responsible for the matters related to climate change. The President and Representative Director serves as the Chairman of the Sustainability Committee, and is ultimately responsible for assessments of

the impact of climate change on Hulic business and manages appropriate responses. The Basic Regulations on Climate Change, which stipulate items related to climate change, are a matter for approval by the President.

Department in Charge of Climate Change-related Matters

The Business Planning and Management Department is in charge of climate change-related matters and is responsible for the planning, proposal and management of climate change-related items as well as the promotion of climate change responses throughout the Group. Specific items include:

- Leading the monitoring of climate change impacts in conjunction with related departments within Hulic and Group companies, understanding status and submitting reports and recommendations on appropriate measures to the Sustainability Committee at least once a year.

- Designing processes to identify and assess the impact of climate change, managing identified impacts and integrating them into risk management across the organization.
- Developing indicators used to measure and manage the impact of climate change, and set goals, tracking performance and reporting progress to the Sustainability Committee at least once a year.
- Submitting reports and recommendations as needed to the Risk Management Committee regarding identified climate change impacts, and integrating them into Group-wide risk management.

Environmental Advisory Council

Hulic receives advice and recommendations on environmental issues from specialized and technical knowledge and objective viewpoints. To promote efforts to create value for society, we have been holding regular Environmental Advisory Council meetings comprising external advisors and top management once a year

since 2010.

We also receive advice and suggestions from external advisors on matters related to climate change that are discussed directly by top management, which is leveraged for management decision-making regarding the planning of climate change-related measures.

External Advisors

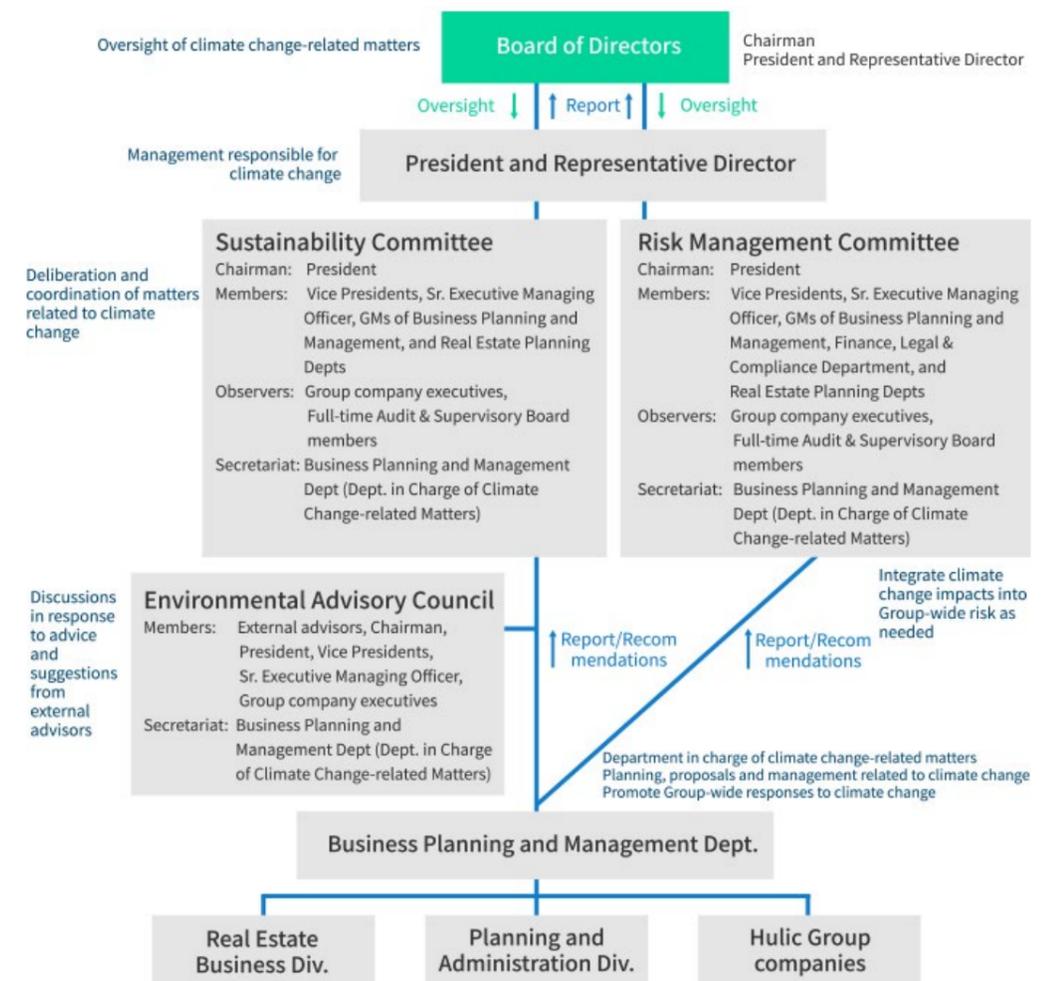
Toshiharu Ikaga
Professor, Keio University
Yoshihiro Fujii
Representative Board Chairman, Research Institute for Environmental Finance (RIEF)
Takao Kashiwagi
Specially Appointed Professor & Emeritus Professor, Tokyo Institute of Technology

Management Members from Hulic

Keisuke Takegahara
Deputy Chief Research Officer, Chief Manager of Sustainability Management Office, Corporate Planning & Coordination Department, Development Bank of Japan Inc.

Chairman, President, Vice Presidents, Senior Executive Managing Officer, General Manager of Business Planning and Management Department, Group company executives

Climate Change-related Corporate Governance Diagram



Strategy

Hulic aims to maintain sustainable growth, while mitigating and adapting to climate change, through business activities, and we recognize that our climate change response is an important management issue. The effects of climate change are expected to become more apparent over time, so we analyzed the impact of risks and opportunities on our strategy using multiple climate change scenarios and examined resilience of our current strategies including the need to change management plans and basic strategies.

At Hulic, we have been taking actions on strengthening earthquake resistance and disaster prevention measures of our properties, as well as implementing environmental initiatives including decarbonization. As a result, we have found no potential financial impacts that were deemed large related to both transition

and physical risks in the scenarios we examined, and have found that our business is sustainable and our strategy is suitably resilient. Based on our motto of "Driving Innovation and Accelerating Progress," we are going ahead with a business model that is able to flexibly respond to changes in external environment. We concluded that, going forward, we will be able to continue improving our corporate value through risk mitigation by flexibly evolving our business model against social transformation towards decarbonization. In addition, as valuations increase for environmental initiatives for owned properties, we will build a competitive advantage in the leasing and development businesses. Furthermore, for the environment-related business field, we will seize opportunities in providing new products and services.

Time Horizon for the Short, Medium, and Long-term

While the real estate industry makes business plans looking 10 years into the future, the effects of climate change will likely become apparent over a far longer period. We have established short-, medium- and long-term time horizons when analyzing the

climate change effects in conformity with timeline of our long-term vision for the environment, as well as the target years set by the Paris Agreement and Japanese government.

Hulic's climate change time horizon: confirming with Hulic long-term vision for the environment and CO₂ emission reduction target

By 2025	By 2030	By 2050
Short-term	Medium-term	Long-term
5 years	10 years	30 years
Reduce CO ₂ emissions by 40%	Reduce CO ₂ emissions by 45%	Reduce CO ₂ emissions by 100%

Hulic's management and business time horizons

Medium- and Long-Term Management Plan (2020-2029)	
Phase I	Phase II and III
3 years	10 years
By 2022	By 2029

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.

Financial Impact of Climate Change

In assessing the financial impact of climate change, we used consolidated ordinary income among other earning indicators including net sales, operating income, ordinary income, and profit attributable to owners of parent as it is especially important key earning indicator for us. We have set the following criteria based on the latest financial results of consolidated ordinary income: JPY

95.6 billion in FY2020 and a forecasted JPY 100 billion in FY2021. For classifying impact, we referenced criteria for revising earnings forecasts, a 30% increase or decrease in the consolidated ordinary income forecast among the "important matters" of the timely disclosure standards of financial instruments exchanges and set such impact as "large".

Financial impact matrix

Impact Classification	Ratio to Consolidated Ordinary Income	Amount / Year
Large	30% or higher	JPY 30 billion or more
Medium	15% or higher, less than 30%	JPY 15 billion or more, less than JPY 30 billion
Small	5% or higher, less than 15%	JPY 5 billion or more, less than JPY 15 billion
Minimal	Less than 5%	Less than JPY 5 billion

Businesses Largely Impacted by Climate Change

For each Hulic business, we assessed the impact of climate change according to the type of climate change risks and opportunities as outlined by TCFD. Regarding risks, departments within the Real Estate Business Division, the Planning and Administration Division, and the department responsible for environmental technologies first evaluate the inherent risks for each risk type based on the likelihood of event and the degree of impact. The residual risk was then determined by considering the control effectiveness. Opportunities were also evaluated based on the likelihood of

event. By integrating the results of these assessments, we selected businesses that could have a large impact from climate change. As a result, real estate and the environment-related businesses were deemed to have large impacts from climate change, we selected these businesses for a scenario analysis. We may consider to add other businesses to the climate change scenario analysis when these become significantly impacted by climate change and important.

Businesses subjected to climate change scenario analysis	Businesses excluded from scenario analysis
<ul style="list-style-type: none"> Real estate leasing business Real estate development business, Value-added business Environment-related business 	<ul style="list-style-type: none"> Tourism-related business New and other businesses

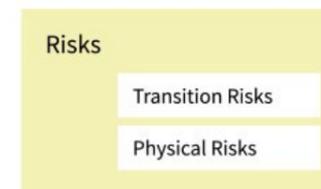
Process for Identifying Businesses with Large Impact from Climate Change



Assessment of climate change risks and opportunities

Climate change risk: determined by Residual Risk which is a function of Inherent Risk (likelihood of event x degree of impact) – Controls

Climate change opportunities: determined by the likelihood of event



Evaluation of Climate Change-related Risks and Opportunities

1. Identifying key drivers of material risks and opportunities

As a pre-process for selecting a group of climate change scenarios, for each type of climate change risk and opportunity according to TCFD, we identified the key drivers of risks and opportunities that could be important to our business and our major stakeholders

(factors that could have a significant impact on our business). At the same time, we excluded risks and opportunities that were deemed less impactful and relevant. Identified key drivers of risks and opportunities were as below:

Key Drivers of Identified Risk

Key driver: Factors that are likely to have a large impact on Hulic business and as such parameters were collected when creating scenarios

Type according to TCFD		Drivers	Identified Key Drivers
Risk Category	Risk Type		
Transition Risks	Policy and Legal	<ul style="list-style-type: none"> Strengthened CO₂ emission regulations Increased CO₂ emission pricing Strengthened energy saving standards Increased subsidies to promote net zero CO₂ emissions from buildings 	<ul style="list-style-type: none"> Primary energy reductions Carbon pricing Negative emission policies CO₂ emission control regulations on buildings Disclosure of energy-saving performance ZEB/renewable energy subsidies
	Technology	<ul style="list-style-type: none"> Advances in building equipment technologies Advances in clean energy supply technologies 	<ul style="list-style-type: none"> Advances in fireproof wooden construction technologies and cost fluctuations Advances in ZEB technologies and cost fluctuations Advances in renewable energy and cost fluctuations Advances in storage battery technologies and cost fluctuations
	Society (Market, Reputation)	<ul style="list-style-type: none"> Increased awareness of environmental issues 	<ul style="list-style-type: none"> Changes in company or tenant behavior
Physical Risks	Acute	<ul style="list-style-type: none"> Increase in natural disasters 	<ul style="list-style-type: none"> Increase in torrential rains Increase in typhoons Increase in flooding
	Chronic	<ul style="list-style-type: none"> Chronic climate change 	<ul style="list-style-type: none"> Increase in average temperature Rise of sea level

Key Drivers of Identified Opportunities

Type according to TCFD		Drivers	Identified Key Drivers
Opportunity Type			
Resource Efficiency	<ul style="list-style-type: none"> Advances in clean energy supply technologies Reduced CO₂ emissions Advances in building equipment technologies 	<ul style="list-style-type: none"> Advances in renewable energy and cost fluctuations Adapting to the possibility of increase in expense due to the introduction of carbon taxes Advances in fireproof wooden construction technologies and cost fluctuations Advances in ZEB technologies and cost fluctuations Advances in storage battery technologies and cost fluctuations 	
Energy Source	<ul style="list-style-type: none"> Development and use of renewable energy 	<ul style="list-style-type: none"> Advances in renewable energy and cost fluctuations 	
Products and Services	<ul style="list-style-type: none"> Increasing demand for products and services that support disaster prevention and energy conservation Growing need for renewable energy and increasing revenue opportunities from selling electricity 	<ul style="list-style-type: none"> Rise in asset value and rents of environmentally friendly buildings Advances in ZEB technologies and cost fluctuations Energy conservation and renewable energy cost fluctuations 	
Markets	<ul style="list-style-type: none"> Creation of new markets that contribute to the resolution of climate change Increased opportunities for collaborative projects with governments, municipalities, and private organizations to realize a carbon-free society 	<ul style="list-style-type: none"> Improved competitive advantage of environmentally friendly buildings Increased profits from new market entry Profit opportunities through collaborative projects 	

2. Formulation of climate change scenarios

The TCFD recommendations propose explaining the resilience of our company strategies in light of an analysis based on different climate-related scenarios including a 2°C or lower scenario. We formulated a

2°C or lower scenario and a business as usual scenario by referring multiple climate change scenarios that include key drivers for the material risks and opportunities that were identified.

Overview of Two Scenarios



*1 For scenarios where the global average temperature rise is limited to 2°C or lower with at least 50% rate by 2100, the TCFD recommended it is imperative that one of the climate change scenarios be a 2°C or lower scenario

*2 Temperature rises from 3.8°C to 6.8°C between 2081 and 2100 in scenarios without additional measures/responses for climate change mitigation and adaptation

The following is a group of climate change scenarios for which parameters for the identified key drivers were collected when formulating climate change scenarios. We also used estimated

values when the parameters for the exact length of time were not found in a scenario group.

Referenced Major Climate Change Scenarios

[Transition Risks] Policy and legal, technology, market, society, reputation

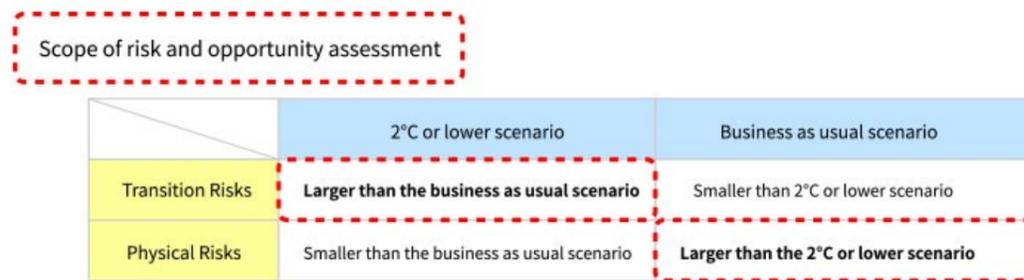
Organization name	Document name	Business as usual scenario	2°C or lower scenario
International Energy Agency (IEA)	World Energy Outlook 2019	CPS (Current Policies Scenario), STEP(Stated Policies Scenario)	SDS (Sustainable Development Scenario)
IEA	Perspectives for the Clean Energy Transition, The Critical Role of Buildings (2019)	NPS (New Policies Scenario)	FTS (Faster Transition Scenario)
2 Degrees Investing	The Transition Risk-O-Meter: Reference Scenarios for Financial Analysis (2017)	LCT (limited climate transition with 3-4°C decarbonation range)	ACT (ambitious climate transition with 2°C transition) Scenario
Institute for Global Environmental Strategies (IGES)	The "net zero world" in 2050 Japan (tentative plan)(2020)	Lock-in scenario	Transition scenario

[Physical risks] Temperature rise, sea level rise, natural disasters (typhoons, floods, wind damage)

Organization name	Document name	Business as usual scenario	2°C or lower scenario
The Intergovernmental Panel on Climate Change (IPCC)	Representative Concentration Pathways (RCP) Scenario of Fifth Assessment Report (AR5)	RCP8.5	RCP2.6
Ministry of the Environment, Japan Meteorological Agency, etc.	Climate Change Observation, Forecast and Evaluation Integrated Report 2018	Forecast for annual average temperatures across Japan based on IPCC AR5 RCP8.5	Forecast for annual average temperature across Japan based on IPCC AR5 RCP2.6
Climate Change Adaptation Information Platform (A-PLAT)	Observations by meteorological offices, etc.	RCP8.5	RCP2.6
IPCC	The Ocean and Cryosphere in a Changing Climate (2019)	RCP8.5	RCP2.6
Aqueduct	Aqueduct Flood (2020)	Business as usual, RCP8.5, SSP2	Optimistic, RCP4.5, SSP2
Ministry of Land, Infrastructure, Transport and Tourism, Technical Study Group on Hydraulic Control Plans Based on Climate Change	Hydraulic control plan based on climate change (2019)	RCP8.5	RCP2.6

3. Risk and opportunity assessment

To examine the impact of climate change risks and opportunities on Hulic's strategy, we evaluated transition risks and opportunities in the 2°C or lower scenario and physical risks and opportunities in the business as usual scenario.



2°C or Lower Scenario Transition Risks and Opportunities

The financial impact of climate change risk was assessed greatest in the "medium-term" on the time horizon with the degree of impact at that time was assessed "medium." On the other hand, the financial impact of climate change opportunities was assessed greatest over the "long-term" and the financial impact at that time was assessed "large." Under the 2°C or lower scenario, we concluded that we will be able to continue improving our corporate value through risk mitigation by flexibly

evolving our business model based on current Medium-and Long-term Management Plan against social transformation towards decarbonization by leveraging our motto of "Driving Innovation and Accelerating Progress." In addition, as valuations increase for environmental initiatives for owned properties, we will build a competitive advantage in the leasing and development businesses. Furthermore, for the environment-related business field, we will seize opportunities in providing new products and services.

Continue on the basic strategies of current Medium-and Long-term Management Plan (further develop and evolve our business model based on the real estate leasing business)

[Risk]:
 • Ability to promptly respond to a wide range of policies and regulations introduced as climate change countermeasures

[Opportunity]:
 • Environmental measures implemented at Hulic-owned properties become highly valued as social transformation occurs
 • Opportunities to entering new markets that help mitigate climate change will be created

Hulic's Basic Strategies

	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
Common item			
Policy/regulation compliance	(Regulations not effected) Not required	Promote energy-saving renovations and ZEB conversions in developing properties	• Continue renovations and development for net zero CO2 emissions at Hulic-owned properties to establish a competitive position in the strengthened new standards of building market
Development and renovation costs for buildings with high environmental performance	High	High	• Stage I:* Begins to decline, Stage II:* Remains at a low level • Lower development costs provide an opportunity to increase profits as we proceed with environmental measures
Strategy by business			
Real estate leasing business: Strengthening leasing portfolio	Same as Medium- and Long-term Management Plan	Same as Medium- and Long-term Management Plan	• Invest primarily in priority areas and strategic assets • Continue renovations and development for net zero CO2 emissions of Hulic-owned properties to build a leasing portfolio with high environmental performance
Real estate leasing business: Competitive advantage of buildings with high environmental performance	(Regulations not effected) Differentiation by high environmental performance is difficult	Differentiation has not progressed	• Stage I:* Gain competitive advantage as demand for buildings with high environmental performance increase. Polarization will advance as demand for buildings with low environmental performance falls • Stage II:* Accelerating differentiation of buildings with high environmental performance • Stage III:* The competitive advantage will be subsided with ZEB becoming the standard.
Real estate development business, Value-added business	Same as Medium- and Long-term Management Plan	Same as Medium- and Long-term Management Plan	• Propelled by the tailwind of growing environmental awareness, Hulic will develop buildings with high environmental performance by promoting the reduction of CO2 emissions at owned properties to net zero, establishing competitive advantage and gaining development profits
Environment-related business: Energy Costs	Renewable energy is costly compared to thermal power	With the introduction of carbon pricing, renewable energy costs will become cheaper compared with that of thermal power generation	• Renewable energy costs are falling, while costs from thermal power sources are increasing • Opportunity to increase profits by promoting the development and use of renewable energy equipment to reduce CO2 emissions from owned properties to achieve net zero emissions

*Stages I, II, and III: displays progress in stages.

Conclusion:

- We concluded that we will be able to continue improving our corporate value through risk mitigation by flexibly evolving our business model based on current Medium-and Long-term Management Plan against social transformation towards decarbonization by leveraging our motto of "Driving Innovation and Accelerating Progress."
- In addition, as valuations increase for environmental initiatives for owned properties, we will build a competitive advantage in the leasing and development businesses. Furthermore, for the environment-related business field, we will seize opportunities in providing new products and services.

[Risks]	Some policies and regulations have been effected or announced		Extensive regulations have been effected
	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
Evaluation on financial impact of climate change	None	Medium	Minimal
<ul style="list-style-type: none"> • Policy/regulation compliance • Cost of development and renovation of environmentally friendly building • Asset value and rents of environmentally friendly building 	<ul style="list-style-type: none"> • Same as Medium-and Long-term Management Plan (no additional policies or regulations applied) 	<ul style="list-style-type: none"> • Transitional period where investment began to comply with the announced but not effected additional policies and regulations • The investment costs of developing and renovating environmentally friendly buildings are heavy <ul style="list-style-type: none"> - Construction costs and energy expenses remain high - Asset value and rents of environmentally friendly buildings have not increased and differentiation by environmental performance is not yet apparent 	<ul style="list-style-type: none"> • Buildings are becoming ZEB-compliant as part of global decarbonization, so a flexible response to environmental changes is the key to risk mitigation • Delays in responding to environmental issues are more likely to lead to litigation, damage to reputations, downgrades, and may drive investors away, however none of these are applicable to Hulic as we have taken environmental responses

[Opportunities]	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
	Evaluation on financial impact of climate change	None	Minimal
<ul style="list-style-type: none"> • Strengthening real estate portfolio • Energy cost • Competitive advantage of environmentally friendly buildings • Environment-related business 	<ul style="list-style-type: none"> • Same as Medium-and Long-term Management Plan (no additional policies or regulations applied) 	<ul style="list-style-type: none"> • Same as Medium- and Long-term Management Plan • Improved business potential for the development and use of renewable energy power generation equipment 	<ul style="list-style-type: none"> • Propelled by the tailwind of growing environmental awareness, social transformation progresses • Establish competitive advantage of buildings with high environmental performance and increase profit opportunities • Increase social evaluation and investor preference for Hulic as we work toward decarbonization by leveraging the progress of technological innovations and reduced renewable energy costs

Financial impact matrix

Impact Classification	Ratio to Consolidated Ordinary Income	Amount / Year
Large	30% or higher	JPY 30 billion or more
Medium	15% or higher, less than 30%	JPY 15 billion or more, less than JPY 30 billion
Small	5% or higher, less than 15%	JPY 5 billion or more, less than JPY 15 billion
Minimal	Less than 5%	Less than JPY 5 billion

Business as Usual Scenario Physical Risks and Opportunities

Physical risks become apparent as greenhouse gas emissions continue to climb and climate change remains unmitigated. However, the financial impact of climate change has been estimated as "minimal" on the back of a detailed examination of natural disaster risks conducted when properties are developed or

acquired, as well as the mitigation of physical risks through design standards and disaster prevention measures in Hulic properties. Looking at our opportunities, we believe that there will be no financial impact as we do not expect any additional opportunities from climate change.

Maintain current priority area, location policy and portfolio composition by use as described in the current Medium-and Long-term Management Plan

[Risks]:
 • Physical risks, such as natural disasters due to climate change, will become apparent

[Opportunities]:
 • Opportunities up to 2030 have already been incorporated into the Medium-and Long-term Management Plan
 • No additional opportunities pertaining to climate change after 2030 and therefore no financial impact

Conclusion:

- Sea level rise: The assumption that average global sea levels will rise 0.45 to 0.82 m*¹ after 2081 is out of scope
- Temperature rise: The increase in air-conditioning-related costs (costs for improving air-conditioning equipment and utility costs due to rising temperatures) is minimal
- Flood damage (typhoons, torrential rain, floods, inland water, storm surges): Minimal due to measures already taken
- Wind damage (typhoons): Considering past typhoon damage experiences, the impact was determined to be minimal

*1. Compared with 1986–2005 average. Shown as highly likely in the IPCC RCP8.5 scenario

Types of Risk	Risk Event	Risk Scenario	Occurrence	Evaluation on Financial Impact of Climate Change	Basis for Financial Impact Assessment
Chronic Risk	Sea level rise	Average global sea levels rise 0.45 to 0.82 m* ¹ (comparison with the 1986–2005 average in 2081–2100)	Flooded/ submerged	Out of scope of analysis	Not applicable to the time horizon (up to 2050)
	Temperature rise	Japan's temperature rises 1.1 to 3.1 degrees Celsius (2031–2050)	-Increased cost of air-conditioning equipment expansion -Increased energy costs	Minimal	If temperature rises +3.1°C in 2030: • Increase in costs related to air-conditioning equipment expansion: Minimal • Energy cost increases: Minimal
Acute Risk	Typhoons	Number of typhoons approaching Japan decreases or pattern changes There is a strong possibility that the frequency of severe typhoons (category 4 or higher, maximum wind speed 59 m/s or higher) will increase over the southern seas of Japan	Flood damage	Minimal	Damage caused by past typhoons: Minimal
	Storm surge	High tides with a recurrence period of 100 years occurs every year (2050–2070)	Flood damage	Minimal	Implementing countermeasures for flood damage
	Torrential rain	Increased frequency of short-term heavy rainfall in all regions and seasons	Flood damage	Minimal	Implementing countermeasures for flood damage
	Floods	Frequency of flooding quadruples (2100)	Flood damage	Minimal	Implementing countermeasures for flood damage
	Inland waters	The frequency of inland flooding increases in proportion to increase in torrential rains	Flood damage	Minimal	Implementing countermeasures for flood damage

Risk Management

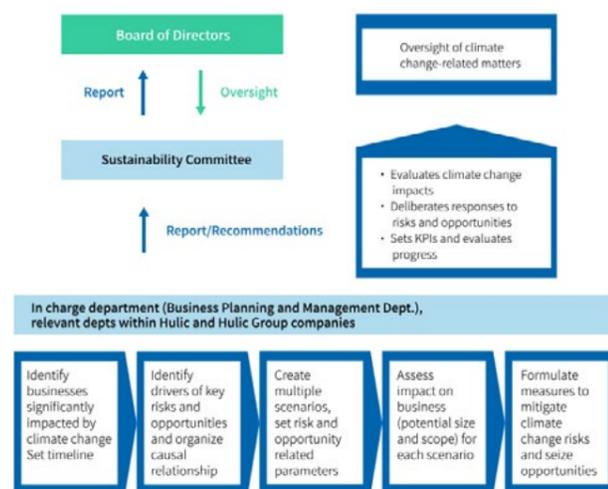
Matters related to climate change, including risk management, are centrally deliberated and coordinated by the Sustainability Committee, which is chaired by the President and Representative Director, under the oversight of the Board of Directors.

Mechanism for Identifying and Assessing Climate Change Risks and Opportunities

The Business Planning and Management Department, which is in charge of matters related to climate change, leads the identification of risks and opportunities and monitors the effects of climate change in conjunction with related departments within Hulic and Group companies. In addition, appropriate measures are considered and reports and recommendations are submitted to the Sustainability Committee at least once a year.

The Sustainability Committee deliberates and evaluates the reported impacts of and recommended responses to climate change. Risk assessments are reported at least once a year or as needed to the Board of Directors, along with other climate change matters deliberated and coordinated by the Sustainability Committee.

The Board of Directors receives reports from the Sustainability Committee on climate change matters, including the risk management status and response, and oversees the efforts to address issues and the targets set.



Mechanism for Managing Climate Change Risks

The Business Planning and Management Department, which is in charge of matters related to climate change, engages in planning, proposals and management related to climate change, including the process of identifying and assessing the impact of climate change, the mechanism for managing identified impacts and the mechanism for their integration into Group-wide risk management. The Department also submits reports and recommendations to the Sustainability Committee and promotes Group-wide responses to climate change. It also plays a role in integrating the impact of climate change into Group-wide risks by submitting reports and recommendations when necessary to the Risk Management Committee regarding the identified impacts of climate change.

The Sustainability Committee deliberates and evaluates the reported impacts of and recommended responses to climate change. In addition, deliberations and coordination are made to adapt to climate change, including the formulation of policies and strategies

for minimizing the identified risks and reflecting them in planning, budgets and targets. The status and response to risk management deliberated and coordinated by the Sustainability Committee is reported, along with other agenda items, at least once a year or as needed to the Board of Directors.

The Risk Management Committee meets regularly to evaluate reports and recommendations from each risk management department, discuss Group-wide risks and take appropriate measures, and reports to the Board of Directors. When there are reports or recommendations regarding the impact of climate change, the Risk Management Committee will determine appropriate measures from the perspective of Group-wide risk management.

The Board of Directors receives reports on climate change risk management and responses from the Sustainability and Risk Management Committees, and oversees such risk management and responses.

Organization/Department	Function
Board of Directors	<ul style="list-style-type: none"> Receives reports on climate change risk management and responses from Sustainability and Risk Management Committees, and oversees such risk management and responses
Sustainability Committee	<ul style="list-style-type: none"> Deliberates and evaluates the reported impacts of and recommended responses to climate change Deliberates and coordinates in order to adapt to climate change, including the formulation of policies and strategies for minimizing the identified risks and reflecting them in planning, budgets and targets The status and response to risk management deliberated and coordinated by the Sustainability Committee is reported regularly and as needed to the Board of Directors
Risk Management Committee	<ul style="list-style-type: none"> Determines appropriate measures from the perspective of Group-wide risk management and reports to the Board of Directors
Business Planning and Management Department	<ul style="list-style-type: none"> Engages in planning, proposals and management related to climate change, including the process of identifying and assessing the impact of climate change, the mechanism for managing identified impacts and the mechanism for their integration into Group-wide risk management Promotes Group-wide responses to climate change Submits reports and recommendations to the Sustainability Committee and Risk Management Committee

Metrics and Targets

Key Performance Indicators (KPIs)

Hulic identifies materiality and the Sustainability Committee sets key performance indicators (KPIs) for each materiality and evaluates progress by reviewing results. Climate change KPIs, results and progress assessments are as follows.

KPIs	Specific Targets	Coverage	2020	Assessment		Major related SDGs
				⊙:achieved	○:progressed	
CO ₂ emission* ¹ reduction target	Reduce CO ₂ emissions (The base year: 2013) 40% by 2025 45% by 2030 100% by 2050	156 major properties* ²	27% reduction	○		7 AFFORDABLE AND CLEAN ENERGY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
RE100 achievement rate* ³	4% in 2021 30% in 2022 35% in 2023 70% in 2024 100% in 2025	Electricity used in Hulic Group business activities	0.5%	○		11 SUSTAINABLE CONSUMPTION AND PRODUCTION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Number of times the Sustainability Committee engaged in climate change monitoring	One or more times annually	Hulic Co., Ltd.	1 time	⊙		13 CLIMATE ACTION, 17 PARTNERSHIPS FOR THE GOALS
Number of Environmental Advisory Council held	One or more times annually	Hulic Co., Ltd.	1 time	⊙		

The following are managed as other related indicators.

Related Indicators	Related KPI	Specific Numerical Values and Targets
Annual generation of renewable energy	RE100 achievement rate* ³	Approximately 60 GWh (annually)
Amount of investment in renewable energy generation facilities	CO ₂ emission* ¹ reduction target	Approximately JPY 60 billion (cumulative amount by 2030)

We are revising our related KPIs as we have brought forward the target years of net zero CO₂ emissions and RE100, respectively from our initial plans.

*1 The reduction rate is calculated by comparing CO₂ emissions intensity in 2013 as the base year.

*2 The boundary of properties is the buildings in which the Company's share of the total floor area is 50% or more (excluding residential use and real estate for sale). This includes properties for which we do not have energy management rights. Energy consumption included are electricity, city gas, heat, and regularly used A fuel, kerosene and LPG. We have aggregated equivalent of the Company's share of the total floor area for the shared ownership properties. CO₂ emission intensity is calculated by using the aggregated floor area of the properties in the boundary as the denominator.

*3 Targets are set according to the amount of power generated by Company-owned non-FIT solar photovoltaic equipment during the target year divided by the total amount of electricity used at the Hulic head office building and on the floors occupied by Group companies in one year (an estimate of final target year).

Rationale for each KPI

CO₂ Emission Reduction Target

In accordance with Hulic's long-term vision for the environment, we established medium- to long-term targets for climate change to reduce CO₂ emissions from all Company-owned lease properties*¹ to net zero by 2030. Hulic believes that it is important to take actions to combat climate change by reducing CO₂ emissions in Scope 1 and 2 as well as throughout the value chain.

In addition to utilizing environmentally friendly technologies in our properties and reducing energy consumption by promoting energy conservation, we will invest a total of approximately JPY 60 billion in developing photovoltaic power generation that does not use the FIT system*², and small hydroelectric plants. Hulic entered the photovoltaic business using the FIT system in 2012, and in 2020, we started developing photovoltaic equipment that does not use the FIT system (non-FIT), as well as developing small

hydroelectric plants. Electricity derived from non-FIT renewable energy generated by Hulic-owned power sources will be supplied to our properties by Hulic Property Solutions, a Group company retail electricity supplier (Power Producer and Supplier, "PPS"). We plan to only use renewable energy sourced electricity generated by Hulic-owned power sources to supply approximately 310 GWh (an estimate in 2030) of all electricity used annually by our properties. When this target is achieved, electricity-derived CO₂ emissions will become net zero for tenants in our properties.

We recognize, that going forward, the growing importance of taking actions against climate change through CO₂ emission reductions across the entire value chain, along with the reduction of electricity-derived CO₂ emissions from our Group through the achievement of RE100.

*1 Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which we do not manage energy, and real estate for sale.

*2 A feed-in tariff (FIT) system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government. FIT electricity is not considered 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 the 100% goal with FIT electricity is not considered RE100 by definition.

RE100 Achievement Rate

RE100 stands for “Renewable Electricity 100%,” a global initiative aimed at using only renewable energy as the source of electricity used in business activities.

Hulic joined RE100 in 2019, and in 2020, started to develop photovoltaic equipment that does not use the FIT system (non-FIT). Electricity derived from non-FIT renewable energy generated by Hulic-owned power sources will be supplied by Group company

retail electricity supplier (PPS), Hulic Property Solutions, to buildings occupied by Group companies. We plan to provide all of the approximately 60 GWh of electricity used annually by Group companies from Hulic-owned renewable energy sources by 2024, and in order to achieve that goal we set progress target for each fiscal year as a milestone. When RE100 is achieved in 2024, Hulic Group’s electricity-derived CO₂ emissions will become net zero.

Number of times the Sustainability Committee engaged in climate change monitoring and number of Environmental Advisory Council held

We have set the above as KPIs with the aim of confirming the operational status of corporate governance related to climate change.

Organization	Confirmation of operational status
Sustainability Committee	<ul style="list-style-type: none"> Evaluates the impacts of climate change on business, and takes steps to mitigate identified risks and generate opportunities Sets KPIs for sustainability, including climate change, reviews performance and manages progress
Environmental Advisory Council	<ul style="list-style-type: none"> Top management directly discuss and receive advice and suggestions from external advisors on our initiatives related to environment including climate change

Total Energy Consumption and CO₂ Emissions

Total energy consumption and CO₂ emissions were as follows. Please visit the Hulic website for details regarding the calculation

criteria for Scope 1 and 2 emissions as well as Scope 3 emissions throughout the entire value chain.



	2013 (the base year)	2016	2017	2018	2019	2020
Total energy consumption (GJ)	1,168,688	1,339,691	1,587,269	2,191,667	2,489,021	2,140,340✓
Scope 1 (total)	25,202	47,951	51,942	68,627	91,505	85,395
Scope 2 (total)	1,143,486	1,291,740	1,535,327	2,123,040	2,397,517	2,054,946
Total energy consumption intensity (GJ/m ²)	1.7	1.4	1.5	1.7	1.6	1.6
CO ₂ emissions (t-CO ₂)	66,552	68,926	80,028	103,338	110,163	95,477✓
Scope 1 (total)	1,266	2,154	2,332	3,196	4,532	4,593
Scope 2 (total)	65,287	66,772	77,697	100,142	105,631	90,883
CO ₂ emissions intensity (kg-CO ₂ /m ²)	96.8	73.8	78.0	79.7	72.1	70.6✓
Total floor area (m ²)	687,756	934,243	1,025,891	1,295,832	1,528,972	1,351,869
Number of properties that are in the boundary	115	129	149	161	164	156
Energy consumption included	<ul style="list-style-type: none"> •City gas •A fuel oil (regular use) •Kerosene (regular use) •LPG (regular use) •Electricity: includes properties for which Hulic does not have energy management rights •District Heating and Cooling (DHC) 					

Other Related Indicator

Related Indicator	Related KPI	Result (kWh)
		2020
Annual generation of renewable energy	RE100 achievement rate	283,759

Notes
Total energy consumption, CO₂ emissions (total of Scope 1 and Scope 2) and CO₂ emissions intensity (kg-CO₂/m²) in 2020, which are marked with ✓, have been assured by an independent third-party assurance provider.

We do not track greenhouse gas emissions other than CO₂ because they are considered to be extremely limited due to the nature of our business. For gases other than CO₂, within the emission levels (CH₄, N₂O, HFC/PFC, SF₆) stipulated in the GHG Emissions Accounting, Reporting, and Disclosure System (Act on Promotion of Global Warming Countermeasures), Hulic manages the amount of permissible leaks as an administrator based on the Act on Rational Use and Proper Management of Fluorocarbons. Note that we do not report or disclose this data as the amount of leaks is below the reporting standards.

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The Social Initiatives start from the next page.

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 FY2020》 100% Properties Meeting Hulic's Earthquake-resistance Standards Customer satisfaction: 96.4%

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 developer in Japan as it is one of the countries where earthquakes most frequently occur. To ensure continuity for our customers and our business operations in the buildings we provide—so that tenants can conduct social activities with peace of mind—we have established in-house earthquake resistance standards. Our earthquake-resistance standards ensure building performance that can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of seven. Our

standards, stricter than those in the Building Standards Act, are adopted for all the buildings we develop and reconstruct, including offices, commercial facilities, hotels, Japanese-style inns, residential homes, and others.

Furthermore, we plan to develop another 100+ properties with the in-house earthquake resistance standards during the current Medium- and Long-Term Management Plan which ends in 2029. Along with environmentally friendly features including net zero CO₂ emissions, we aim to provide safety and peace of mind to our customers by securing earthquake resistance of our properties.

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

We diagnosed the earthquake resistance of all our properties 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.



Seismic reinforcement using steel brace (Takagicho Center Building)

Proactive Adoption of Earthquake-absorbing and Earthquake-damping Structures

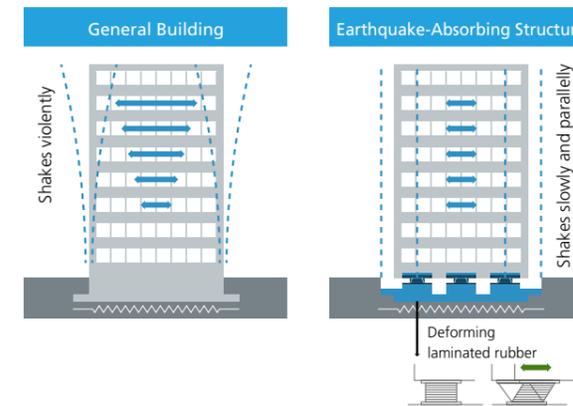
In order to protect human life and functions of facilities from large scale earthquakes, we have imposed high seismic capacity on newly constructed buildings. With the aim of protecting customers' lives and contributing to business continuity, we have proactively adopted an earthquake-absorbing or earthquake-damping structure which is effective at ensuring a high seismic capacity, in addition to other methods to improve the seismic capacity.



Earthquake-absorbing equipment

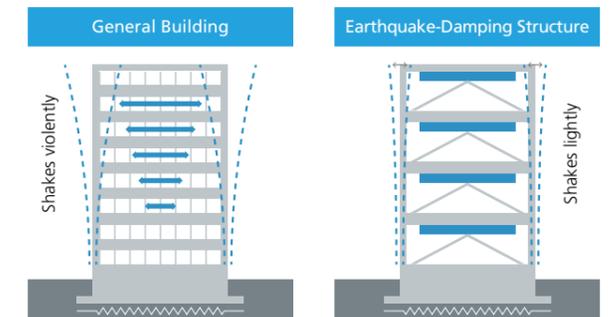
Earthquake-absorbing Structures

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 as a general building structure. 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. We actively introduce this structure to office buildings.



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 an 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 sinking. According to the liquefaction map issued by the government, it was found that eight buildings owned by the Company were located on ground

with possible liquefaction. However we concluded that these buildings were not significantly affected by liquefaction due to the fact that the planning of appropriate building foundations befitting the sites.

Measures against Water Damage

When electric facilities are damaged by floodwater, the supply of power, which is essential for the use of a building, can stop for an extended period. We investigate the status of buildings with power receiving and transforming equipment and private power generators that are installed in floors expected to be submerged

in a flood, and examine application of flood control measures to take necessary measures as needed in preparation for localized heavy rains caused by climate change and tsunamis caused by earthquakes.

Efforts toward the Improvement of Customer Satisfaction

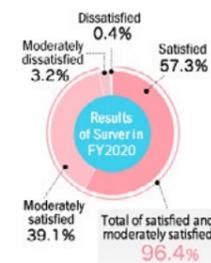
As office buildings, stores, and residences owned by Hulic serve as the infrastructure for customer's social activities, we are aiming to constantly improve their quality under the philosophy of providing customers safety, peace of mind and convenience. In order to satisfy all customers using buildings 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.

Customer Satisfaction Survey

We conduct an annual customer satisfaction survey for tenants of Hulic's properties. Survey items include matters concerning building hardware and software, and things customers have noticed while using our buildings on a daily basis. We carefully go over the customer responses, and then take steps to identify customer needs and make improvements accordingly. In the survey 60 conducted in 2020, we continued to receive high ratings with a satisfaction level of 96.4% (in 2019, 98.1%). We believe the

results has mainly reflects our planned facility reinforcement and quick response to the matters requested by customers. Furthermore, the persons in charge responded or replied to customers' requests and opinions after the survey.



Initiatives for Providing Healthy and Comfortable Spaces

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.

Collaborating and Cooperating with Business Partners during and after Disasters

In the event of a disaster, we have introduced an Internet-based safety confirmation system for swift confirmation of the state and to share information with building management companies. We

also concluded contingency agreements with the construction company of building concerning restoration and recovery, enabling collaboration and cooperation in the event of a disaster.

Introduction of an Indoor Air Quality Improvement System using Composite Ceramic Functional Materials

Hulic is working to improve indoor air environments and to promote the adoption of technologies from Shinshu Ceramics Co., Ltd., a company with unique technologies. HEPA filters incorporating Shinshu Ceramics' proprietary earthplus™ material adsorb 99.9% of and decompose bacteria and virus particles floating in indoor air. To prevent the spread of infectious diseases in facilities for seniors, we have combined HEPA filter units using

earthplus™ material with humidifiers that optimally maintain indoor humidity when using indoor heating. The goal is to develop a new indoor air improvement system that can be installed in ceilings, which we plan to integrate into a nursing home currently under construction. In the future, we will promote using these units in our development projects, with the aim of realizing facilities that give more consideration to the health of residents.

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.



Management status reporting meeting with property management companies

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.

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 Future Growth Businesses toward Resolving Social Issues

Hulic views social issues as business opportunities and works together with stakeholders to resolve them. We do this as a Company that grows with society, and that realizes the creation of new value and the resolution of social issues. In addition to businesses related to senior citizens, tourism, and the environment,

we are engaged in agribusiness, children's education, and Bizflex (flexible office spaces).



TOPICS

Shibuya PARCO-Hulic Building received Good Design Best 100 Award for fiscal 2020 (issued by Japan Institute of Design Promotion)

Shibuya PARCO-Hulic Building, a shared ownership building completed in October 2019, was redeveloped making use of the Special Zone for Urban Regeneration System. Hulic owns the office part of the building. The three-dimensional street that runs around the outside of the building has been highly praised for creating an experience akin to walking around the city, etc., even though it is only part of a building. This resulted in the building receiving a Good Design Best 100 award in fiscal 2020.



Hulic JP Akasaka Building received highest rank of "S" in CASBEE-Wellness Office* certification (issued by Institute for Building Environment and Energy Conservation)

Hulic JP Akasaka Building, jointly developed by Hulic and Japan Post Real Estate Co., Ltd., was completed in November 2020. Based on the concept of "a wellness space for working people," we focused on creating a better working environment for office workers. The building uses plentiful natural materials and has a facade of greenery walls, a rooftop garden as a space to rest and relax, and wooden benches and wooden shelves arranged in a spacious 3.8 meter-high entrance hall complete with a full wooden ceiling.



* Comprehensive Assessment System for Built Environment Efficiency (CASBEE) assesses the specifications, performance, and initiatives of buildings that support the health and comfort of building users, factors that contribute to intellectual productivity improvement, and the performance of safety and security.

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 FY2020》 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 provides 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 regarding 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.

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

- **Quick confirmation of the extent of the damage**
(internet of a system to confirm safety and using the internet)



- **Response Aimed at Recovery of Operations Contingency Agreements**



[Framework for collaboration and cooperation with construction companies]

We have concluded contingency agreements with major construction companies under which they agree to cooperate

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.**
- 2. We will respect the fundamental human rights of all people.**

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.

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.

Initiatives for PPP project

Hulic promotes the creation of social and economic values through Public Private Partnership (PPP) projects from the viewpoint of not only real estate business but also addressing social needs and challenges.

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.



Initiatives for Employees Human Capital Management

Fundamental Approach

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

《Results in FY2020》 Number of additionally obtained qualifications by employees: 29

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. Our Ordinary Income per employee is over JPY500 million. We believe that this figure reflected our status as top-notch among the listed companies in Japan boasting excellent productivity. To ensure we remain a group of professionals, we place particular emphasis on human resources development. We have been encouraging employees to obtain qualifications, and the list

of our professional staff included first-class architects, real estate appraisers, lawyers, certified accountant and others.

In order to create a highly productive organization, we place priority to unbiased 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.

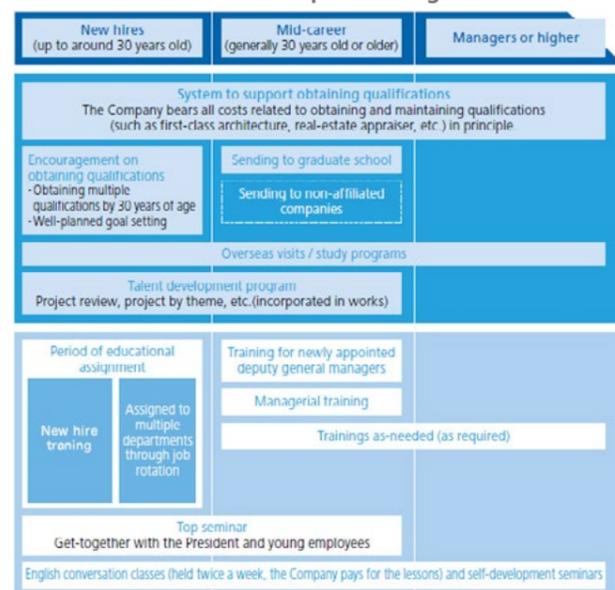
Initiatives to Create a Small Group of Elite Professionals

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 obtaining qualifications by sharing the common view on professional development.

In addition, we are creating motivating work environment to employees to boost motivation including posting new hires to on-the-job training and providing employees with opportunities so that they can constantly develop new business ideas and take on challenges. We have introduced an "elective training" system that allows employees in their second to third years to select what training to take from FY2021.

Overview of Talent Development Programs



Providing High Level of Fringe Benefits

Since Hulic maintains a small workforce of elite professionals, we believe that it is important to give back to stakeholders, including employees, as the Company grows. This commitment to giving back to employees 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, making it easy to communicate within the Company.

Specific methods for communication include:

- **President's Message:** The president communicates company-wide developments in a message sent out to all employees every month. This allows us to understand company philosophy and developments throughout the Company.
- **Top Seminar:** Social gatherings with the president are held once a month for approx. 10 employees under the age of 40.
- **President Survey:** We conduct a survey twice a year that allows all employees to share their thoughts directly with the president. The President provides responses to the various opinions delivered by employees who completed the online questionnaires. Information from questionnaires on various businesses and in-house systems have been incorporated into management decision-making and used to make improvements. Supervisors regularly conduct interviews with employees to confirm their goals and expected roles, and to evaluate performance.
- **Career Development Interviews:**
- Information is provided on the Company intranet, as needed.

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 for undergraduate and graduate students at the Head Office Building (or online), intended for understanding of the real estate industry. 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. 60 students participated in FY2020.

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 FY2020》 Usage rate of paid leave: 75.5% ✓
 *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.

Support Raising Next-generation Children 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*

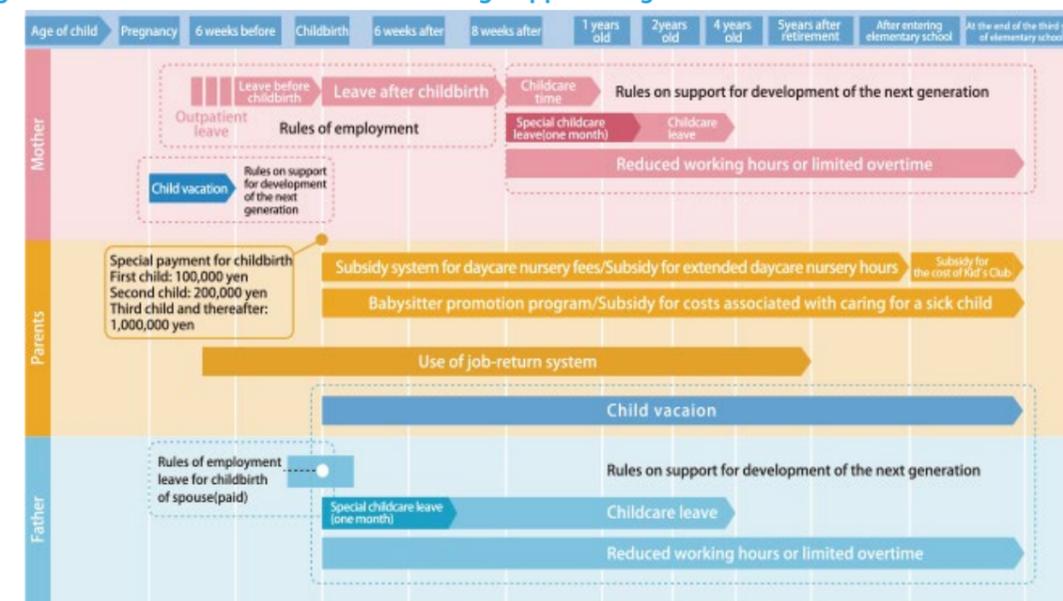
of neighboring residents, with the intention of contributing to reducing the number of children on nursery waiting lists in the local community.



*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	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	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	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	Depending on necessity, employees can apply for staggered work hours for reasons such as child care.
Job-return system	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)	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	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	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 head office building	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	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	Up to 50,000 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.)	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 one-hour increments.
Work from home system	Possible to work from home for the purpose of childrearing or nursing care and this system can be used in full days or half days.
Leave for childbirth of spouse	Possible to take a day off in the case of childbirth of spouse (paid).
Next-Generation Support (Infertility Treatment)	•Subsidizes 50% of treatment costs excluding subsidies from municipal governments or other sources. •10-day special leave (paid) can be taken for treatment in addition to paid leave in one-hour increments.
Other support programs including support for employees during maternity leave and upon their return to work	Employees can use the internet-based "Childcare wiiwiw 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 wiiwiw Inc. Representative services are described below. •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).



Diverse Work Styles

We are promoting the development of environments and system designs aimed at realizing diverse work systems so that each employee can make the most of his or her abilities. We had already introduced a work from home system and staggered office hours system for employees providing childcare and nursing care prior to the

pandemic, and after 2020, we expanded eligibility for these systems as part of our flexible response against the spread of COVID-19. We also launched a DX Project Team and started to consider specific measures. We will take measures such as taking surveys from employees as needed on issues that come to light.

Diverse Work Styles

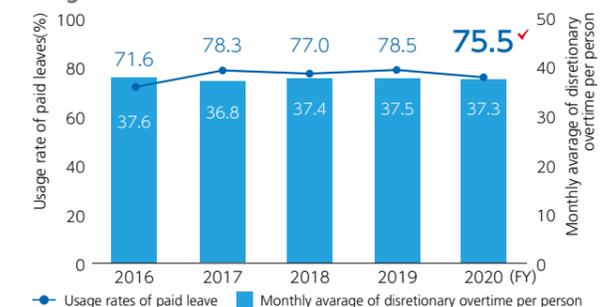
- Work from home*
- Staggered office hours*
- Online conferencing

*These were originally intended for employees providing childcare and nursing care, but we expanded eligibility in 2020 to help preventing the spread of COVID-19.

Work Style Reform

- Improving the Efficiency of Business Processes and Internal Promotion
We check the usage status of paid leave and implementation status of No Overtime Day as appropriate, in addition to create a holiday calendar for each employee, and hold discussions on working style at each department. In addition to accurate time management using system logs, etc., 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 internal promotion according to guidance and advice through the Health Committee. As a result of various initiatives, the usage rate of paid leave remained high in 2020.
- 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.
- 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 "My Friday"
We encourage employees to take a half day off on Friday afternoon once a month.
- Morning Work (Staggered Working Hours)
Following the initiative led by the government to promote changes in lifestyles with the arrival of summer, Hulic encourages employees to arrive at work one hour earlier than usual between May and October.

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. The number of days carried over in the year are excluded.

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.	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	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	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	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

Every year since 2013, we have held the Hulic head office tour for our employees and their families. 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 conducted in 2019, 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. The Hulic head office tours have been cancelled in 2020 and 2021 to help preventing the spread of COVID-19.



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. As part of these initiatives, the nursing care paid leave was changed to enable paid time off in one-hour increments from the beginning of work hour and throughout the day until the end of work hour.

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 total of two years.)	Employees such 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.)
Days off for family care	Can be taken on daily or hourly for nursing care and other care of the target family (paid leave)	-	10 days can be taken regardless of the number of target family members (10 days can be taken in one-hour units)
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.	Those who have less than two working days per week, etc.	No restrictions on the number of times of use or time of use.
Reduced working hours of family care	Employees may set days-off up to two days a week.	Those who have less than two working days per week, etc.	-
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.	-	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.

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 FY2020》 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

2021 Certified Health & Productivity Management Outstanding Organization (Small and Medium-sized Enterprises Category)

Hulic was certified as a Health & Productivity Management Outstanding Organization in 2021 for the third 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

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	2020
91.0%	97.1%	95.7%	94.7%	94.7%

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.

Health and Productivity Management Training

Hulic provides ongoing occupational safety and healthcare promotion training to raise awareness of safety and health among all employees. In 2020, we conducted in-house training (by video) to improve health literacy.

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 2020 was zero and no accidents that require time off from work or fatal accidents

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.

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. Furthermore, in 2020, the range of no-smoking hour settings has been expanded.

Complimentary breakfast, lunch and beverages (health-oriented diet)

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).

- Attendance: Mandatory for managers or higher (however, all employees can attend)
- Number of participants: 117 (the number of respondents to questionnaires by managers or higher)

occurred in five 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.

Further, no fatal accidents have occurred in the past three years among contractors or at other companies involved in our real estate development. 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 FY2020》
- Ratio of female managers: **23.9%**
 - Number of seminars provided by the Diversity Promotion Project Team: **1time**
 - Employment ratio of persons with disabilities: **6.71 %** ✓ (Hulic) **2.34 %** ✓ (Hulic and its Group companies)

*The figure 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.

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.

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.



Manabu Yoshidome

President,
Representative Director

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 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. Furthermore, in FY2020 we disseminated information related to the Hulic Human Rights Policy throughout the Group to raise awareness and understanding. We also provided compliance trainings on themes such as preventing the abuse of power.

*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.

In 2020, a video training session was held in lieu of in-person seminar session to help prevent the spread of COVID-19. We also discussed encouraging male employees to take childcare leave.

Promoting Female Empowerment

Hulic promotes diversity management because we believe diversity is essential for providing opportunities regardless of gender, and to this end, we are strengthening efforts to develop careers for women in particular. The Diversity Promotion Project Team (formerly the Women's Career Promotion Project Team) has been conducting activities regularly since 2010. 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.

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, but in 2020, to help prevent the spread of COVID-19, the event was cancelled. Hulic has set target ratios of female managers with the aim of becoming a company in which women take on active roles. We provide follow-up trainings to all employees to raise awareness of our approach. In FY2020, the ratio of female managers was 23.9%, achieving the KPI target of 20% by 2020. Going forward, we will promote initiatives toward achieving new goals: 25% female managers by 2024 and 30% by 2029.

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.

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	<ul style="list-style-type: none"> ● 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.



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 such as race, religion, or nationality, and regardless of gender. The total number of employees newly hired in 2020 (the total number of new

graduates and experienced individuals) was 19 (male: 13, female: 6); the proportion of women was 31.5%. 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, and in 2020, we achieved 23.9% of the ratio of women in management positions.

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 applicable laws and regulations as well as the Minimum Wage Act.

The average annual salary in 2020 was JPY17,081,986 (including bonuses and nonstandard wages). This was significantly higher than the average annual salary of JPY6,305,000* at 1,803

listed companies for the fiscal year ended March 2020 and the same of JPY7,496,000* in the real estate industry for the same period. In this way, we provide employees with compensation that exceeds their living wages, which is competitive when compared with the domestic and industry labor markets.

*Source: TOKYO SHOKO RESEARCH, LTD.

Promoting Employment of Persons with Disabilities

The Hulic Sugunami Office had their 13th anniversary, and as of June 2020, our employment rate of persons with disabilities was 2.34%✓ Group-wide and 6.71%✓ on a non-consolidated basis. Currently, ten employees with disabilities, instructors with experience in coaching, and a chief administrator are working at the Hulic Sugunami Office, where they carry out operations, such as the dispatch of direct mail. We were rewarded as an "Excellent Office for Employing Persons with Disabilities" award in 2013 for active employment and frequent Sugunami Office visits by the president, which helped to accelerate creating a sense of unity between the headquarters and the

Sugunami 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.



The Hulic Sugunami Office

Employment System for Seniors

We have introduced a reemployment program for seniors in accordance with the Act on Stabilization of Employment of Elderly Persons. Under this program, we rehire any employee that has reached the retirement age but who wishes to continue working until the age of 65. We offer staggered commuting and half-day leave for rehired employees and have facilitated environment comparable to active employees with leave and absence systems. We expect abundant knowledge and expertise that the senior rehires possess to be inherited through communication and

interchange with younger employees. In addition, in order to get a head start on compliance with the Amended Act on Stabilization of Employment of Elderly Persons, which came into effect in April 2021, we established a new system in January 2021 that provides opportunities for motivated and capable employees between the ages of 65 and 70 to work at our company (a "specified commission" system that extends the continued employment period to 70 years old).

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.

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.

In 2020, as part of compliance training for all employees, we conducted training on the theme of preventing the abuse of power. In addition, we invited an outside lecturer and provided training for officers and department managers in relation to preventing the abuse of power.

Human Capital-related Data

We appropriately manage personnel performance data and disclose information.

		2016	2017	2018	2019	2020
Number of employees (person)(non-consolidated)	Male/Female	109/40	112/44	114/52	124/57	122/62
	Total	149	156	166	181	184
Number of employees (person)(consolidated)		836	862	936	1,878	1,934
Average annual salary (JPY million)		14.1	15.3	16.3	17.6	17.0
Average service period (years)	Male/Female	5.4/5.0	4.8/5.3	5.1/5.4	5.6/5.8	5.8/6.3
	Average	5.3	4.9	5.2	5.7	6.0
Average age (years)	Male/Female	42.7/33.9	41.9/34.7	42.1/34.9	42.1/35.3	41.3/35.6
	Average	40.3	39.8	39.8	39.9	39.4
Average overtime (hours)		26.2	25.2	25.4	25.4	25.2
New graduates hired (people)		Male/Female	6/3	5/3	4/4	4/4
Mid-career personnel hired (people)		Male/Female	14/5	15/3	8/4	8/1
Retention rate 10 years after hiring (%) ^{*1}		Male/Female	-	-	-	97.2/96.9
Retention rate new employees (%) ^{*2}		Male/Female	-	100/100	100/100	100/100
Number of voluntarily resigned employees (person)			2	2	3	2
Ratio of voluntarily resigned employees (%)			1.3	1.3	1.8	1.1
Number of employees in managerial positions (person)(excluding executive officers)		Male/Female	43/5	57/8	65/12	71/18
Employment ratio of persons with disabilities (%) (non-consolidated)			6.30	6.16	5.74	6.09
Employment ratio of persons with disabilities (%) (Hulic and Group companies) ^{*3}			2.21	2.11	2.41	2.42
Percentage of employees who received medical checkup (%)			100	100	100	100
Rate of paid leaves (%)			71.6	78.3	77.0	78.5
Number of employees who took childbirth leave (person)			0	2	6	12
Number of employees who took childcare leave (person) ^{*4}		Male/Female	6/3	0/2	1/5	7/5
Rate of employees who took childcare leave (%) -Not adjusted for leaves carried over to the next fiscal year- ^{*5}		Male/Female	75/150	0/100	100/100	116.7/83.3
Rate of employees who took childcare leave (%) -Adjusted for leaves carried over to the next fiscal year- ^{*6}		Male/Female	75/150	0/100	100/100	116.7/100
Ratio of employees returning to work after childcare leaves (%)			100	100	100	100
Number of employees with shorter working hours (person)			7	6	3	6
Number of employees who took day off for family care (person) ^{*7}			1	1	5	4
Number of employees who took family care leave (person)			0	0	0	0
Number of employees who took day off for nursing care (day)(absorbed previous nursing care leave) ^{*7}			60	114	86	133
Number of users of the subsidy system for daycare nursery fees (person)			22	31	31	23
Number of employees who took leave to take part in volunteer activities (person) ^{*7}			18	13	12	12
						0 ^{*8}

(note) Figures marked with ✓ have been assured by an independent assurance provider.
 (note) Data covers Hulic Co., Ltd. only (excluding the number of employees (consolidated) and the employment ratio of persons with disabilities (Hulic and Group companies)).
 (note) Figures exclude transfers between Group companies. Seconded staff are included in figures for the number of employees who took childbirth leave, childcare leave, days off for child care, employees with shorter working hours, and the number of employees who took leave to take part in volunteer activities.
 *1 The retention rate for 10 years after hiring are for personnel who joined the Company during or after April 2011.
 *2 The retention rate of new employees are actual results for the most recent three years.
 *3 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.
 *4 Number of employees who took childcare leave : Number of employees who began taking childcare leave during the fiscal year
 - If the acquisition period crosses fiscal years, include the figures for the fiscal year in which the acquisition start date occurs.
 *5 Rate of employees who took childcare leave-Not adjusted for leaves carried over to the next fiscal year- : [Number of employees who began taking childcare leave during the fiscal year] ÷ [Number of employees (or their spouses) who gave birth during the fiscal year] ×100
 *6 Rate of employees who took childcare leave-Adjusted for leaves carried over to the next fiscal year- : [Number of employees who began taking childcare leave during the fiscal year] ÷ [Number of employees who entered the period for childcare leave during the fiscal year] ×100
 *7 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.
 *8 The number of employees who took leave to take part in volunteer activities was nil during FY2020, as participation in volunteer activities was halted to prevent the spread of COVID-19.

Initiatives for Local Communities

Social Contribution as a Company

Fundamental Approach

We value environmental aspects such as environmental consideration and social aspects such as building good relationships with our stakeholders in addition to the economic aspects of earning profits and growing as a company. We work to resolve social challenges and make contribution 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.

Activity Guidelines

- 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.

In line with this Basic Philosophy and Policy for Activities, we make social contributions that provide support in areas that are compatible with our businesses.

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

Global Environment Protection

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

Social Welfare

- Hulic Scholarship Program for training of welfare caretakers
- Employee Match Gift Program
- Donated to Japanese Red Cross Society
- Sponsorship of Kodomono Tame no Shiba-Kikin charity concert for children
- Supported orphans of cancer and childhood cancer patients and their families
- Supported Single-parent Households
- Donated Used Postal Stamps

Support of Culture and the Arts

- Sponsorship of the Hulic Cup Hakurei Championships

and Women's Rank-deciding Shogi Competition

- 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
- Relocation of Shogi Hall

Health, Medicine and Sports

- Support for Japan Para-Badminton Federation
- Support for the Japan Professional Tennis Association

Connection with the Local Communities

- Opened Onsite Childcare Nursery Facilities to Local Community Members

- Donating Books to a Nearby Elementary School
- Hosting Summer Festivals/Donated a portable shrine

Education and Social Education

- Supported Scholarship Program of Kyoto University
- Supported agricultural engineers
- Supported AgriFuture Japan
- Supported Nezu Foundation

Academic and Research Support

- Organized an Idea Competition for Students
- Supporting 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

Contributions and community investments in registered NPOs

Hulic makes contributions to authorized NPOs. In FY2020, we made the following contributions.

Result of Social Donation Activities in FY2020

Organization name	Amount (JPY)
Single Mothers Forum (SMF, an approved specified NPO)	10,000,000
The Japanese Red Cross Society (a specified juridical person)	6,000,000
Musubie (an NPO who supports providing meals to children)	1,400,000
Keidanren Nature Conservation Fund (a public trust)	1,000,000
Total	18,400,000

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)

Note:Occupation, affiliation, title, etc., when symposium was held.

Afforestation

Hulic outsources logging, planting, and weeding activities to forestry cooperatives in an effort to plant the same amount of trees as the standing trees used as building materials for fireproof wooden construction. Approximately 300 m³ of lumber will be used in the construction of a commercial facility (the Ginza 8-chome development plan) for the fireproof wooden construction (hybrid structure combining wooden and steel frame construction) of a property scheduled for completion in October 2021. At the same time, approximately 12,000 cedar saplings were planted (new plantings) across an area of about 4.3 hectares. Over the next five

years, we will continue cutting undergrowth so that the planted cedar saplings will grow healthy.



Donated to the Keidanren Nature Conservation Fund

Hulic values activities that seek to conserve nature and biodiversity. We have been donating to the Keidanren Nature Conservation Fund every year since 2012. The funds we donate are used for projects by private non-profit organizations, 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.

Establishment of Hulic Scholarship Program for Training of Welfare Caretakers

We established the Hulic Scholarship Program for Training of Welfare Caretakers in 2017 in order to support students aiming to be welfare caretakers, and develop human resources engaging in nursing care for the elderly and thus contributing to resolution of social issues related to the advancing aging society. This is a nonrepayable (free) scholarship that aims for an improvement of labor shortage in nursing care.

We have doubled the number of scholarship students from 2020.



Practical training

Scholarship granting ceremony

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.

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 2021, we donated approximately 2,000 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. JOICFP stopped collecting used postage stamps in March 2021. Going forward, we plan to continue

these activities, donating the proceeds instead to the Japan Committee, Vaccines for the World's Children, a certified NPO.



Sorting of used stamps by the sustainability supporters



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 2,900 students have received scholarships, and the total amount awarded exceeds JPY1.8 billion (as of June 30, 2020).

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 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 in 2020 and 2021, respectively, to SMF.



Sponsorship of the Hulic Cup Hakurei Championships and Women's Rank-deciding Shogi Competition

In 2020, Hulic together with the Japan Shogi Association established a new rank-deciding Shogi competition for women, the Hulic Cup Hakurei Championships, with the aim of expanding opportunities for female professional Shogi players. Beyond supporting the arts and culture, we decided to support professional female Shogi players from the perspective of empowering women. The number of the women's championships became eight, the same number as in the male professional Shogi player's championships by establishing the Hakurei Championships in addition to creating the Seirei Championships. The match opportunities for the women professional Shogi players have increased significantly. Rank-deciding matches in the 1st Hulic Cup Hakurei Championship started in November 2020, and the final

seven-match series to determine the title winner is scheduled to be held from September to November 2021.



Press conference announcing the establishment of the Hulic Cup Hakurei Championships and women's rank-deciding Shogi competition (Photograph courtesy of the Japan Shogi Association)

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

Grandmaster Fujii Kisei defending his title for the first time

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. (The event was canceled in 2020 and 2021 due to the COVID-19 pandemic.)



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. (The event was canceled in 2020 due to the COVID-19 pandemic.)

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. (The event was canceled in 2020 due to the COVID-19 pandemic.)



2019 Christmas Festival

Relocation of Shogi Hall

The Japan Shogi Association has decided the policy to relocate to the Sendagaya Center Building, which Hulic is rebuilding. In our aim to contribute to urban development in the Sendagaya area, which has been affectionately dubbed *Shogi Town*, we will develop

the building in collaboration with Shibuya-ku and the Japan Shogi Association. Our plan is to complete construction of the Sendagaya Center Building by 2024, which falls the 100th anniversary year of the association's founding.

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 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 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

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 Nihonbashi, Odenma-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 have continued to hold it every summer since then. The Odenma-cho Ninobu Neighborhood Association is cooperating with us on the day of the event, and many people come, 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 proceeds from the festival has been added to the matching gift program, and the gift money has been provided to authorized NPOs. Moreover, as part of our community contribution activities, we donated a portable

shrine, etc. to the Odenma-cho Ninobu Neighborhood Association to which we belong in 2017. We hope that carrying this portable shrine at the festival will lead to further revitalization and prosperity in the area.

The event was canceled in 2020 and 2021 due to the COVID-19 pandemic.



Donating Books to a Nearby Elementary School

We are active in contributing to the local community. While considering more ways to further deepen our connection with the local community, we learned that classroom libraries were worn out at Nihonbashi Elementary School, which is near our head office building, and in need of replacement. As such, we donated approximately 1,000 new books. We asked the school to choose books that include content related to SDGs and environmental

issues to encourage children to give attention and thoughts to building a sustainable society.



Book donation ceremony

Support for Scholarship Program of Kyoto University

We provide grant scholarships to Kyoto University students through the Kyoto University Fund with the aim of supporting the education of the next generation.

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.

Holding the Eighth Hulic Student Idea Competition on the Theme of Legacy@Sendagaya

We planned this competition as a real estate company with the aim of providing students with opportunities to propose urban development and construction ideas. We received 131 entries for the 8th Hulic Student Idea Competition in 2020. At the second public review (held online to prevent the spread of COVID-19), students enthusiastically presented their ideas, followed by a question and answer session with judges. After consultations among the judges, one winner

of the grand prize, three winners of the excellence award, and six winners of the honorable mention award were selected.



A poster of the event, calling for entries



Second public review, held online (2020)

Supporting Environmental Studies at Kyoto University

Hulic supports studies that have an environmental theme. Currently, we are supporting research at Kyoto University related to the use of wood in construction. This research is closely related to our efforts to build fireproof and other wooden structures.

Furthermore, we are promoting discussions on more ways to use wood through opinion exchanges between the laboratory and our department in charge of environmental technology.

Sponsorship to Support Mainichi Shimbun in Fukushima Relief Efforts

We have been supporting the Ganbappe, Fukushima! event organized by The Mainichi Newspapers Co., Ltd. and Mushu Co., Ltd. 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, people from supporting companies support Fukushima's reconstruction. The event was canceled in 2020 and 2021 due to the COVID-19 pandemic.

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, approximately JPY65,000,000 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

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 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. At present, nine Hulic Group companies are working 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 12th Donation to the Musubie (an NPO who supports providing meals to children)

In 2020, we donated JPY1.4 million to Musubie, a certified NPO whose mission statement is to "help provide meals to children in order to create a society in which nobody is left behind." The organization is working to establish cafeterias for children throughout Japan, creating environments that ensure food security for all children. Specifically, Musubie supports community networks, collaborates with companies and organizations, and conducts studies and research on children's cafeterias. Reflecting

these efforts, the number of children's cafeterias exceeds 3,700.



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
- The 11th Donation (2019): NPO Japan Committee, Vaccines for the World's Children JPY1.5 million, in total

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.

The event was canceled in 2020 due to the COVID-19 pandemic.



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 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. (These have not been used since 2020 reflecting the spread of COVID-19.)

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. (Activities have been suspended due to the COVID-19 pandemic.)



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



Corporate Governance Initiatives

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

Hulic Group recognizes that it is an important business issue to build a corporate governance system with fully functioning internal control, risk management, compliance, and disclosure control.

We intend to sincerely execute business, fulfilling accountability to stakeholders.

- 《Results in FY2020》
- Participation rate in the Board of Directors' Meeting: 99%
 - Number of effectiveness assessment of the Board of Directors: 1 time
 - Number of compliance training sessions: 5 times (4 times for employees and once for officers)
 - Number of Risk Management Committee meetings: 4 times
 - Number of Fund and ALM Committee meetings: 22 times (12 regular meetings and 10 special meetings)
 - 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. We disclose all information required by the Corporate Governance Code.



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

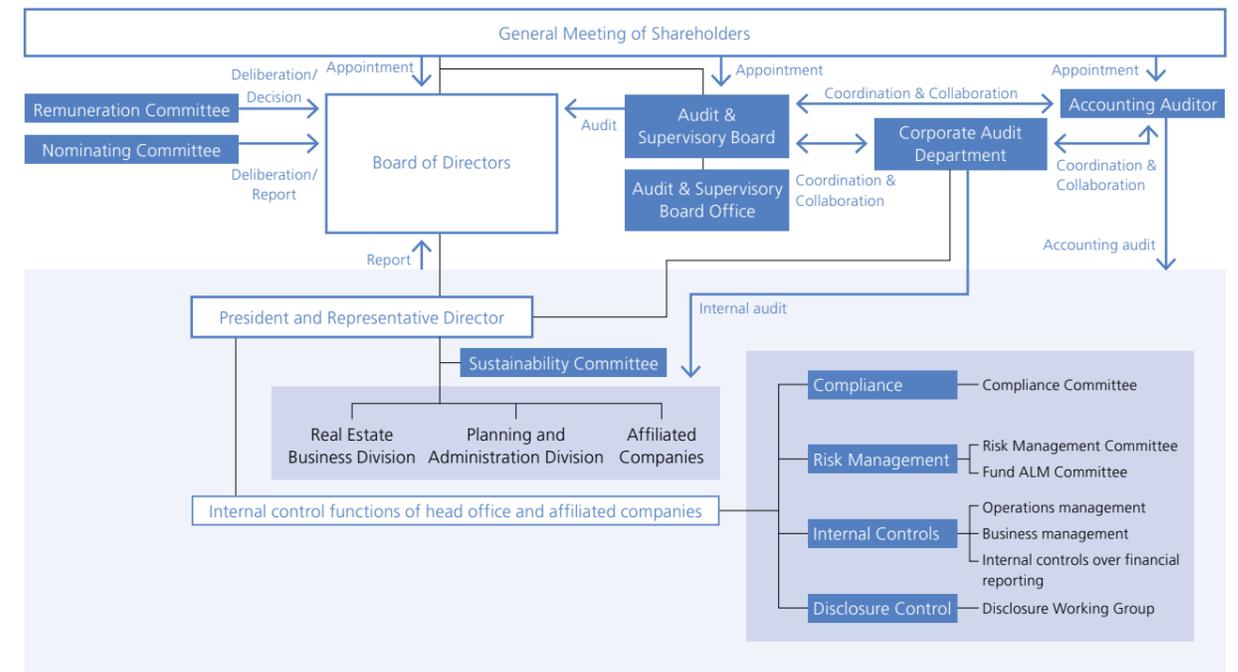
as compliance and disclosure controls. The Group has set the Fundamental Approach for Corporate Governance to meet social demands through prompt and resolute decision-making from medium- and long-term perspectives, with the overall goals of improving corporate value and our purpose.

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, 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 for us.

Diagram of Hulic's Corporate Governance (as of June 1, 2021)



The Company Organization

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.
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.

Managing Officer System

We separate oversight of management by the Board of Directors and business execution by introducing the managing officer system to ensure soundness and efficiency of business management.

Committees

We established four committees to ensure cross-departmental deliberation and coordination on company-wide matters.

Committee Name	Purpose, Matters Deliberated and Coordinated
Compliance Committee	<ul style="list-style-type: none"> Formulation and revision of compliance program. Matters related to information security management.
Risk Management Committee	<ul style="list-style-type: none"> Timely manage and respond to overall risk in accordance with the Basic Rules of Risk Management. Respond to facts occurred.
Fund ALM Committee	<ul style="list-style-type: none"> The basic matters related to ALM. Procurement and investment of funds. Sale, purchase and investment of securities. Matters pertaining to the market risk management and liquidity risk, etc.
Sustainability Committee	<ul style="list-style-type: none"> Initiatives on sustainability and implementation of related activities. Formulation and revision of materiality and related KPIs.

Attendance rate at Board of Directors' meetings, Audit & Supervisory Board meetings, and discretionary committee meetings

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

As of June 1, 2021, there were 14 males and one female members. (The percentage of female officers was 6.7%.)

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	○	-	-	-
President, Representative Director	Manabu Yoshidome	◎	-	-	-
Vice President, Representative Director	Hidehiro Shiga	○	-	-	-
Vice President, Representative Director	Takaya Maeda	○	-	-	-
Director, Senior Executive Managing Officer	Hajime Kobayashi	○	-	-	-
Director, Senior 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	Masahiro Okamoto	-	○	-	-
External Auditor	Koichi Nezu	-	○	-	-
External Auditor	Nobuyuki Kobayashi	-	○	-	-
External Auditor	Kenichi Sekiguchi	-	○	-	-

The chairpersons are indicated with ◎.

Attendance rate at Board of Directors' meetings, Audit & Supervisory Board meetings, and discretionary committee meetings in FY2020

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	100%	-	-	-
President, Representative Director	Manabu Yoshidome	100%	-	-	-
Vice President, Representative Director	Hidehiro Shiga	100%	-	-	-
Vice President, Representative Director	Takaya Maeda	100%	-	-	-
Director, Senior Executive Managing Officer	Hajime Kobayashi	100%	-	-	-
Director, Senior Executive Managing Officer	Tadashi Nakajima	100%	-	-	-
External Director	Tsukasa Miyajima	100%	-	100%	100%
External Director	Hideo Yamada	100%	-	100%	100%
External Director	Atsuko Fukushima	87%	-	-	100%
External Director	Kaoru Takahashi	100%	-	100%	-
Full-Time Audit & Supervisory Board Member	Shigeo Nakane	-	100%	-	-
Full-Time Audit & Supervisory Board Member	Takuya Asai	-	100%	-	-
External Auditor	Koichi Nezu	-	93%	-	-
External Auditor	Nobuyuki Kobayashi	-	100%	-	-
External Auditor	Kenichi Sekiguchi	-	100%	-	-

*Attendance rates are calculated based on the meetings held in January to December 2020.

*Takuya Asai resigned his position as of March 23, 2021.

Executive Officer Nominations

We follow the policies and procedures specified below when nominating candidates for the Board of Directors or the Audit & Supervisory Board.

Policy on Nominating Board of Director and Audit & Supervisory Board Member Candidates

When nominating candidates for the Board of Directors or the Audit & Supervisory Board, in addition to having excellent character and insight and appropriately fulfilling the duty of care, candidates are selected based on their professional experience and expertise as well as the contribution they are expected to

make on improvements to the corporate value from an unbiased perspective. Efforts are made with regard to Audit & Supervisory Board candidates in particular, to appoint at least one candidate with extensive accounting knowledge.

Procedures for Nominating Board of Director and Audit & Supervisory Board Member Candidates

When nominating candidates for the Board of Directors or the Audit & Supervisory Board, reports are submitted to the Board of Directors after deliberation by the Nominating Committee, which is

comprised entirely of independent external directors. The reasons for nominating each candidate are included in General Meeting of Shareholders convocation notices.

Independent External Directors and Independent External Auditors Nominations



Nominating Committee and Remuneration Committee

We have established "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 addition, we made all four external

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 4 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.

directors as members of Nominating Committee and Remuneration Committee to further strengthen governance from 2021 since both committees are highly interrelated.

Remuneration Committee

The Remuneration Committee is appointed by the Board, and deliberates and makes decisions on the matters outlined below.

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 4 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.

Matters pertaining to Policies for Determining the Amount and Means of Calculating Executive Officer Compensation, etc.

Policy for Determining Executive Officer 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. In accordance with a resolution at the 86th General Meeting of Shareholders, a portion of performance-based compensation is allocated to a share-based payment plan designed to give incentives for performing duties, in order to achieve the sustainable

growth of the Company and to enhance corporate value from the shareholders' perspective.

Furthermore, compensation of external directors and external auditors solely consists of basic compensation (fixed amount) in light of their roles and responsibilities.

Moreover, a resolution pertaining to the method for determining executive officer compensation was passed at a Board of Directors meeting held on February 18, 2021.

General Meeting of Shareholders Resolution Details, Determination of Specific Compensation Related to Executive Officer Compensation, etc.

A resolution at the 90th General Meeting of Shareholders stipulates an annual amount of up to JPY900 million (up to JPY120 million for external directors) for Board of Director monetary compensation, with bonus payments paid within that range. Additionally, a resolution at the 85th General Meeting of Shareholders stipulates an annual amount of up to JPY150 million for Audit & Supervisory Board member monetary compensation. A resolution at the 90th General Meeting of Shareholders stipulates a change in Board Benefit Trust (BBT) to a maximum of 250,000 points per fiscal year with regard to share-based payments

for directors (excluding external directors).

When determining specific compensation, the Remuneration Committee, which consists entirely of independent external directors authorized by the Board of Directors, deliberates and makes decisions within the scope of compensation determined by the General Meeting of Shareholders. Further, Audit & Supervisory Board member compensation is determined as a separate system from director compensation within the scope of compensation determined by the General Meeting of Shareholders, in consultation with the Audit & Supervisory Board.

Performance-based Compensation

Director compensation (excluding external directors) includes performance-based compensation, which consists of bonus payments and stock compensation, and basic compensation, which is in addition to performance-linked compensation. Performance-linked compensation accounts for 40 to 50% and basic compensation accounts for 50 to 60% of total director remuneration. Hulic uses the percentage of change in preceding fiscal year consolidated ordinary income as an indicator for performance-based compensation. Our business performance is concisely represented by consolidated ordinary income as it takes into account interest expenses and other nonoperating income,

thus we decided to use the percentage of change in consolidated ordinary income as it is considered to represent a medium- to long-term sustainable increase in shareholder value. Moreover, the total amount of performance-based compensation for directors will not change if the percentage change in the preceding fiscal year's consolidated ordinary income falls below a certain level. The ratio of performance-based compensation in the form of bonuses (monetary portion) to share-based compensation (BBT) is 1:1, and a clawback mechanism is in place that will revoke share-based compensation granted in the past if any misconduct occurs.

Directors/Auditors' Compensation

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)	981	510	235	235	7
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 of Directors implements an annual self-assessment to continuously ensure its effectiveness, implementing pertinent revisions to Board management based on these evaluations. The result of FY2020 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 challenges 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 and discussion 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)-related topics referencing objective indicators with a view to the private sector'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.

Directors, Auditors and Managing Officers (as of April 1, 2021)



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, Ltd., 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, Ltd., Managing Executive Officer
 April 2009 Mizuho Bank, Ltd., 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)

Representative Director, Vice President

4 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 2020 Hulic Co., Ltd., Director (Senior Executive Managing Officer)
 April 2021 Hulic Co., Ltd., Representative Director, Vice President (to date)

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

5 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

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
 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)
 April 2021 Hulic Co., Ltd., Director (Senior 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
 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
 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 Associations, 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)

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 Shoji 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 Masahiro Okamoto

April 1985 Joined The Fuji Bank, Limited
 April 2008 Mizuho Bank, Ltd., General Manager of Iwaki Branch
 October 2013 Mizuho Financial Group, Inc., General Manager of Legal Division
 Mizuho Bank, Ltd., General Manager of Legal Division
 July 2016 Nippon View Hotel Co., Ltd., Full-time Statutory Outside Auditor
 March 2021 Hulic Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)
 Nippon View Hotel Co., Ltd., Auditor (to date)
 TOKYO SOIR CO., LTD., External Director and Audit and Supervisory Committee 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, External 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)
 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)

Managing Officers

Senior Executive Managing Officer

Yasuki Yakabi

Executive Managing Officer

Hiroshi Kitano

Shin Ito

Kazuhiro Noguchi

Hiroshi Hara

Managing Officer

Yoshito Nishikawa

Yoshikazu Nagatsuka

Yasushi Umeda

Mikio Morikawa

Ken Ohta

Kazuteru Miyayama

Yuuji Mutagami Higashi

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)
 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)
 June 2020 Sony Financial Holdings Inc., Outside Director (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
 March 2009 Hulic Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
 October 2011 Japan Arts Council, Auditor
 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)
 April 2021 Shinshu University, Specially Appointed Professor of Faculty of Economics and Law (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)

External Directors and External Auditors

Hulic has four external directors and three external Audit & Supervisory Board members. External directors and Audit & Supervisory Board members provide comments at Board of Directors from a position independent from the execution of business and fulfill management oversight and check functions.

Independent External Directors and Independent External Auditors Nominations

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.

We appoint suitable independent external directors and auditors with excellent backgrounds, experience, and knowledge that fulfill our corporate governance requirements, using the criteria shown below. Furthermore, we maintain the number of independent directors more than one-third of all directors.

- (1) Achieving the sustainable growth of the Company and improving corporate value over the medium- and long-term
- (2) Strengthening management oversight
- (3) Overseeing any conflict of interest among the Company, management, and shareholders
- (4) Effectively relaying, from an independent position, the opinions of shareholders, including minority shareholders, to the Board of Directors

Please visit the Company’s Corporate Governance Guidelines on our website for our criteria for assessing the objectivity of independent external directors/auditors.

External Director Kaoru Takahashi served as Representative Director, Vice President and Executive Officer at Sampo Japan

Insurance Inc. (then Sampo Japan Nipponkoa Insurance Inc.) until March 2015. Sampo Japan Insurance Inc. is a shareholder of Hulic which also engages in transactions such as lending business funds to Hulic. Such relationship is permitted in the criteria established by the Company for determining the independence of independent external officers.

External Audit & Supervisory Board member Koichi Nezu is President of the Musashi Academy of the Nezu Foundation, an organization to which Hulic provides financial assistance to support next-generation education. In view of the nature and scale of the transactions, it has been determined that there is no risk of affecting shareholder and investor decision making.

External Audit & Supervisory Board member Kenichi Sekiguchi served as the Chairman and Representative Executive Officer at Meiji Yasuda Life Insurance Company until July 2013. Meiji Yasuda Life Insurance Company is a shareholder of Hulic which also engages in transactions such as lending business funds to Hulic. Such relationship is permitted in the criteria established by the Company for determining the independence of independent external officers.

Note: Hulic has designated and registered directors Tsukasa Miyajima, Hideo Yamada, Atsuko Fukushima, Kaoru Takahashi, and Audit & Supervisory Board members Koichi Nezu, Nobuyuki Kobayashi and Kenichi Sekiguchi, as independent external officers with the Tokyo Stock Exchange based on the Tokyo Stock Exchange’s rules and regulations.

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 FY2020	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	13 of 15 (87%)	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, Sampo 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 FY2020		Occupation/affiliation, etc.	Reason for appointment	Independent Director
	Board of Directors	Audit & Supervisory Board			
Koichi Nezu	14 of 15 (93%)	14 of 15 (93%)	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.	○

Relationship between supervision and audits by external directors or external Audit & Supervisory Board members and internal audits, mutual cooperation between Audit & Supervisory Board member audits and accounting audits and relationship with the internal control department

External directors receive reports on internal audits, Audit & Supervisory Board audits, accounting audits and internal controls at meetings of the Board of Directors. In addition, external Audit & Supervisory Board members regularly receive reports on audits

from the accounting auditor and the corporate audit department, attend meetings of the Board of Directors and express opinions as necessary.

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

Organization, Personnel and Procedures

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.

Furthermore, 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 of the Company, 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 Activities by Audit & Supervisory Board Members and the Audit & Supervisory Board

Frequency of Audit & Supervisory Board Meeting

The Audit & Supervisory Board meets at an appropriate frequency and actively exchanges opinions on management issues of the Company and important risks pertaining to accounting audits.

Priority Audit Items of FY2020

- Achievement of priority issues at each department in the first year of the new Medium- and Long-Term Management Plan
- Risk management mechanism for business diversification and internal control of the Group
- Status of ESG-conscious business operations, value creation process in integrated report

Major Activities of Audit & Supervisory Board Members

- Regular meetings with the representative directors (approximately four times each year)
- Attendance at important meetings such as the meetings of the Board of Directors (External Audit & Supervisory Board members hold discussions at the Audit & Supervisory Board meetings through information sharing with full-time Audit & Supervisory Board members who attend important meetings other than the Board of Director meetings and mutual confirmation based on interviews with key officers.)
- Review important approval documents, etc.
- Verify the effectiveness of the Group internal control system (full-time Hulic Audit & Supervisory Board members concurrently serve as Audit & Supervisory Board members at most of the affiliated companies, and in addition to conducting effective audits during

- the term, Group Audit & Supervisory Board Liaison Meetings are held every three months to share information on the risk management and issues at each company.)
- Collaborate with external directors (twice annually to exchange information on recent audits and topics.)
- Exchange information with accounting auditors (approximately 10 times a year; receive reports on the status of audit quality from the audit firm, and address the independence of the accounting auditor, the status of quality control, the appropriateness of the job execution system, and the risk of fraud, and confirm the state of implementation of accounting audits of the auditing fiscal year.)
- Cooperate with three-way audits (twice annually)
- Evaluate the effectiveness of the Audit & Supervisory Board (annually)

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.

The certified public accountants engage in Hulic accounting operations changes regularly based on the Certified Public Accountants Act, and auditors are engaged to conduct audits for no more than seven consecutive years.

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. The Audit & Supervisory Board determines the proposal for dismissal or non-reappointment of the current Accounting Auditor when it concluded that they are not appropriate due to such reasons as violation of the Certified Public Accountants Act, etc., 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 determined 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.

Category	FY2019		FY2020	
	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	52	6	52	9
Consolidated subsidiaries	23	—	45	1
Total	76	6	97	11

(FY2019)

Non-audit services at the Company were comfort letter preparation work related to issuing corporate bonds.

(FY2020)

Non-audit services at the Company were comfort letter preparation work related to issuing corporate bonds.

Non-audit services at the Company's consolidated subsidiary were comfort letter preparation work related to issuing corporate bonds.

Compensation for Ernst & Young member firms

Category	FY2019		FY2020	
	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	—	4	—	—
Consolidated subsidiaries	—	0	—	6
Total	—	4	—	6

(FY2019)

Non-audit services at the Company involved offering tax advice.

Non-audit services at consolidated subsidiaries involved tax-related outsourcing.

(FY2020)

Non-audit services at consolidated subsidiaries involved tax-related outsourcing and others.

Compensation for Other Important Audit Attestation Services

None.

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 Compensation 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 compensation estimates, and has given consent for the compensation 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. Additionally, the Corporate Audit Department strives to enhance audits and improve the effectiveness of internal controls by reporting audit findings to Audit & Supervisory Board members and accounting auditors, as well as exchanging opinions with each other.

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. In FY2020, we incorporated power harassment into our rules and provided training on preventing the abuse of power in response to the related legislation.

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.

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, we conducted BCP drill in November 2020. This time, we used a remote meeting format, assuming that some committee members could not come to work due to a major earthquake, and confirmed how we respond in 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 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 Audit & Supervisory Board Office was established to create a system for promptly responding to requests from Audit & Supervisory Board members.

Risk Management

Fundamental Approach

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

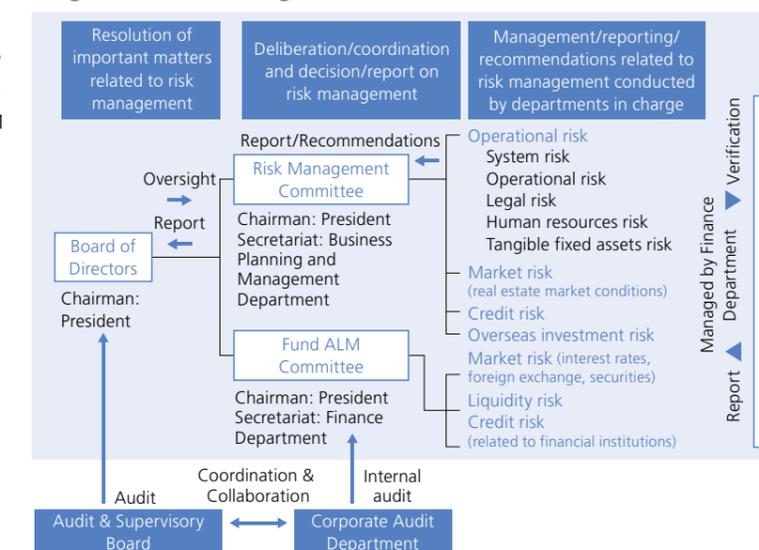
- 《Results in FY2020》
- Number of Risk Management Committee meetings: 4 times
 - Number of Fund ALM Committee meetings: 22 meetings (12 regular meetings, 10 special meetings)
 - Number of BCP drills: 1 time
 - Number of inspections of stockpiled food and goods: 1 time

Risk Management Structure

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 these ways, the Board of Directors has an oversight of risk

management of our Group. In 2020, as the spread of COVID-19 increased volatility in markets, the Fund ALM Committee held 10 special meetings in addition to regular monthly meetings in order to closely monitor interest rates, securities and other market risks, in an effort to flexibly respond to each risk scenario.

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

Our Basic Plan for Business Continuity 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, confirming employee safety, implementing emergency measures by the BCP response team, and executing emergency and restorative actions to ensure business continuity, etc., based on the time that has elapsed since the disaster.

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.

Hulic implemented a variety of responses against COVID-19, including working with industrial physicians to formulate response policies and encouraging employees to work from home (expanded eligibility of conventional work from home system which was available only to employees providing childcare or nursing care). We also made efforts to reduce infection risk by staggering work hours and inviting employees to commute to work by bicycle, implemented thorough infection prevention measures for each employee and promoted the use of Web conferencing.

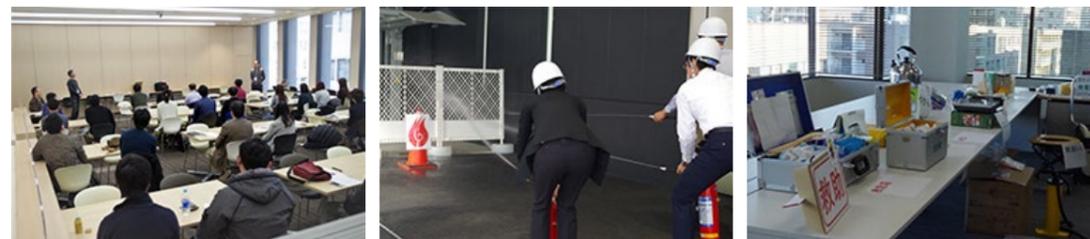


Review and Improvement of the Basic Plan for Business Continuity

Hulic reconfirms basic responses against disaster through annual BCP drill based on the Basic Plan for Business Continuity. The drill tests processes of establishing an emergency response headquarters, verifies operation of the safety confirmation system, and provides training on communication and information gathering among other things. This serves to reaffirm the importance of business continuity for executives and employees as well as standards of behavior related to disaster countermeasures.

Furthermore, we analyze and evaluate the issues identified in the drill, and work to build a more practical BCP system by reflecting these issues in a revised BCP manual.

We also established a cross-sectional cooperation with external organizations including design companies, construction companies, management companies as well as elevator companies to ensure continuity of real estate business.



BCP drill

Fire drill

An exhibit of emergency supplies

Facilities and Stockpiles for Sustaining Business Operations

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

1. Adopts earthquake-absorbing 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

For buildings which we develop or reconstruct (office buildings, commercial properties and hotels), 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)

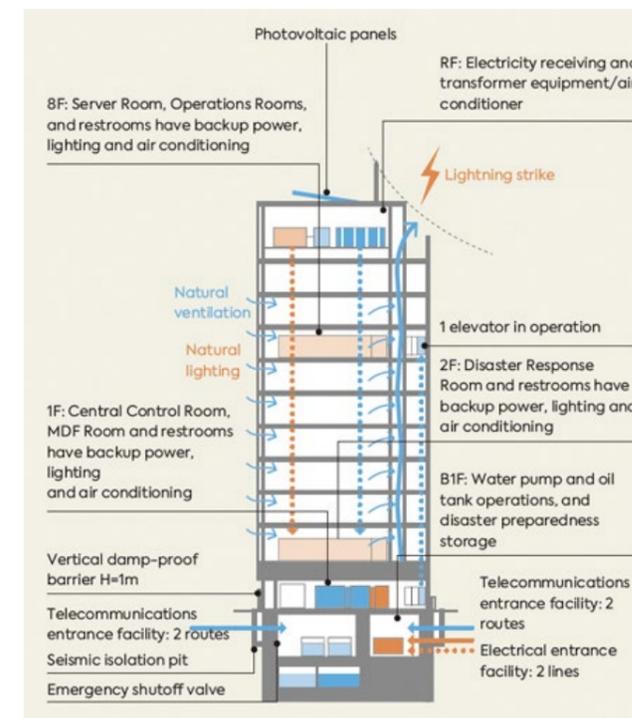
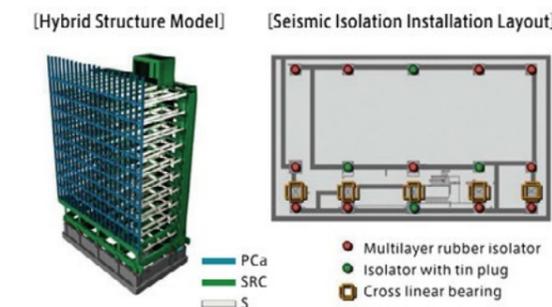


Diagram of Hybrid Structure Model



Earthquake Resistance Performance of Buildings

Hulic has established strict internal earthquake-resistance standards which specify building performance that can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of 7 and applies these standards to all new buildings developed by us regardless of asset type (office, commercial, hotels and ryokans, residential and others).

In addition, Hulic ensures that its new office buildings meet the highest earthquake resistance standards by equipping them with earthquake-absorbing and earthquake-damping structures and other technologies. We made the percentage of buildings meeting internal earthquake resistance standards: 100% each year as one of non-financial 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. In addition to measures from a structural perspective such as building structure, we are taking various steps on operational and managerial fronts as well, which are reviewed when required.

With regards to the responses against COVID-19, we confirmed the status of infections at building management companies and building tenants in buildings owned by Hulic in collaboration with Hulic Building Management Co., Ltd. in an effort to avoid standstills in building management operations and prevent the spread of infection among tenants.



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.

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. As the basis for promoting compliance, we are inculcating Compliance Manual to all employees. 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 FY2020》 ● 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.

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

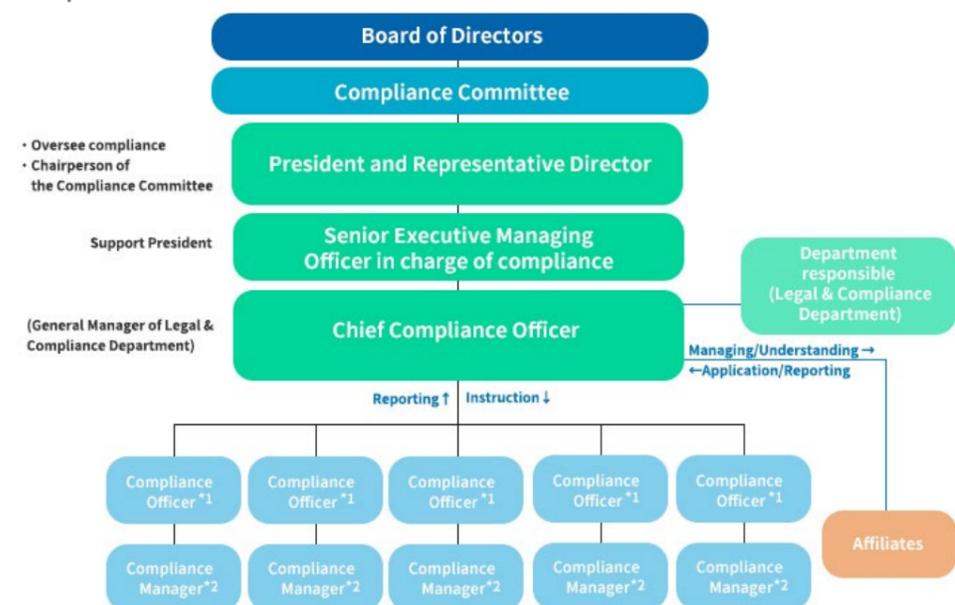
Headed by the President, the Compliance Committee convenes four times a year, in principle.

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.

- 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 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. In addition, in FY2020 we provided training on prevention of abuse of power to the managers.

Compliance Training Sessions in FY2020

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)

Treatment of Compliance Violations

When a compliance issue (or suspected) is detected, such as violation of applicable laws and regulations or Hulic's code of conduct, the issue is immediately reported to a compliance officer or to the department in charge of compliance and the senior executive managing officer in charge of compliance by a compliance manager. The facts are investigated as necessary and necessary measures are taken to determine the causes and prevent recurrence. Hulic Group companies also implement the similar

measures and report to the Company.

- Compliance violations regarding Hulic businesses and services and means of transaction (FY2020): 0 incidents
 - Number of violations of laws and regulations and payment of fines: 0 incidents
 - Number of violations or suspected violations of Hulic Company rules: 0 incidents

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.

The direct report to the Compliance Hotline can be made on issues including human rights violation, corruption, bribery and harassments, etc. Compliance Hotline is made known to all Group employees through compliance training.

Reports received by the Hotline internal contacts will trigger a fact-finding investigation and provide feedback to the whistleblower about the process details and related matters. Reports received by the external contacts (designated lawyers) will be handled by the lawyer-in-charge, who informs the internal contacts of the whistleblower's report (in the event the report is made by an employee of a Group company, the point of contact will be the internal contact at the Group company and the general manager of the Hulic Legal and Compliance Department), with the in-house contact conducting any necessary fact-finding investigations, the results of which are reported to the lawyer-in-charge. Based on the findings of this investigation, the lawyer-in-charge will provide the whistleblower with feedback.

Additionally, if the report involves matters related to fraud involving the management, the lawyer-in-charge who received the report will also inform the Audit & Supervisory Board members (including Audit & Supervisory Board members at the Company in the case of a report from a Group company), and the Audit & Supervisory Board members will conduct the necessary fact-finding investigations, report the results to the lawyer-in-charge who provides feedback to the whistleblower.

Targets

Officers and employees (including temporary and/or part-time staff, etc.) and retirees and employees of business partners.

Target matters

In the event that violations of compliance including human rights violation, corruption, bribery, non-compliance with labor issues, violation of applicable laws and regulations related to various harassments and violation of Company code of conduct are suspected.

Whistleblower

Whomever

Whistleblower protection

Reports can be made anonymously. The whistleblower's privacy is respected, and they will not be treated unfavorably because of the report.

Response when a report is made

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

When a report is made in writing or by e-mail, the Hotline will promptly notify the reporter that the report has been received. Subsequently, the whistleblower's point of contact will consider the necessity of an investigation in fairness and sincerity, and in principle, notifies the whistleblower of future measures.

Internal contacts: General Manager of Corporate Planning Department, Joint General 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

All Group companies have established report reception systems similar to the Company.

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.

Severing Ties with 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.

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. Once received, all reports are handled swiftly and appropriately.

- 《Results in FY2020》
- Political contributions: none
 - Expenses for corruption related fines, penalties or legal settlements: none
 - Number of employee reprimands or dismissals due to actual or suspected corruption: none

Initiatives for Fair Competition

Fundamental Approach

We are thoroughly committed to our initiatives 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.

The Hulic Compliance Manual stipulates the following specific matters regarding the establishment of a fair competitive order.

- Compliance with all applicable laws and regulations and internal rules
- Compliance to the arm's length transaction principles
- Compliance with antitrust laws and related regulations
- Prohibition of the provisions of benefits to shareholders
- Prohibition of bribery, and excessive entertainment and gifts
- Respect for intellectual property rights
- Prohibition of conflicts of interest
- Appropriate information management

Tax Transparency

Fundamental Approach

Hulic considers compliance to be one of its most important management matters. Hulic ensures transparency, complies with applicable laws and the spirit of the law, and pays taxes appropriately and fairly in all countries where we do business.

Tax Payment Policy

Hulic considers compliance to be one of its most important management matters, complies with applicable laws and regulations and the spirit of the law, and engages in sincere and fair corporate activities that do not go against social norms. In line with our Compliance Manual based on the "Basic Principles of Corporate Conduct" and "Our Code of Conduct," Hulic

ensures the transparency of transactions, including tax affairs, and in accordance with the spirit of law, pays taxes appropriately and fairly in all countries where we do business. Further, we will build relationships of trust with tax authorities in each country by increasing tax transparency without using tax planning or tax havens intended to avoid taxes.

Board of Director Oversight

Financial reports such as the Company's consolidated financial statements are submitted to the Board of Directors for approval in accordance with laws and regulations and the Company's Articles of Incorporation after they have been audited by an external

accounting auditor. Additionally, Audit & Supervisory Board members receive reports and the Board of Directors responds promptly when the accounting auditor discovers fraud, or points out inadequacies or issues including our tax affair.

Audit

Ernst & Young ShinNihon LLC conducts audits of the financial statements and internal controls as an Independent Accounting Auditor.

Tax Payments by Country

Currently, our business and investment activities in countries other than Japan are extremely limited, thus tax payments by Hulic Co., Ltd. (non-consolidated), by country in FY2020 was 100% in Japan and the United States. The Group's business bases are located only in Japan. The amount of taxes paid by country was as follows.

Hulic Co., Ltd. (non-consolidated)		(JPY Mln)	
	FY2019	FY2020	
Japan	29,523	32,954	
The U.S.	4	3	
Total	29,527	32,957	

Information Security Management

Fundamental Approach

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.

Hulic categorizes information assets according to their importance and usage, managing them appropriately to ensure confidentiality, integrity and availability.

Specifically:

- Organizational security control measures to appropriately implement and promote information management
- Human security control measures such as education and training for employees, regular inspections and audits, etc.
- Physical security control measures such as appropriate access control
- Technical security control measures to ensure the appropriate management of information assets

Confidentiality: Ensures only authorized persons can access information assets

Integrity: Protects the accuracy and completeness of information and processing methods

Availability: Ensures authorized users have access to information assets when needed

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 FY2020.



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.

Information Disclosure Policy

In accordance with the Disclosure Policy, we are aiming at fair, timely and accurate information disclosure for shareholders and investors in order for them to make investment decisions. Not only to comply with relevant laws and regulations, we actively disclose management strategies and financial information, etc. so that investors are able to understand more of our business activities. We also promptly disclose information which we believe to be helpful for the investors to make investment decisions on the Company's website, although they are not applicable to the timely disclosure rules and relevant laws, etc.

Shareholders Return

We consider appropriately returning to our shareholders as a management matter. Our basic policy is to provide stable dividends payment based on our business performance trend. Under the Medium- and Long-Term Management Plan, we are targeting a dividend payout ratio of around 40% by FY2022. The dividend payout ratio in FY2020 was 37.8%.



Enhancement of Various IR Tools

In addition to correspondences to shareholders issued semiannually, we post the latest topics through the Investor Relations site of our website in a timely manner. E-mails are also sent to allow investors to receive information in more timely manner. Every time news about the Company is released, we send registrants by E-mail. (Registration is available on our website.) In the financial results briefing session, we make efforts to provide easy-to-understand presentations by using PowerPoint visual materials. These briefing sessions (in Japanese and English) are also available either live or on recordings on our website. Moreover, we provided audio-only-recordings of the financial results briefing sessions as we were unable to hold in-person briefing sessions in FY2020. When it becomes possible to resume in-person briefings in the future, we plan to return to video distribution.



Shareholder Incentives

To show our appreciation to shareholders for their continued support, we annually present the gift of a gourmet catalog to shareholders with 300 shares or more from which they can choose an item equivalent to JPY3,000. For those with more than three years holding, we double the gift to two items worth JPY6,000 in total from a catalog.



Approaches at General Shareholders' Meetings

The 91th ordinary general meeting of shareholders was held at Hulic Head Office on March 23, 2021 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 Sessions for Institutional 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.

We suspended visiting our overseas institutional investors and held online meetings instead in 2020 in light of spread of COVID-19.



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.

We suspended our briefing session for private investors (including IR fairs and other events) in 2020 in light of spread of COVID-19.



Selected as Indices on ESG Efforts

Hulic has continuously been selected in four indices as a company who took excellent initiatives on environment, social and governance (ESG). The Government Pension Investment Fund (GPIF)

uses these four indices as benchmarks of ESG investments.



2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



Disclaimer: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hulic Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Index, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.



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.

External Evaluation of IR Activities

Hulic's website discloses timely and detailed information on our various activities. In 2020, our website was selected as the excellent website in overall ranking in Nikko IR's All Listed Company Website Ranking 2020. In addition, our website won the bronze prize in Gómez IR's Site Ranking, and won the Commendation Award in Internet IR Award 2020 by Daiwa Investor Relations Co., Ltd.



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The External Evaluation start from the next page.

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: total energy consumption, CO₂

emissions (aggregate of Scope 1 and Scope 2) and CO₂ emissions intensity, number of greening projects, water consumption, waste disposal, 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 sustainability-related 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 measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.



Disclaimer: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hulic Co., Ltd. has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

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.



Disclaimer: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hulic Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Index, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.

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

Hulic has been selected for a constituent 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 constructed by selecting companies assessed as outstanding in terms of ESG evaluations from companies that comprise the parent index (MSCI Japan IMI Top 700 Index), aiming to achieve market capitalization

of 50% in each of the global industry classification standards (GICS®). 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®).

2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2021 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.

Included in S&P/JPX Carbon Efficient Index

Hulic has been selected as a constituent of the S&P/JPX Carbon Efficient Index, which was jointly developed and released in 2018 by S&P Dow Jones Indices and Japan Exchange Group (JPG). The S&P/JPX Carbon Efficient Index is designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX), while overweighting or underweighting those companies that have lower or higher levels of carbon emissions to the revenue and actively disclose information of carbon emissions.

Accordingly, Hulic has been continuously included in all four indices selected by the Government Pension Investment Fund (GPIF) for ESG investment indices: FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, MSCI Japan Empowering Women Index and S&P/JPX Carbon Efficient Index.



Received a 4-star rating in the Nikkei SDGs Management Survey

The Nikkei SDGs Management Survey, a survey that has been conducted annually by the Nikkei, is designed to rate companies that are aligning the Sustainable Development Goals of the United Nations to management of the companies and pursuing corporate value increase by solving environmental, economic and social issues through business activities. We have participated in the second survey conducted in 2020 for the first time with the rest of 713 listed and non-listed Japanese companies and have received a 4-star rating (deviation value of 60 to 65). The Nikkei SDGs Management Survey replaced their Environmental Management

Survey in which we have been ranked 1st in the real estate/warehouse industry for nine consecutive years until 2019. The survey addresses from four themes, i.e., SDGs strategy/economic value, social value, environmental value and governance and gather information by sending questionnaires to the participant companies and from publicly available data sources.



Received a 3 Star rating and the Green Star designation from GRESB

Hulic received a 3 Star rating in the Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment 2020. It also obtained the Green Star designation for six consecutive years. 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 and Hulic JP Akasaka Building received highest rank of "S" in CASBEE-Wellness Office* certification (issued by Institute for Building Environment and Energy Conservation). Comprehensive Assessment System for Built Environment Efficiency (CASBEE) assesses the specifications, performance, and

initiatives of buildings that support the health and comfort of building users, factors that contribute to intellectual productivity improvement, and the performance of safety and security.



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 (Small and Medium-sized Enterprises Category)

Hulic was certified as a Health & Productivity Management Outstanding Organization in 2021 (Small and Medium-sized Enterprises Category) for the third 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.

