



2024

Sustainability Book





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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, the Great East Japan Earthquake and the spread of COVID-19. 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.

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, business partners, employees, local communities, shareholders, investors, 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.

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Editorial Policy

The "Sustainability Book 2024" 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

November 2024

Reference Guidelines

- International Integrated Reporting Framework (IFRS Foundation)
- "Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry)"
- "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"

Hulic's approach on 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.

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

Sustainability Vision

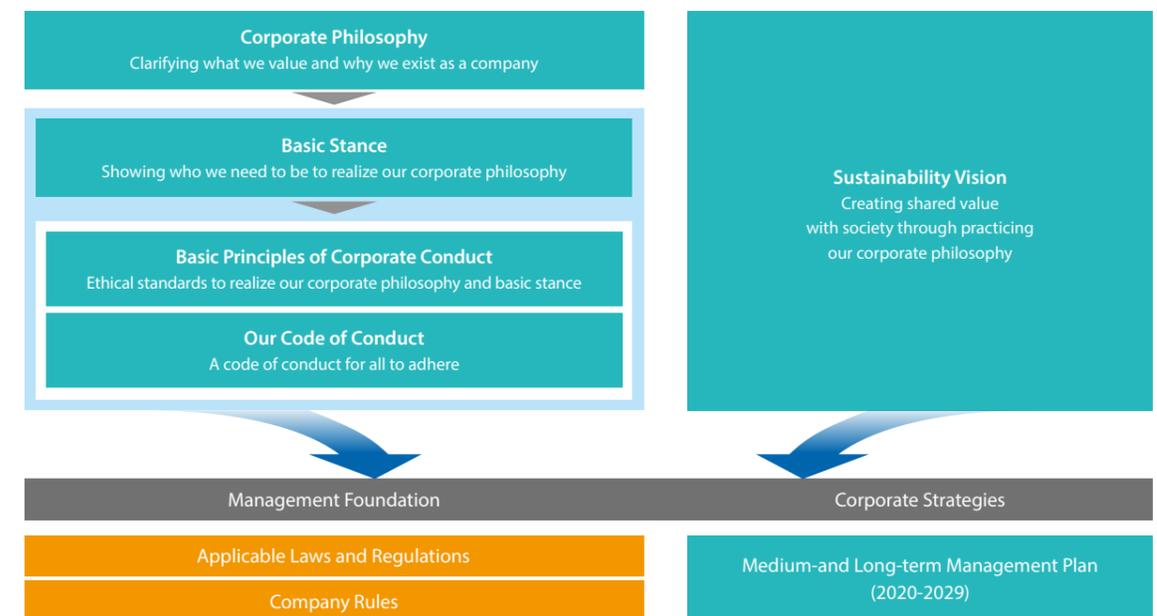
We aim to pursue realization of a sustainable society and continued growth of Hulic by putting our Corporate Philosophy into practice. We commit to take a faithful approach to all of stakeholders.

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

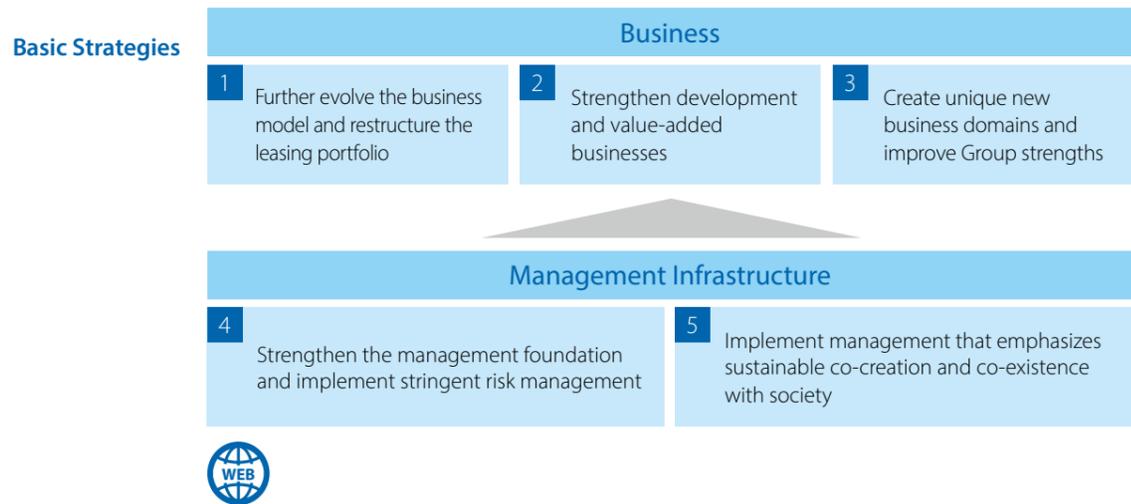
Our corporate philosophy "For the realization of a society full of safety, peace of mind and trust," means the purpose we exist is to create shared value with society through our corporate activities. Accordingly, our corporate philosophy and our sustainability vision are on both aspects of social relationships. 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, B/S soundness, profitability, and productivity (efficiency) at a high level and achieve further growth through dynamic transformation backed by overwhelming speedy decision-making



Recent Results of Initiatives Related Our Sustainability

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

- Invest in renewable energy sources to achieve 100% energy use from renewables in all company-owned buildings* by 2029
 - Achieved "RE100" in May 2023
 - Disclose information in line with TCFD recommendations
 - Formulated greenhouse gas emissions reduction targets in conformance with Science Based Target initiative (SBTi). Our near-term (by 2030) emissions reduction targets were approved by SBTi as consistent with levels required to meet the goals of the Paris Agreement
 - Implement the reduction of waste disposal by applying longer-life designs as standard specifications
- * Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which the Company does not manage energy, and real estate for sale, etc.

Society: providing value to the stakeholders

- Promote initiatives to secure the strength to withstand in the event of an earthquake with a seismic intensity of 7 level in all Company-owned buildings by 2029
- Revise human rights policy and conduct Human Rights Due Diligence. Continue to promote initiatives to respect human rights
- Strengthen relationships with local communities and other stakeholders
- Implement a wide range of social contribution activities (managing *Shogi* championships for women (Hulic Cup Hakurei Championships and women's rank-deciding competition), supporting Japan Para-Badminton Federation, supporting single-parent households, donating of emergency food stockpiles, etc.)

Corporate governance: Promotion of balanced management

- Maintain sound corporate governance based on our Corporate Governance Guidelines
- The Board of directors comprises 4 executive directors and 6 independent directors and majority of members are independent external directors. An external director serves as the chairperson (As of June 25, 2024)
- Ensure diversity and inclusion in the Board of Directors and Audit & Supervisory Board by increasing the ratio of female directors and Audit & Supervisory Board members to 33.3%, and the ratio of female directors to 30.0% (As of June 25, 2024)
- Strengthened the Nominating Committee's and the Remuneration Committee's functions by appointing all four committee members are independent outside directors
- Disclosed directors skill matrix

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.



Paris Agreement and SBT

We intend to reduce greenhouse gas 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 achieve this goal, we work to introduce environmentally-friendly equipment to buildings, to convert to 100% renewable sources for electricity consumption at all company-owned buildings*1 by owned renewable energy equipment, and to reduce greenhouse gas emissions throughout the supply chain.



Hulic has had its near-term (by 2030) greenhouse gas emissions reduction targets approved by SBTi (the Science Based Target initiative*2) as consistent with levels required to meet the goals of the Paris Agreement.

*1 Excludes single-tenant lease properties, residential properties, unmanaged shared properties for which we do not manage energy, and real estate for sale, etc.
*2 An international initiative that promotes companies to develop greenhouse gas emission reduction targets in line with Paris Agreement goals (limiting the global temperature rise above pre-industrial levels to well below 2°C and limiting below 1.5°C).

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. In 2024, we conducted an analysis in line with the 1.5°C scenario instead of previous 2°C scenario, and updated the content of our disclosures.



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.

RE100

In 2019, we participated in RE100, an international initiative for member companies to aim using 100% renewable energy for the electric power required for business activities. We have developed our own solar power generation facilities that don't apply the feed-in tariff (FIT*) system (contribute to a decarbonized society through "additionality*2"), and have supplied all of them from our own PPS. We achieved in May, 2023.



*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 Additionality is the promotion of the reduction of CO2 emissions by installing new renewable energy facilities to replace existing thermal power generation.

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. In cooperation with partner companies, Hulic plans developing power generation and heat supply systems that use food waste from commercial facilities and hotels. The system will be used in Company-owned properties to convert waste to energy, to achieve zero emissions, and to increase efficiency of operations.



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

Hulic supports the One Percent Club initiative, a move advocated by Keidanren (Japan Business Federation). The Club, as a suborganization 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.

Keidanren's Challenge Initiatives for 30% of Executives to Be Women by 2030

Keidanren (Japan Business Federation) hosts the initiatives to aim for increasing the female executives ratio to 30% by 2030. In 2021, Hulic endorses the Challenge Initiatives for 30% of Executives to Be Women by 2030 from Keidanren (Japan Business Federation). And we have already achieved the challenge by increasing the female ratio in directors and Audit & Supervisory Board members to 33.3% and female directors ratio to 30.0% (as of June 25, 2024). Hulic actively manages diversity and believes in the importance of providing equal opportunities regardless of gender. We will continue to create an organizational environment where women and diverse individuals can thrive.



GX League

Green Transformation (GX) is intended to bring about a shift from an industrial structure centered on fossil fuels to one centered on clean energy, ushering in a comprehensive restructuring of economic and social systems. The GX League is a platform of like-minded companies that discusses GX and launches initiatives to create new markets in cooperation with industry, government, academia, and finance. Hulic supports the basic concept of this movement and is working together with others to discuss, promote, and practice GX.

Participation in TNFD Forum

Hulic participates in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum. The TNFD is an international initiative to create a framework for the effective assessment and disclosure of risks and opportunities related to natural capital and biodiversity. The TNFD Forum was established to support these discussions and help with creating a framework for the guidelines.

Registration of Partnership Building Declaration

Hulic has registered a Declaration of Partnership Building as promoted by the Ministry of Economy, Trade and Industry, seeking coexistence and co-prosperity throughout the supply chain.

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 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 established "Sustainability Committee" (the Committee). 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 ESG and SDGs in Japan and around the world.

The President chairs the Committee as commitment of top management is of upmost importance in successful medium and long-term engagements. Other members of the Committee include Vice Presidents, Senior Executive Managing Officers, General Managers of Corporate Sustainability Department, General Managers of Business Planning and Management Department, General Managers of the 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, water consumption and waste disposal, etc. and evaluates progress by reviewing and overseeing performance. The Sustainability Committee submits reports on the deliberation of matters related to climate change and other sustainability matters (water consumption and waste disposal, etc.) at least once a year to the Board of Directors, which oversees the committee.

Organizational Structure



Activities of Sustainability Supporters

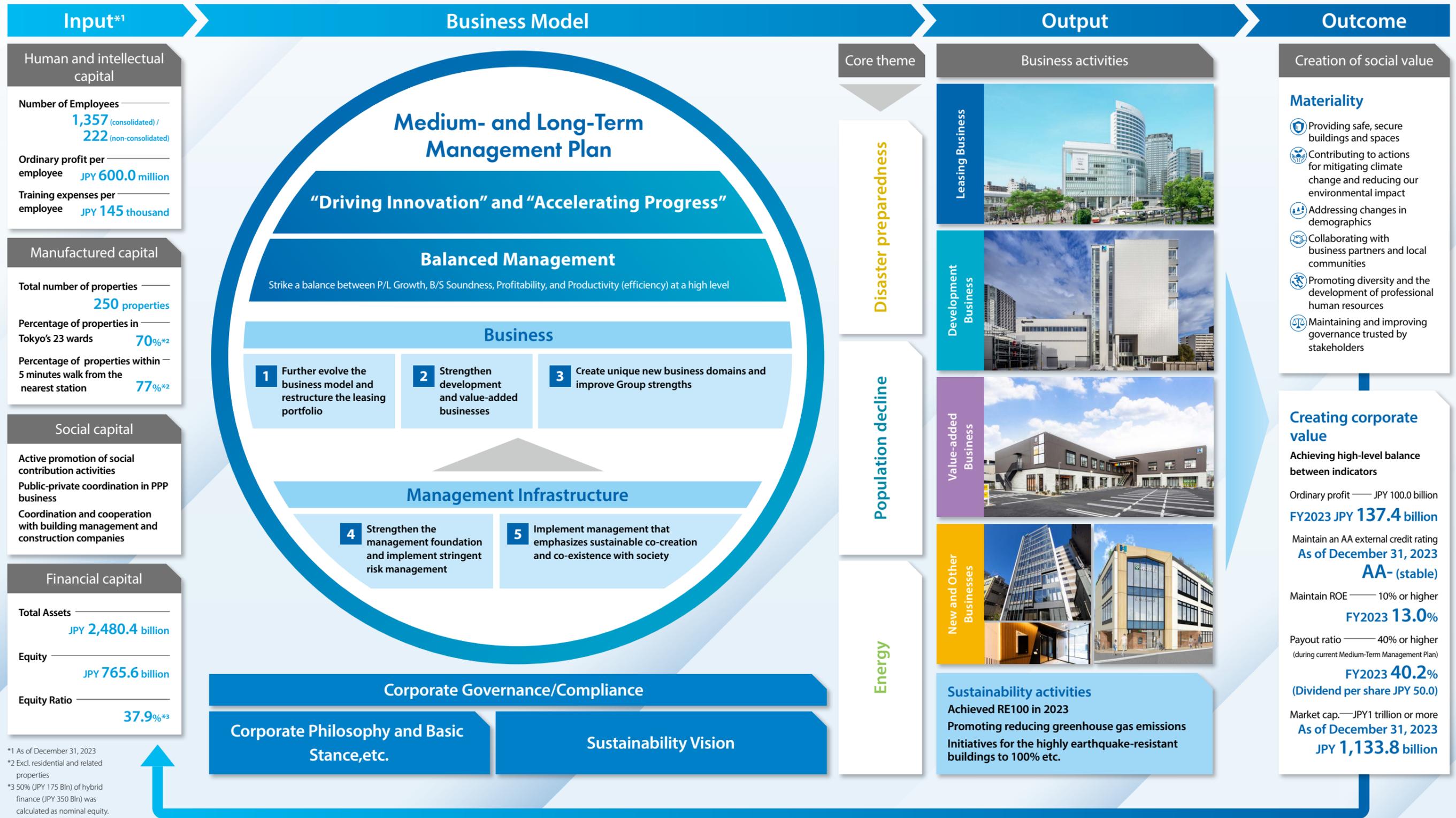
Approximately 20 employees are appointed from Hulic Group companies as sustainability supporters. During a one-year term as sustainability supporters, they play a central role in social contribution activities that include hosting a summer festival, conducting satoyama conservation activities, considering where to donate employee match gift program and sorting used stamps. Additionally, sustainability supporters assist the Corporate Sustainability Department 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 continuous improvement of corporate value.



*1 As of December 31, 2023
*2 Excl. residential and related properties
*3 50% (JPY 175 Bln) of hybrid finance (JPY 350 Bln) was calculated as nominal equity.

Hulic's Story of Sustainability

Here, we look at three themes that we recognize as important social issues for the realization of a society full of safety, peace of mind and trust, when identifying materiality that we should focus on as well as related initiatives.



1 Disaster preparedness

Materiality
Providing safe, secure buildings and spaces

- ◆ **Related KPIs**
 - 100% highly earthquake-resistant buildings*¹ by 2029 (target to be achieved by the end of 2025 excluding those subjects for sale or reconstruction)
 - Percentage of properties meeting Hulic's earthquake resistance standards*²: 100% each year



Analysis of the Business Environment

Japan is one of the countries where earthquakes occur most frequently, and experts believe there is a 70 to 80%*³ probability of major earthquakes, such as earthquakes directly under metropolitan Tokyo and in the Nankai Trough, within the next 30 years. The Great East Japan Earthquake in 2011 caused a staggering 6.5 trillion yen*⁴ in damages. In addition to earthquakes, Japan is also at risk of other disasters, such as an eruption of Mt. Fuji and flooding. As a real estate company that provides buildings, we recognize disaster countermeasures for buildings as one of our most significant issues and intend to ensure that our tenants can be active with peace of mind.

Hulic's Major Initiatives and Actions

◆ **Earthquake countermeasures: ensuring all company-owned buildings can withstand a seismic intensity of level 7 by 2029**
Hulic has established inhouse earthquake resistance standards*² that are stricter than the Building Standards Act and then applies these standards to all buildings that we develop or reconstruction. In addition, earthquake-absorbing and earthquake-damping structures are effective for ensuring high earthquake resistance, and we actively employ them in our buildings (see pages 68 and 69). We also assess earthquake resistance when acquiring properties. We are working to ensure that all company-owned buildings can withstand an earthquake with a seismic intensity of level 7 on the Japanese scale by 2029. (We plan to develop or reconstruction more than 100 properties by 2029.)

At the same time, to accurately assess the safety of buildings in the event of a major earthquake, we will gradually introduce systems such as the Sokushin Navi structural health monitoring system for determining the degree of damage that could occur.



An example of reinforcement work

◆ **Measures against ashfall from possible Mt. Fuji eruption**
If Mt. Fuji were to erupt, there is concern that rain mixed with volcanic ash could get into building drainage systems, block drain pipes, and cause failures of drains and electrical equipment. We have jointly developed a product called a drain cap that prevents volcanic ash from entering building equipment and plan to release it widely (patent pending).

As well, we have established a system to swiftly restore the functions of buildings, enabling operations to quickly resume once no more ash is being released from the eruption and so that the public infrastructure can be restored.

We have also introduced operational measures at some of the luxurious *ryokan* (Japanese inns) that we own near Mt. Fuji, such as obtaining insurance to compensate for economic losses due to temporary closures caused by ashfall.



Drain cap

Topics

Holding Seminars on Mitigating Damage Caused by Disasters

We have been holding seminars for employees on how to mitigate the damage caused by disasters since 2022 (with lecturers from the Japanese Red Cross Society). The employees learn about the expected damage and methods to protect themselves in the event of a large-scale earthquake, such as one directly under metropolitan Tokyo. In the practical training, they learn, among other items, how to perform first aid using readily available plastic bags, as well as CPR and how to use an AED (defibrillator).



Seminars on mitigating damage caused by disasters

*1 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of level 7.
*2 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 level 7.
*3 2020 white paper by the Ministry of Land, Infrastructure, Transport and Tourism
*4 According to the Natural Disaster Damages section of 70th Japan Statistical Yearbook 2021 by the Statistics Bureau of Japan

2 Population decline

Materiality
Addressing changes in demographics

◆ Related KPIs

- Senior living (number of units): 5,000 by 2025



Analysis of the Business Environment

Japan's falling population, the increased aging of society, and the low birth rate will accelerate in the future. Japan's population is predicted to decline from 126.15 million in 2020 to 87 million in 2070. At the same time, the percentage of the population aged 65 and over is predicted to rise steadily from 28.6% in 2020 to 38.7% in 2070. Simultaneously, the average life expectancy is expected to rise and immigration is set to increase.*

Population decline is an issue that affects all industries, but we believe the impact on the real estate market will be especially significant. For this reason, we are building a real estate portfolio that addresses demographic changes, including promoting businesses related to the elderly and inbound tourism, in light of the rising number of overseas tourists coming to Japan.

In addition, while Japan's birth rate has been trending downward over the long term, the number of dual-income households is rising and the government is considering improving programs for child-rearing support. Anticipating the growing demand for tutoring academies and extracurricular activities for children, we have ventured into children's education as one of our new business initiatives.

* Source: Summary of Future Population Projections (2023) published by the Ministry of Health, Labour and Welfare

Hulic's Major Initiatives and Actions

• Building a real estate portfolio that addresses demographic change

Target: Office share of 50% by 2029

Keep the office share down in anticipation of an expected decline in demand due to the decrease in the working population and changes in the way people work.

Target: 50% of properties in focus areas

Promote acquisition and development in focus areas (Ginza, Shinjuku eastside, Shibuya/Aoyama, Asakusa) in anticipation of the population being concentrated in urban areas.



HULIC SQUARE TOKYO

• Promoting senior citizen-related business

Invest in and develop senior living, operate lounges for active seniors, and promote new nursing care businesses using IoT in anticipation of the growing social demand for nursing and medical care as people age.



Hulic Premium Club Nihonbashi

• Promoting tourism-related business

Operate branded hotels and *ryokan* (Japanese inns) to capture tourism demand, expected to rise due to the increasing number of overseas tourists coming to Japan.



Lobby at FUFU Kawaguchiko

• Promoting children's education business

Provide education-related services for children in collaboration with partner companies in response to more and more dual-income households and the government implementation of measures to support child-rearing.

• Promoting other new businesses

Establish a department dedicated to new business creation and continually review and plan new businesses based on demographic changes.

Topics

Operating Hulic Scholarship Program for Training 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 contribute to resolving social issues related to the aging of society.

This is a non-repayable (free) scholarship that aims for an improvement of the labor shortage in nursing care.



Practical training

3 Energy

Materiality
Contributing to actions for mitigating climate change and reducing our environmental impact

◆ Related KPIs

- Greenhouse gas emission reduction targets
- Number of renewable energy systems installed in development and reconstruction projects: at least three every year
- Number of times climate change risks are monitored by the Sustainability Committee and reported to the Board of Directors



Analysis of the Business Environment

2030 interim targets have been set for reducing greenhouse gas (GHG) emissions, a worldwide issue, and a consensus has been reached on the goal of achieving carbon neutrality by 2050. These initiatives are meant to address the pressing concern of shifting to renewable energy. There are also energy supply concerns as many of the country's nuclear reactors remain idle. We believe that we, as a company, must do our best to address energy issues not only to secure energy for the Hulic Group but to help our customers' businesses run smoothly as well.

Hulic's Major Initiatives and Actions

• Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings by 2029

Focusing on the "additionality" of renewable energy, the Hulic Group develops and owns solar and small hydroelectric plants for renewable energy, rather than buying it from power companies.

Also, against the backdrop of rising energy prices, generating our own power is an advantage for securing stable energy sources.



Solar power generation facility in Wakaba Ward, Chiba City



Kamogawa Small Hydroelectric Plant

Topics

Achieved RE100 in 2023: Becoming the first in Japan to generate renewable energy using proprietary non-FiT solar power plants

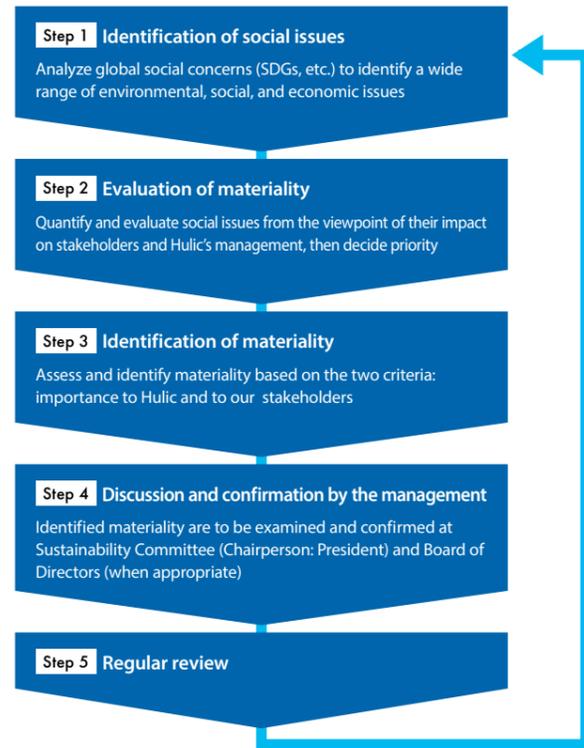
Since joining RE100 in 2019, we have been promoting the development of new non-feed-in tariff (non-FiT) solar power plants to achieve our goal. As of May 2023, we have achieved RE100 with our non-FiT solar power plants. This is the first time in Japan for RE100 to be achieved without using non-fossil fuel certificates under FiT by rather through non-FiT power sources developed in-house.



Materiality

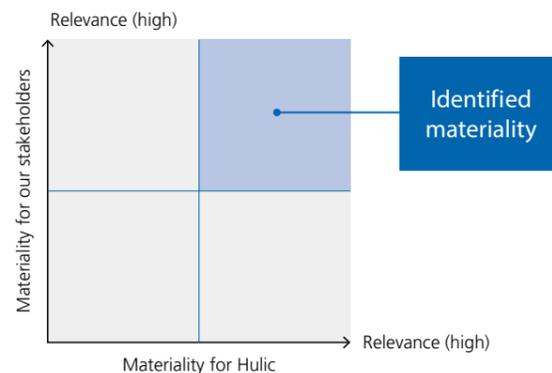
We re-identified materiality issues in 2024. Our materiality assessment process is indicated below. We will continue to review the identified materiality issues and implement effective initiatives and actions.

Materiality Identification Process



Materiality Identified

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



Identifying Materiality

- Providing safe, secure buildings and spaces
- Collaborating with business partners and local communities
- Contributing to actions for mitigating climate change and reducing our environmental impact
- Promoting diversity and the development of professional human resources
- Addressing changes in demographics
- Maintaining and improving governance trusted by stakeholders

Stakeholder Engagements

We are committed to realizing a sustainable society by delivering environmental, social and economic value through interactive engagements with 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"> Providing safe, secure buildings and spaces Addressing changes in demographics
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 (when appropriate) Disclosure of information in our Integrated Report and on our website (when appropriate) 	<ul style="list-style-type: none"> Collaborating with business partners and local communities
Employees	<ul style="list-style-type: none"> Employees of the Hulic Group 	<ul style="list-style-type: none"> President's message (monthly) President's survey (twice a year) Seminars by the president* (about twice a month) Career development interviews (twice a year or more) Interviews by Human Resources Department Disclosure of information through the Company intranet (when appropriate) 	<ul style="list-style-type: none"> Promoting diversity and the development of professional human resources
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"> Collaborating with business partners and local communities
Administrative Organizations	<ul style="list-style-type: none"> National and local public government 	<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"> Collaborating with business partners and local communities Promoting diversity and the development of professional human resources
Shareholders, Investors	<ul style="list-style-type: none"> Individual investors Institutional 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 on 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"> Maintaining and improving governance trusted by stakeholders

Materiality relevant to all stakeholders

- Contributing to actions for mitigating climate change and reducing our environmental impact

Opportunities and Risks Related to Materiality and Our Actions

Materiality	SDGs contributed to	Opportunities	Risks	Main initiatives
 Providing safe, secure buildings and spaces	  	<ul style="list-style-type: none"> Heightened need for properties that are safe and secure from natural disasters including earthquakes and flood damage Addressing workstyle and other changes among property users 	<ul style="list-style-type: none"> Rise of vacancy rate and decline of real estate value due to delayed actions on earthquake resistance techniques and BCP preparedness Decrease in the competitive advantage and increase in vacancy rates of properties due to delays in addressing changes in the needs of property users 	<ul style="list-style-type: none"> Achievement of 100% highly earthquake-resistant buildings*1 by 2029 Addressing Mt. Fuji eruption risk and exhaustive confirmation of other natural disaster risks Prevention of flooding by installing tide boards Assessing tenant needs through customer satisfaction surveys
 Contributing to actions for mitigating climate change and reducing our environmental impact	    	<ul style="list-style-type: none"> Heightened need for buildings and properties equipped with higher energy efficiency and renewable energy Heightened need for technologies for the reuse and effective use of resources Heightened need for real estate development that is mindful of conserving local ecosystems Growth of markets and demand through the increase in business domains, including environmental response 	<ul style="list-style-type: none"> Need for additional compliance with environmental measures and regulations as well as increased costs Soaring prices of construction materials Deteriorating residential environment and reputational decline in the event of ecosystem destruction near a property Risk of delayed action on environmental issues due to lack of environmental management system 	<ul style="list-style-type: none"> Converting to 100% renewable energy for electricity consumption at all company-owned buildings*2 by 2029 Achieved RE100 in 2023 Promoting Scope 3 emission reductions through collaborations in the supply chain Improved performance building energy savings Waste reduction through longer life building design Installing water-saving equipment Actively adopting environmentally conscious technologies Promotion of greening in development projects Reduced greenhouse gas emissions and promoting forest circulation through the development of fireproof wooden buildings Opinion exchange with environmental experts (Environmental Advisory Council) Acquiring building certifications and labeling disclosure
 Addressing changes in demographics	  	<ul style="list-style-type: none"> Heightened need for senior living and hospitals with the aging of society and increase in the number of healthier senior citizens Potential for growth of new markets and demand due to more dual-income households and the government's enhanced childcare support Expansion and using needs related to IoT demand 	<ul style="list-style-type: none"> Hiring-related costs may rise and shortage of care workers may materialize as the population of young generation declines Declining demand for office buildings and existing businesses due to declining working population Changes in existing business model due to accelerated digitalization 	<ul style="list-style-type: none"> Development of and investing in senior living and other facilities as well as investing in nursing care technology Entry into the Children's Education Business Development of medium-sized Bizflex flexible offices Established a department dedicated to new business creation and the management of corporate venture capital
 Collaborating with business partners and local communities	   	<ul style="list-style-type: none"> Better results are expected through synergies brought about by aiming for mutual sustainable growth with our business partners and local communities 	<ul style="list-style-type: none"> Reputational damage due to human rights and other issues in the supply chain Reputational damage due to lack of communication with local communities 	<ul style="list-style-type: none"> Close communication with tenants, building management companies and construction companies Human rights due diligence including supply chain Various contributions to society
 Promoting diversity and the development of professional human resources	  	<ul style="list-style-type: none"> Diversification of human resources by promoting diversity Improved employee motivation and brand value in talent acquisition by enhancing workplace wellness features and enriching talent development program Improved productivity through more use of digital and DX-related technologies 	<ul style="list-style-type: none"> Loss of human resource acquisition and business opportunities Potential for increased turnover due to inadequate working environment Productivity loss due to delays introducing digital and DX-related technologies 	<ul style="list-style-type: none"> Establishing a personnel system that recognizes diverse workstyles Securing occupational health and safety, promoting health and productivity management and the expansion of fringe benefits Initiatives to create a highly productive organization
 Maintaining and improving governance trusted by stakeholders		<ul style="list-style-type: none"> The effectiveness of operations is ensured and confidence in management improves when internal controls and corporate governance work 	<ul style="list-style-type: none"> Social sanctions and the deterioration of public confidence due to noncompliance issues from inadequate compliance system 	<ul style="list-style-type: none"> Strengthening the supervisory function of the Board of Directors and Audit & Supervisory Board Establishing a Nominating Committee and a Remuneration Committee Establishing a corporate governance structure for climate change risk Compliance training for employees and setting up a hotline Formulating a BCP and conducting drills

*1 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of level 7.

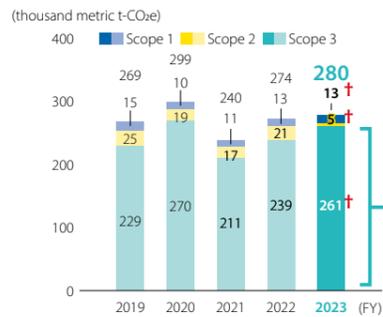
*2 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.

Non-financial Highlights

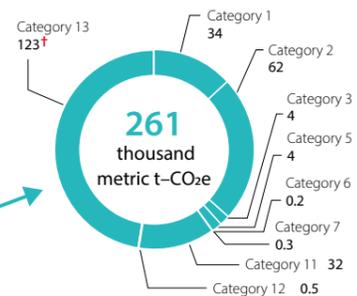
Note: Figures marked with "†" have been assured by an independent assurance provider.

Major Non-Financial Information E Environment S Social G Governance

E Greenhouse Gas Emissions*¹ 280 thousand metric t-CO₂e



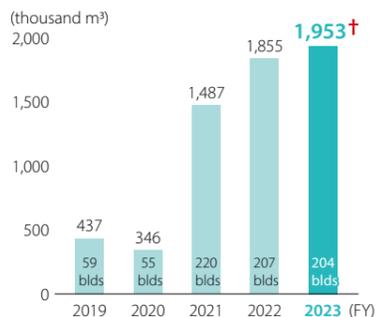
E Greenhouse Gas Emissions Scope 3 261 thousand metric t-CO₂e



E Waste Disposal*² 3,593t



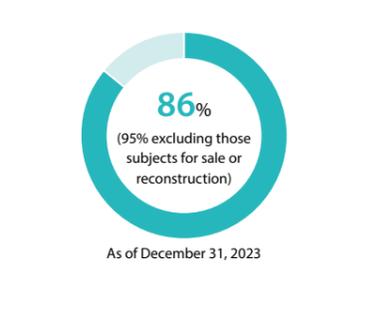
E Water Intake (Water Consumption)*³ 1,953 thousand m³



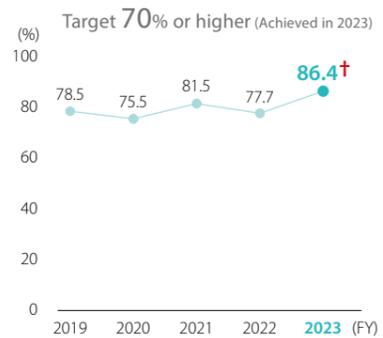
S % Properties Meeting Hulic's Earthquake-resistance Standards*⁴ 100%



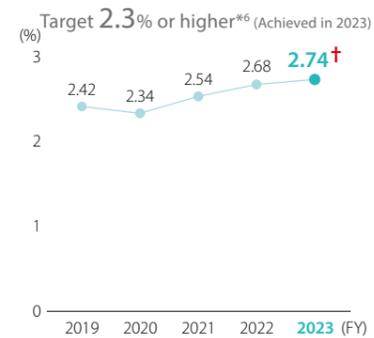
S Ratio of Highly Earthquake-resistant Buildings*⁵ 86%



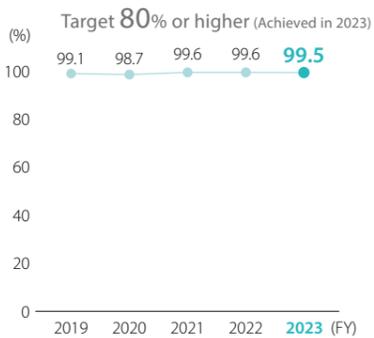
S Usage Rate of Paid Leave 86.4%



S Employment Ratio of Persons with Disabilities 2.74%



G Participation Rate of Directors in Board of Directors Meetings 99.5%



*1 We are calculating greenhouse gas emissions based on the GHG Protocol. Calculations for Scopes 1 and 2 are based on the properties where the Hulic Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, and 48 properties in FY2023). In addition, properties held at the end of term are subject to the calculation (Properties acquired during the reporting year for the period from the acquisition date to the end of the term are included). The unit calorific values and the emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Until FY2020, greenhouse gas emissions from one hotel operated by a subsidiary were calculated based on our ownership ratio in that property, but starting in FY2021, emissions are calculated based on operational control. The boundary and calculation method for Scope3 are disclosed on our website: https://www.hulic.co.jp/en/sustainability/ecology/warming/greenhouse_gas.html

*2 Calculations for waste disposal are based on the properties where the Hulic Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, and 48 properties in FY2023). Beginning in FY2020, we are calculating total waste disposal at specific properties within the boundary by using weight conversion factors based on actual measurements. The waste disposal of certain properties are estimated using the total floor area based on the emissions intensity of buildings with similar functions.

*3 Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022, and 204 properties in FY2023). Note that the amount of hot spring water used at hot spring inns is not included.

*4 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 level 7.

*5 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of level 7.

*6 Our target for the employment ratio of persons with disabilities is to be at the statutory employment ratio or higher: 2.2% or higher till FY2020 and 2.3% or higher from FY2021 to FY2023.

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

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

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

Figures marked with * † have been guaranteed by an independent assurance provider for the values included in our Integrated Report. For FY2023 results, we received assurance from an independent assurance provider for the following values listed in Integrated Report: greenhouse gas emissions Scope1, greenhouse gas emissions Scope2, greenhouse gas emissions Scope3 (Total, Category 13); waste disposal; water intake (water consumption); percentage of employees who received medical checkups; usage rate of paid leave; and employment ratio of persons with disabilities. 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 in the years before KPIs were set are indicated with a — (dash).

Hulic's Materiality	KPIs / Short-Term Targets, Medium- to Long-Term Targets	Coverage	2019 results	2020 results	2021 results	2022 results	2023 results	Unit	Assessment*15
 Providing safe, secure buildings and spaces	Percentage of properties meeting Hulic's earthquake-resistance standards*1: 100% each year	All completed properties each year	100% (4 properties in boundary)	100% (8 properties in boundary)	100% (8 properties in boundary)	100% (4 properties in boundary)	100% (10 properties in boundary)	%	⊙
	Progress toward a 100% highly earthquake resistant buildings*2 by 2029	Hulic-owned fixed assets	—	—	81%	82%	86%	%	○
 Contributing to actions for mitigating climate change and reducing our environmental impact	Greenhouse gas emission reduction targets*3 By 2024 Scope1+2 70% By 2030 Scope1+2 70%, Scope3 30% By 2050 Scope1+2, Scope3 substantially zero (base year: 2019)	Scope1+2 Properties where the Hulic Group has control of energy management*3 Scope3 Indirect emissions other than Scope1 and 2 related to Hulic Group's business activities*3	Scope1 14,931 Scope2 25,067 Scope3 229,006	Scope1 10,490 Scope2 18,529 Scope3 270,066	Scope1 11,369 Scope2 17,473 Scope3 210,703	Scope1 13,151 Scope2 20,966 Scope3 239,397	Scope1 13,259† Scope2 5,105† Scope3 261,152†	metric t-CO ₂ e	○
	RE100 progress rate*4: 10% in 2021, 30% in 2022, 65% in 2023, 100% in 2024	Electricity used in Hulic Group business activities	—	0.5%	13.5%	47.0%	100%	%	⊙
	Number of renewable energy systems installed in development and reconstruction projects: at least 3 every year	All completed properties each year	4	3	8	3	3	property	⊙
	Waste emission reduction target: Each year less than 11 kg/m ² in terms of basic unit	Hulic Head Office Building and Hulic Annex	—	—	—	—	9.6	kg/m ²	⊙
	Waste disposal: No numerical target (follow-up item)	Properties where the Hulic Group has control of energy management *5	1,461	879	811	2,401	3,593†	metric tonnes	—
	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)	100% (8 properties in boundary)	100% (4 properties in boundary)	100% (10 properties in boundary)	%	⊙
	Water intake (water consumption): No numerical target (follow-up item)	Important 204 properties*7	437	346	1,487	1,855	1,953†	thousand m ³	—
	Water intake (water consumption): Water-saving fixture installation rate of 100% each year	Fixed assets completed each year (excluding residential)	—	—	—	—	100% (9 properties in boundary)	%	⊙
	Number of greening projects*8: 1 or more each year	All completed properties each year	3	5	6	3	2	property	⊙
	Number of times climate change risks are monitored by the Sustainability Committee: 1 or more each year Number of times reports are submitted to the Board of Directors: 1 or more each year	Hulic Co., Ltd.	—	1/—	1/2	1/3	1/3	time	⊙
Number of Environmental Advisory Council meetings held: 1 or more each year	Hulic Co., Ltd.	1	1	1	1	1	time	⊙	
 Addressing changes in demographics	Senior living number of room unit: 5,000 by 2025	Hulic Group (including properties sold/trusted to REIT)	—	3,600	3,700	4,000	4,800	room	○
 Collaborating with business partners and local communities	Number of customer satisfaction surveys: 1 or more each year	Hulic Group	1	1	1	1	1	time	⊙
 Promoting diversity and the development of professional human resources	Percentage of employees who received medical checkups*9: 100% each year	Hulic Co., Ltd.	100%	100%	100%	100%	100%†	%	⊙
	Use rate of childcare leave*10: 100% of eligible female employees /100% of male employees by 2024	Hulic Co., Ltd.	100%/—	100%/—	100%/—	100%/—	100%/125%	%	⊙
	Ratio of employees returning to work after childcare leave: 100% each year	Hulic Co., Ltd.	100%	100%	100%	100%	100%	%	⊙
	Usage rate of paid leave*11: 70% or higher each year	Hulic Co., Ltd.	78.5%	75.5%	81.5%	77.7%	86.4%†	%	⊙
	Percentage of career development interviews conducted: 100% every year (conducted twice a year)	Hulic Co., Ltd.	—	—	100%	100%	100%	%	⊙
	Ratio of female managers: 2020, 20%, 2024, 25%, 2029, 30%	Hulic Co., Ltd.	20.2%	23.9%	22.4%	21.5%	18.3%	%	○
	Number of seminars provided by the Diversity Promotion Project Team: once each year	Hulic Co., Ltd.	1	1*12	1	1	1	time	⊙
Employment percentages of persons with disabilities: Maintaining the statutory employment ratio or higher (2.2% or higher till FY2020 and 2.3% or higher from FY2021 to FY2023.)	Hulic Group*13	2.42%	2.34%	2.54%	2.68%	2.74%†	%	⊙	
 Maintaining and improving governance trusted by stakeholders	Participation rate in Board of Directors meetings: 80% or higher each year	Hulic Co., Ltd.	99.1%	98.7%	99.6%	99.6%	99.5%	%	⊙
	Number of effectiveness assessment of the Board of Directors: once each year	Hulic Co., Ltd.	—	1	1	1	1	time	⊙
	Number of compliance training conducted: 5 times each year (4 times for employees and once for officers)	Hulic Co., Ltd.	5 (4 employees, 1 officer)	time	⊙				
	Number of Risk Management Committee and Fund and ALM Committee meetings: 4 times or more each year, respectively	Hulic Co., Ltd.	4/13	4/22	4/16	4/17	4/16	time	⊙
Number of BCP drills, inspections of stockpiled food and suppliers: 1 or more each year	Hulic Group	1	1	3/4/1*14	3/4/1	2/4/4	time	⊙	

*1 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 level 7.
 *2 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of level 7.
 *3 We are calculating greenhouse gas emissions based on the GHG Protocol. Calculations for Scope1 and 2 are based on the properties where the Hulic Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, and 48 properties in FY2023). In addition, properties held at the end of term are subject to the calculation (Properties acquired during the reporting year for the period from the acquisition date to the end of the term are included). The unit calorific values and the emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Until FY2020, greenhouse gas emissions from one hotel operated by a subsidiary were calculated based on our ownership ratio in that property, but starting in FY2021, emissions are calculated based on operational control. The boundary and calculation method for Scope3 are disclosed on our website: https://www.hulic.co.jp/en/sustainability/ecology/warning/greenhouse_gas.html
 *4 The RE100 progress rate is calculated by dividing the total amount of power generated by Hulic-owned solar photovoltaic equipment in the year by the total amount of electricity used at the Hulic head office building and on the floors occupied by Group companies (includes some estimates).
 *5 Calculations for waste disposal are based on the properties where the Hulic Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, and 48 properties in FY2023). Beginning in FY2020, we are calculating total waste disposal at specific properties within the boundary by using weight conversion factors based on actual measurements. The waste disposal of certain properties are estimated using the total floor area based on the emissions intensity of buildings with similar functions.
 *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 Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022 and 204 properties in FY2023). Note that the amount of hot spring water used at hot spring inns is not included.
 *8 The number of completed non-current assets in each year among those buildings and facilities with a greening obligation.
 *9 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, were counted (excluding personnel who were on leave).
 *10 Females calculated by dividing the number of employees who took maternity leave in the fiscal year by the number of employees who entered the period covered by maternity leave in the fiscal year and males calculated by dividing the number of employees who took paternity leave in the fiscal year by the number of employees whose spouses gave birth in the fiscal year.
 *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 In FY2020, a video training session was held in lieu of an in-person seminar session to prevent the spread of COVID-19.
 *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 1 of each year.
 *14 Beginning in FY2021, the number of BCP drills, inspections of stockpiled food and suppliers are disclosed, respectively.
 *15 ⊙: achieved, ○: progressed, △: not progressed, —: not subject to assessment

Environmental Initiatives

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 adhering to environmental laws and regulations.

2

Environmental Management System

We contribute to the conservation of global environment by setting environmental targets and making continuous 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

Recycling-oriented Society

We contribute to the creation of a recycling-oriented, 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 developing and reconstructing 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 companies.

There are no discrepancies or conflicts between each industry group

and policies or the direction of our environmental efforts. If there is a slight difference between the views of those industry associations and our company in the future, we will consult each other and respond appropriately.



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 Environmental 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 Council	Hulic engages in ongoing lumber promotion activities through participation in Wood Change Council, 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 engaged 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. As a member of JCLP, we are involved in government policy proposals, and strives to stay updated on the latest information on climate change trends and developments in Japan and overseas. We then reflect this information in our initiatives.
Japan Climate Initiative (JCI)	The Japan Climate Initiative (JCI) is a network of many entities, such as companies, local governments, and NGOs, who are working on climate change countermeasures. As a member of this initiative, Hulic strives to stay updated on the latest information on climate change trends and developments in Japan and overseas. We then reflect this information in our initiatives.
GX League	Green Transformation (GX) is intended to bring about a shift from an industrial structure centered on fossil fuels to one centered on clean energy, ushering in a comprehensive restructuring of economic and social systems. The GX League is a platform of like-minded companies that discusses GX and launches initiatives to create new markets in cooperation with industry, government, academia, and finance. Hulic supports the basic concept of this movement and is working together with others to discuss, promote, and practice GX.
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.
TNFD Forum	We participate in the Task Force on Nature-related Financial Disclosures (TNFD) Forum. The TNFD is an international initiative to establish a framework for the appropriate assessment and disclosure of risks and opportunities related to natural capital and biodiversity. The TNFD Forum is an organization that aims to support the discussion and the construction of the framework.
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.
Supporting Environmental Studies at Kyoto University	We support 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 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.

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.

Commitment: As a real estate developer, we believe that Hulic can offer value to society by putting our environmental effort into mitigating impact on climate change by reducing greenhouse gas emissions, using resources efficiently, and reducing waste.

Roadmap

	2020-2022	2023	2024	2025	-2029	2030	-2050
General	Adoption of environmentally friendly technologies to properties owned						
	Start disclosing information in line with TCFD recommendations						
	Disclosed SBT-approved GHG emissions reduction targets (near-term targets)						
Decarbonization	Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings*1						
	Development and operating solar power plants (non-FIT)						
	Development and operating small hydroelectric plants						
Circular economy	Technical measures to reduce waste and resource inputs (develop longer life buildings etc).						
	Introducing wooden technology						
Greenhouse gas emission reduction targets*2	Scope1+2	● Reduce by 70%				● Reduce by 70%*3	● Substantially zero emissions
	Scope3					● Reduce by 30%*3	● Substantially zero emissions

*1 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.
 *2 Base year: 2019
 *3 SBT-approved near-term targets. Combined Scope 1 and Scope 2 target is consistent with reductions required to keep the global warming to 1.5°C, the most ambitious goal of the Paris Agreement. Scope 3 target meets the SBT's criteria for ambitious value chain goals, meaning they are in line with current best practice.

Example of Specific Initiatives

- **Converting to 100% renewable energy for electricity consumption at all Company-owned Buildings and achieving RE100**: We have been promoting the in-house development of renewable energy power generation equipment (solar and small hydroelectric equipment) and invests in wind power facilities.
- **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.



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



Wind power facilities (Akita Prefecture)

- **Fireproof hybrid wooden buildings**: We have been developing and spreading fireproof wooden buildings using timber that requires less energy for manufacturing and processing as the construction material than steel and concrete as well as contributes in fixing carbon.
- **Reduction of embodied carbon**: We are actively adopting environmentally-friendly building materials in development projects to reduce embodied carbon, which is the greenhouse gas emissions emitted from the procurement of building materials, construction, renovation and demolition (disposal) during the construction of buildings.
- **Development of ZEB (Net Zero Energy Building)**: ZEB is a building that reduces the annual primary energy consumption of the building to net zero while providing a comfortable indoor environment. We are working to develop ZEB in development projects.
- **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.



Development of ZEB (HULIC Logistics KASHIWA)



Natural ventilation (HULIC Head Office Building)



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



Compliance training

Environmental Compliance

With the aim of thoroughly complying with laws and regulations related to the environment, including waste and soil pollution, the Hulic Group try to disseminate information to all employees about our sustainability policies and initiatives, such as environment-related laws and the latest trends in environmental laws, by disclosing information through intranet and website.

There were no violations of environmental laws and regulations in the last eight years (2016 ~ 2023).

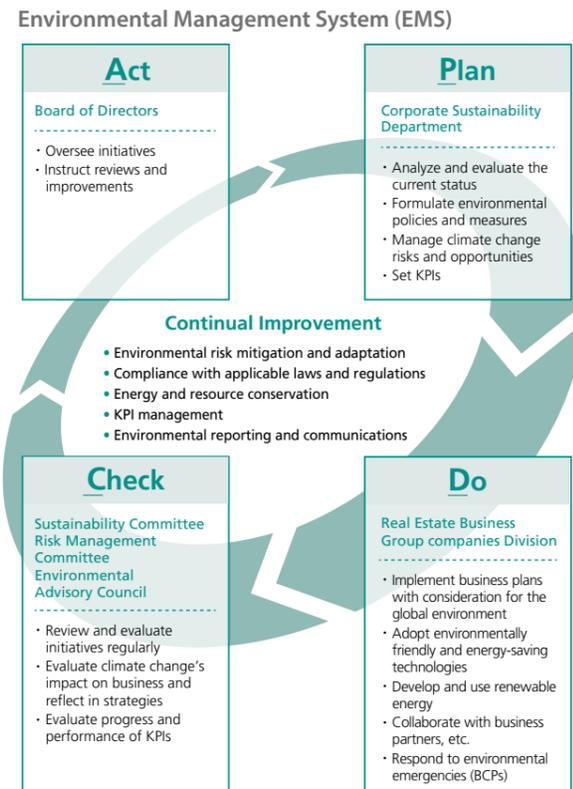
Major Environmental Laws and Regulations

- Basic Environment Act
- Act on Promotion of Global Warming Countermeasures
- Act on the Rational Use of Energy and the Act on the Conversion of Non-Fossil Energy (Energy Conservation Act)
- Air Pollution Control Act
- Noise Regulation Act
- Vibration Regulation Act
- Soil Contamination Countermeasures Act
- Waste Management and Public Cleaning Act (Waste Disposal Law)
- 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. We have recently 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 greenhouse gas emissions 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 usage.

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. 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 collects data about the amount of energy used annually 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. 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

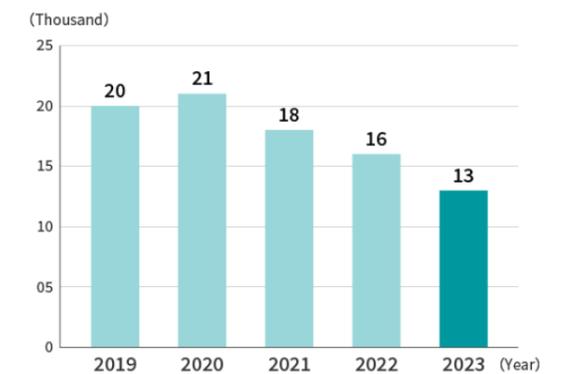
through more efficient operations, and implement small-scale renovations as needed.

Efforts to Reduce the Amount of Paper Use in Offices

To reduce paper consumption at 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.

Paper consumption per person (Hulic non-consolidated)



CHECK: Confirmation and Inspection

Confirmation and inspection of initiatives through monitoring and assessment by both in-house parties and external advisors 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 as well as external advisor's 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

Satoyama Conservation Activities

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 planting, rice harvesting and trimming

weeds and shrubs at the foots of mountains. These activities, with participation by many employees every year, provide them good opportunities to learn about biodiversity.



Satoyama Conservation Activities: rice planting, nature observation

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 greenhouse gas emissions targeting a carbon-free society. To this end, Hulic conducts afforestation training for our employees so that employees understand the forest lifecycle. This activity provides opportunities to think about environmental protection and communicate across the entire Company.



Tree-planting activities

Initiatives for Climate Change

Fundamental Approach

We are combatting climate change through environmental initiatives, including achieving RE100 in 2023 and converting to 100% renewable sources for electricity consumed at all Company-owned buildings by 2029.

Greenhouse Gas Emissions Reduction Targets

In November 2021, Hulic formulated greenhouse gas emissions reduction targets.

GHG Emissions Reduction Targets (Absolute contraction targets, Base Year: 2019)

	2024	2030	2050
Scope 1 and 2*1	Reduced by 70%	Reduced by 70%	Sustaintially zero
Scope 3*2	n.a.	Reduced by 30%	Sustaintially zero

*1 Emissions from energy consumptions by the reporting company.

Scope 1: emissions from operations that are owned or controlled by the reporting company.

Scope 2: emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.

*2 All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Hulic has had its near-term (by 2030) emissions reduction targets approved by the Science Based Target initiative*3(SBTi) as consistent with levels required to meet the goals of the Paris Agreement. The targets covering greenhouse gas emissions from the Company's operations are consistent with reductions required to keep the global warming to 1.5°C, the most ambitious goal of the Paris Agreement. In addition, the Company's target for the emissions from its value chain (Scope 3) meets the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.



*3: Science Based Targets initiative (SBTi)

A collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), and is an international initiative that promote private sector to develop GHG emissions reduction targets in line with Paris Agreement (long-term temperature goal is to keep the rise in mean global temperature to well below 2°C and limiting below 1.5°C above pre-industrial levels), then validate and approve targets submitted to them. For approval, GHG emissions need to comply with GHG Protocol accounting and reporting standards, and near-term reduction targets need to be set between 5 and 15 years from the date of target submission to SBTi.



Hulic's Actions for Achieving the Targets

We agree with the Japan government's 2050 carbon neutrality target and are promoting the following initiatives to achieve the greenhouse gas emissions reduction target.

- FY2023 results: Scope 1+2: -54%, Scope 3 Category 11 (use of sold products) and 13 (downstream of leased assets): -14% (compared to base year): 2019
- Scope 2 reduction: Replace 100% of the electricity required for business activities of Hulic Group with renewable energy and achieved RE100*4 in 2023.

- Scope 2 and Scope 3 reductions: By 2029, we will invest a total of approximately 66 billion yen in the development of renewable energy power plants. These will generate approximately 330 GWh electricity, equivalent to the annual electricity consumption of all of our buildings*5, and supplying renewable electricity to our buildings. In addition to solar power plants, we have developed small hydroelectric power plants to ensure the resilience of renewable energy sources*6.

● Other: Implementing value chain (Scope 3) engagements:

- ✓ Upstream Scope 3 emissions: in cooperation with architectural design companies and contractors, implement ways to reduce GHG emissions from construction including switching the electricity sources used at construction sites to renewable energy; adding items that are adoptable to design guidelines and standards; utilizing a calculation sheet for estimating the amount of carbon stored in timber, use of recycled building materials, and promoting wooden construction and conversion initiatives.
- ✓ Downstream Scope 3 emissions: implementing measures to increase energy efficiency of properties including introduction of environmentally friendly technologies, energy conservation renovations, use of unused energies, improvement of energy efficiency by reconstruction, and making efforts to pursue reduction of total energy consumption of leasing properties in cooperation with tenants including introduction of green lease*7 provisions.
- ✓ To achieve the goals of 30% reduction in GHG emissions by 2030 (SBT Certification Targets) and virtually zero GHG emissions by 2050, we aim to achieve these goals through measures such as

reduction of GHG emissions during building operation through active adoption of new technologies and materials, and long-term results expected from investments in venture companies and joint research with the academic world in addition to 100% renewable energy for electricity used at all company-owned buildings.

*4 RE100 (Renewable Electricity 100%)
An international initiative in which member companies aim to use 100% renewable sources for the energy required for their business activities.

*5 All Company-owned properties
Excludes single-tenant lease properties, residential properties and unmanaged shared properties for which the Company does not manage energy, and real estate for sale, etc.

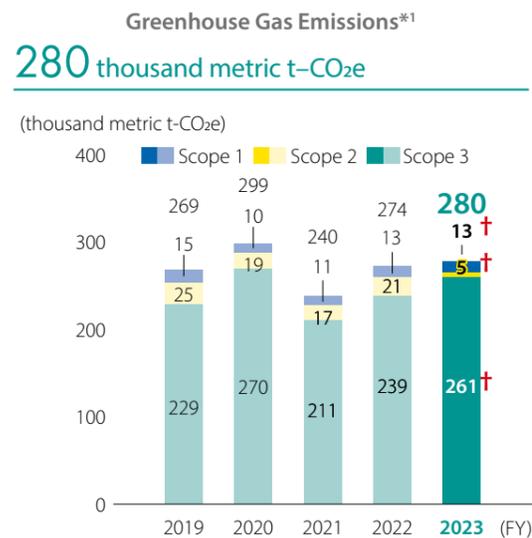
*6 Secure resilience of renewable energy sources
Supply electricity stably by using multiple energy sources.

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



Status of Greenhouse Gas Emissions

Greenhouse Gas Emissions



Note: Figures marked with *† have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

*1 The greenhouse gas emissions are calculated based on the GHG Protocol. The boundary for Scope 1 and 2 is the properties where the HULIC Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022 and 48 properties in FY2023). In addition, properties held at the end of term are subject to the calculation (Properties acquired during the reporting year for the period from the acquisition date to the end of the term are included). The unit calorific values and the emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Until FY2020, greenhouse gas emissions from one hotel operated by a subsidiary were calculated based on our ownership ratio in that property, but starting in FY2021, emissions are calculated based on operational control.

Greenhouse Gas Emissions

	Greenhouse Gas Emissions (t-co ₂ e)				
	2019	2020	2021	2022	2022
Scope 1 Direct Emissions	14,931	10,490	11,369	13,151	13,259†
Scope 2 Indirect Emissions (market based)	25,067	18,529	17,473	20,966	5,105†
Subtotal Scope 1 and Scope 2	39,997	29,019	28,842	34,118	18,364
Scope 3					
1 Purchased goods and services	18,303	24,723	24,497	33,122	34,218
2 Capital goods	20,730	39,142	19,638	30,727	62,327
3 Fuel and energy related activities	6,597	5,132	5,238	6,112	3,939
4 Upstream transportation and distribution	—	—	—	—	—
5 Waste generated in operations	2,276	2,296	1,419	3,016	4,497
6 Business travel	244	251	194	176	177
7 Employee commuting	455	430	283	307	338
8 Upstream leased assets	—	—	—	—	—
9 Downstream transportation and distribution	—	—	—	—	—
10 Processing of sold products	—	—	—	—	—
11 Use of sold products	36,984	88,280	43,315	33,033	32,417
12 End-of-life treatment of sold products	193	484	1,005	712	474
13 Downstream leased assets	143,225	109,328	115,114	132,191	122,765†
14 Franchises	—	—	—	—	—
15 Investments	—	—	—	—	—
Subtotal Scope 3	229,006	270,066	210,703	239,397	261,152†
Total Scope 1, 2 and 3	269,004	299,085	239,545	273,514	279,516

—: Not applicable.
Note: Figures marked with *† have been guaranteed by an independent assurance provider for the values included in our Integrated Report.
HULIC manages the amount of permissible leaks as an administrator based on the Act on Rational Use and Proper Management of Fluorocarbons and they are included in the calculations of greenhouse gas emissions. Note that we do not report or disclose this data as the amount of leaks is below the reporting standards.



Total Energy Consumption

	2019	2020	2021	2022	2023
(MJ)	770,117,429	599,718,983	603,949,285	694,169,900	727,418,203

* The boundary is the properties where the HULIC Group has control of energy management (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022 and 48 properties in FY2023)

Green Procurement Initiatives

HULIC is working to reduce environmental impacts throughout all of our operations, and we also ask our business partners to agree to the following green procurement policy and work together with them.

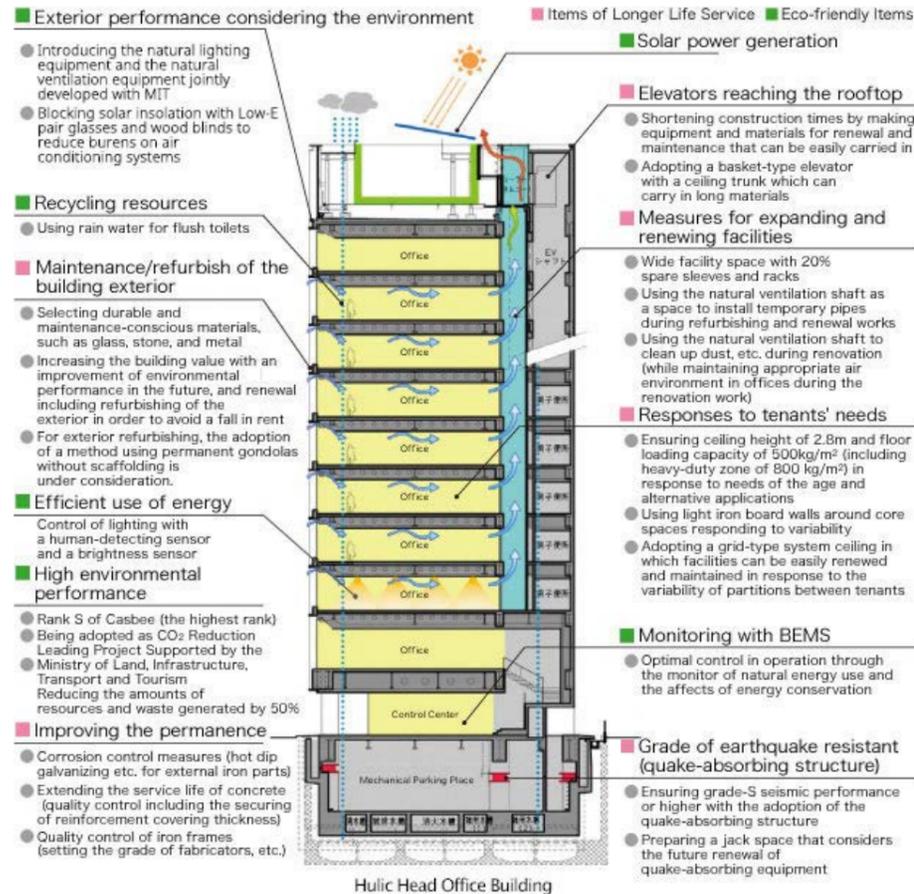
1. To engage in energy-saving activities and reduce GHG emissions;
2. To reduce the amount of water consumption as much as possible;
3. To carry out a biodiversity-friendly business;
4. To fully prevent environmental pollution; and
5. To make efforts to save resources and reduce the amount of waste.

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

motion and brightness sensors. To improve heat insulation performance of exterior walls, Low-E pair glasses and wood blinds are used.

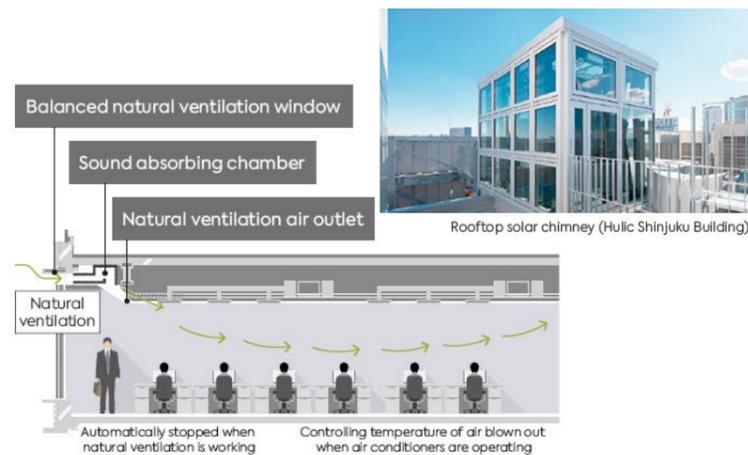


Natural Ventilation and Natural Lighting System Developed through Joint Research with the Massachusetts Institute of Technology (MIT)

Natural Ventilation System

Hulic Head Office building introduced an unique natural ventilation system, jointly researched and developed with MIT in which air flows and other factors in the office area were meticulously simulated. This system automatically take in comfortable cooler air from outside during seasonable intervals so that favorable conditions of office can be maintained even if the air conditioning is shut. In addition, annual energy consumption of the Head Office building is reduced by the introduction of this system. Furthermore, in order to realize the use of a natural ventilation system in a dense urban area, a silencer chamber is attached in the intake opening to minimize outside noise affecting inside work space.

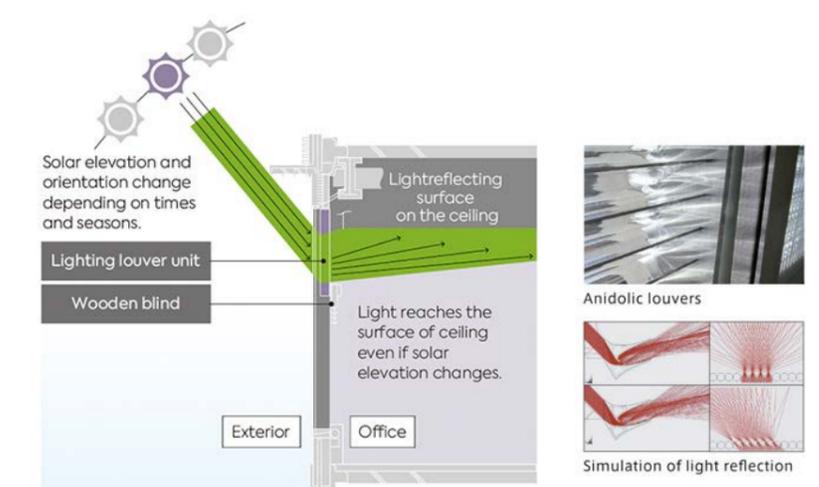
Cross-Sectional View of Natural Ventilation



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, Hulic Annex and some of development properties.

Image of natural lighting



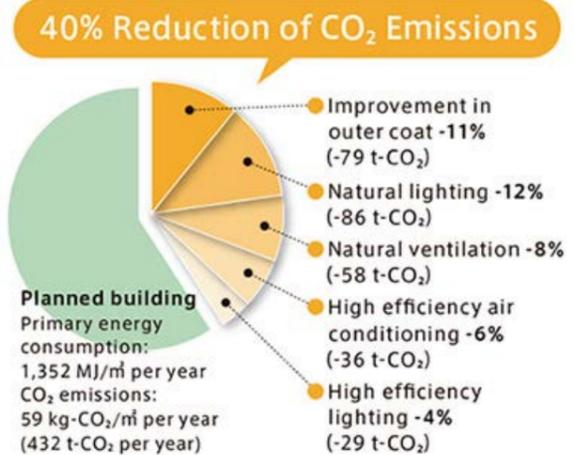
Effects of CO₂ Reduction

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 m ² ... Standard value of office buildings minus 25%
ERR*	=35% ... The highest class in the energy-saving performance standard of Tokyo metropolitan government
CO ₂ emissions reduction	=40% reduction compared to an average office building in the Tokyo Metropolitan Government's energy efficiency performance standards. =CO ₂ 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

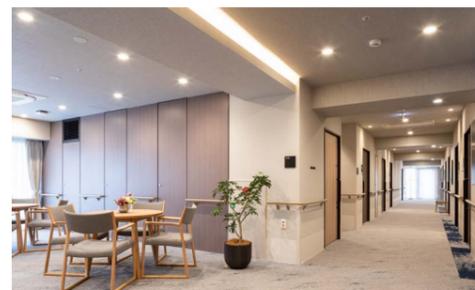
Initiatives for Energy Conservation

Fundamental Approach

We work to mitigate our impact on climate change by promoting energy-saving initiatives.

Introduction of LED Lighting

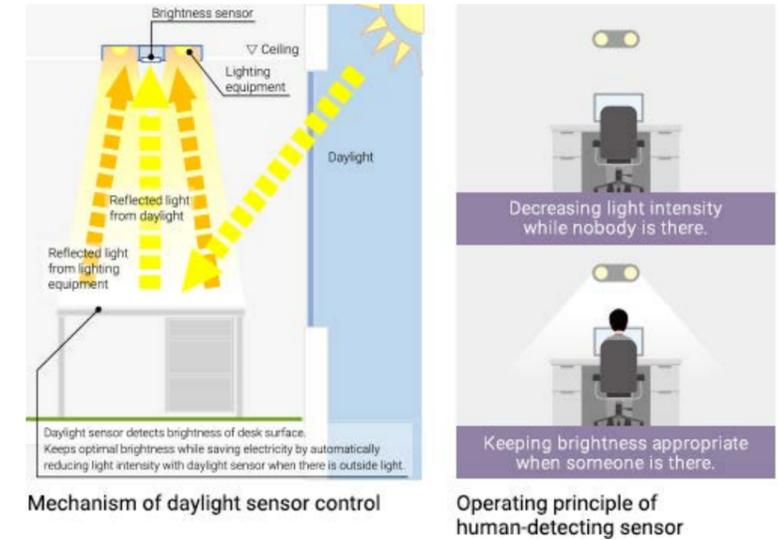
Use of LED lighting, which is brighter than incandescent lamps and fluorescents and uses less electricity, helps to significantly reduce power consumption and greenhouse gas emissions. Furthermore, as LED lighting is long lasting, it is possible to not only save the trouble of maintenance such as changing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

Introduction of LED Lighting System

Hulic has realized a lighting conditions preferable for customer work style as well as a significant level of greenhouse gas emissions reduction through energy saving by adjusting the level of LED lighting automatically with daylight and motion sensors.



Introducing Low Energy Consumption Facilities to Nursing Homes

We have an environmentally friendly plan for aiming to help realize a sustainable society including but not limited to LED lighting, highly efficient water heater, equipping with solar panels on their rooftops to provide electric power to the common areas and others. Additionally, we are keen on using of wood in materials, adopting roof greening, keeping natural lighting, natural ventilation system and installing panel heating and cooling system, to name a few.



Atrium which installed natural ventilation system (Hospitalment Musashino)



Solar panels on the rooftop (Charm Suite YOTSUYA)

Customer Outreach

We believe that customer engagement is important in responding to climate change, and our initiatives for decarbonization, conducted explanatory sessions with our customers—focusing on office tenants—

to discuss our commitment to the environment as building owners. Going forward, we will continue outreach to customers and work toward more energy efficiency.

Effective Use of Renewable Energy

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

Additionally, we are installing various renewable energy systems at our properties, and have set a KPI (non-financial target) for the number of capital investments in development and reconstruction projects

on renewable energy systems at three investments per year. Results in FY2023 were three.



Converting to 100% Renewable Energy Sourced Electricity for Electricity Consumption at All Company-owned Buildings

In accordance with Hulic's Long-term Vision for the Environment, we established the climate change goals of achieving RE100*¹ by 2024 and converting to 100% renewable energy (following: this initiative) for electricity consumption at all Company-owned buildings*² by 2030. We have achieved RE100 in 2023. In addition, we have moved forward one year to 2029 to convert to 100% renewable energy for electricity consumption at all Company-owned buildings.

To achieve these goals, we plan to invest approximately JPY66 billion and develop new renewable energy power plants including solar power plants and so on.

Development Progress as of the end of December 2023

- 66 solar power plants 69.7Gwh
- 2 small hydroelectric plants 2.7Gwh



Solar photovoltaic equipment that do not use the FIT system

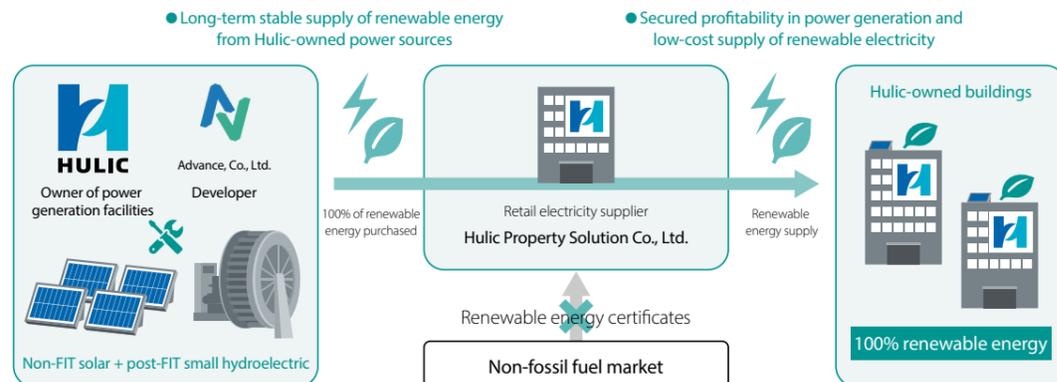
*1 An abbreviation of "Renewable Electricity 100%", or sourcing 100% of electricity needed for business activities from renewable energy sources

*2 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial coownership properties, and real estate for sale, etc.

Fully Internal Group Corporate PPA*¹ Model

Hulic Property Solutions, a Group company, acts as a retail electricity supplier (PPS), purchasing electricity derived from Company-owned renewable energy sources and selling it to Company-owned properties.

This will ensure stable sourcing of renewable energy-derived electricity over the long-term.



Unique traits of Hulic's renewable energy sources

- New development and 100% in-house ownership of renewable energy facilities ▶ New development contributes to reduced greenhouse gas emissions (additionality)
- Non-FIT solar photovoltaic equipment ▶ No market purchase of renewable energy certificates
- 100% in-house ownership of power source and energy mix (combination of solar power generation and small hydroelectric power plants, etc.) ▶ Long-term and stable renewable energy power supply

*1 An agreement in which corporations, municipalities and other legal entities purchase renewable electricity from power providers on a long-term basis.

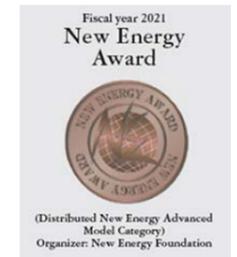
TOPICS

Received New Energy Foundation Chairman's Award at the Fiscal Year 2021 New Energy Awards

In recognition of our efforts in achieving RE100 by 2024*¹ and converting to 100% renewable energy for electric consumption at all Company-owned buildings*² by 2030 (move forward to 2029), which we are promoting to realize a decarbonized society, we received the New Energy Foundation Chairman's Award at the 2021 New Energy Awards, along with Hulic Property Solutions Co., Ltd. and ADVANCE CO., LTD.

The New Energy Awards, organized by the New Energy Foundation and supported by Japan's Ministry of Economy, Trade and Industry,

looks widely for the application of products related to new energy as well as activities to adopt and raise awareness of new energy. The goals are to further promote the adoption, spread, and awareness of new energy, along with the recognition for our outstanding achievement.



Evaluated points

In this initiative, Hulic develops and owns non-FIT solar power generation and small hydropower generation with Advance as a development partner, and promotes renewable energy. As a retail electric supplier, Hulic Property Solutions is building a "corporate PPA mechanism" that purchases all of the electricity generated and

supplies it to Hulic's buildings*. At the New Energy Foundation Chairman's Award, we received high praise for the "additionality" of new development of renewable energy, the uniqueness of corporate PPA mechanism, and the advancedness of making our own buildings into ZEB (zero energy building).

*1 Target years at the time of award. After that, We achieved RE100 in 2023.

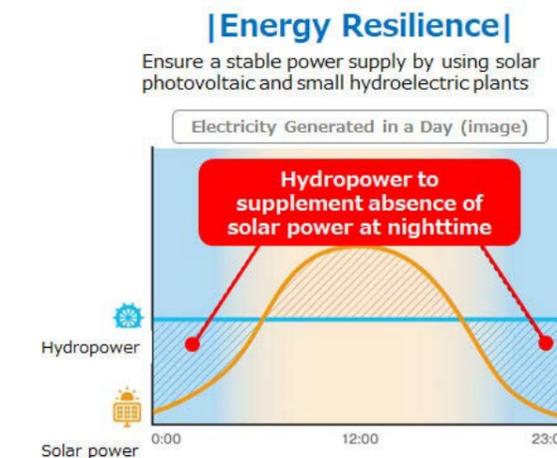
*2 Target years at the time of award. Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial coownership properties, and real estate for sale, etc.

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*¹ 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).

Mechanism Facilitating Stable Energy Supplies Utilizing Multiple Power Sources (image)



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

And its second small hydroelectric began operations in Takashima-city, Shiga Prefecture in May 2023.

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

*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.



Kamogawa small hydroelectric plant water intake

Kamogawa small hydroelectric plant overview

- Water source: Kamogawa, Shiga Prefecture
- Overall length: 1.4 km
- Height difference: Approximately 91 m
- Power generation scale: 199 kW
- Estimated annual power generation: Approximately 1.1 GWh
- Hulic plans to supply electricity to its owned properties after the FIT period has ended (20 years hence)

Small Hydroelectric Plant Construction (Image)



Installing Solar Photovoltaic Panels on the Rooftop for Onsite Consumption

We have been making effort to reduce greenhouse gas emissions by installing photovoltaic cell modules on the rooftop of buildings and use solar power as a supplemental energy source. The logistics facilities Hulic Logistics Noda I and Hulic Logistics Kashiwa, which were completed in 2023, have been equipped with large-capacity solar power generation facilities and have obtained ZEB certification.



Hulic Logistics Kashiwa

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)

HULIC SQUARE SAPPORO I installs solar panels on vertical surfaces that was less affected by snow and produce energy from low altitude sunlight and snow glare. We expect to generate approximately 5,400 kWh per year with the 12.6 kW system.



HULIC SQUARE SAPPORO I

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 of river water, ground water, or sewage water. As a way to

efficiently utilize energy for the reduction of environmental load, we are working on the advanced utilization of unused energy according to location conditions, asset type, and the characteristics of development projects.

Case Study 1

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.



FUFU Kawaguchiko

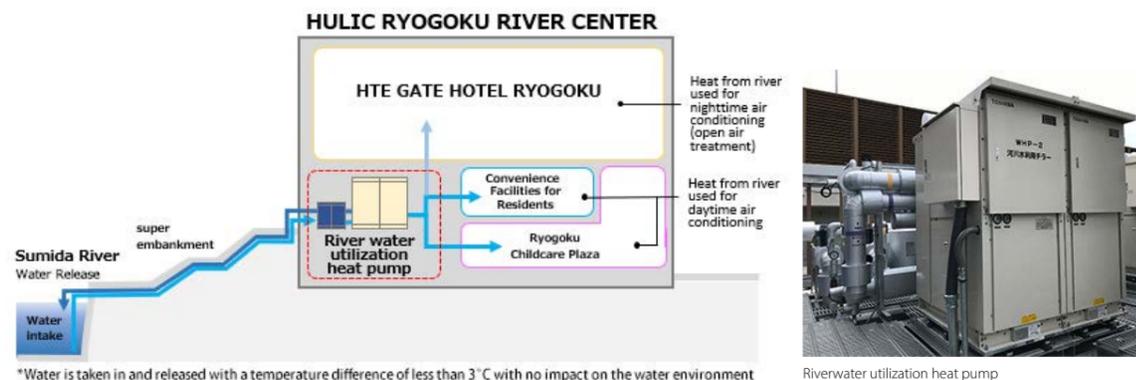
Case Study 2

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%.

Air conditioning system making use of river water (image)



*Water is taken in and released with a temperature difference of less than 3°C with no impact on the water environment

Riverwater utilization heat pump

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 greenhouse gas 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 FY2023》
- KPI:Percentage of technical measures (such as longer life design, etc.)* applied to reduce construction waste 100%/each year: Result **100%**
 - KPI:Amount of waste disposal Intensity less than 11kg/m²/each year (Hulic Head Office Building, Hulic Annex Building) / Result **9.56kg/m²**
 - KPI:Water Intake (Water Consumption) Installation rate of water-saving devices Yearly **100%** (the boundary is for completed fixed assets in each year)/ Result in 2023: **100%**

* 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.



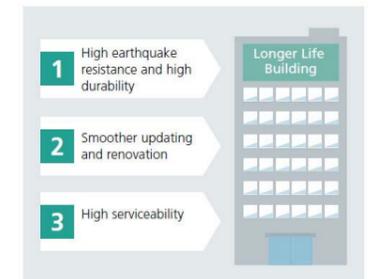
Longer Life Buildings

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

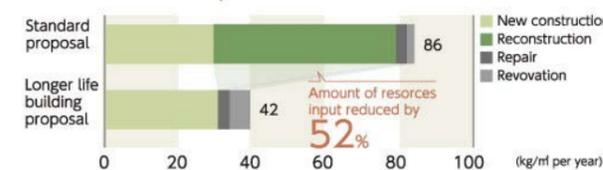
buildings are conventionally reconstructed every 40 years (standard plans).

We have introduced longer life designs as standard specifications in all development and reconstruction completed or under development since formulating the Guidelines in 2011.

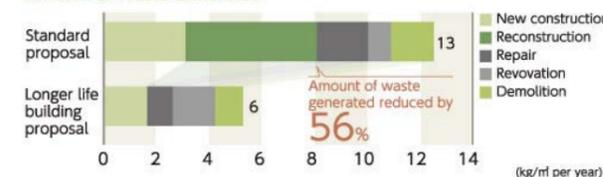


Environmental Advantages of Longer Life Buildings

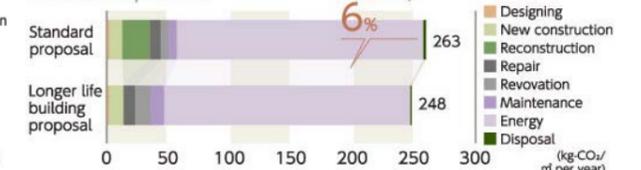
Amount of Resources Input



Amount of Waste Generated



LCCO₂ (Life-Cycle CO₂)



Target for comparison

Standard case: rebuild twice in 100 years
Measures case: renovate while tenants are occupying the building

Effects

As 3/4 of LCCO₂ or more is CO₂ emissions generated as a result of energy consumptopn, the effect of a reduction in CO₂ emissions from extending service life is underestimated. However, the amounts of resources used and waste generated are reduced by 50% or more.

*Calculated with the LCA tool the Architectural Institute of Japan

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 7 level 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.
- 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, if the conditions are met.

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.

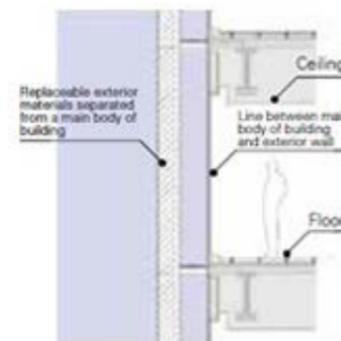
Ceiling height:	2.8m or higher
Loading capacity:	500kg/m ² in general, 800kg/m ² ~1t/m ² in heavy duty zone
System ceiling:	A system ceiling responding to needs for smoother maintenance, updating of facilities, and changeability of partitions between tenants.



POINT2

Replaceable facade systems

For commercial buildings, the exterior appearance is important. This is because a stylish appearance at the forefront of the age would attract customers. Therefore, if site conditions and other factors are met, we adopt a system where the facade (front exterior of the building) can be separated from the main structure, without any legal constraints, to update the exterior design.

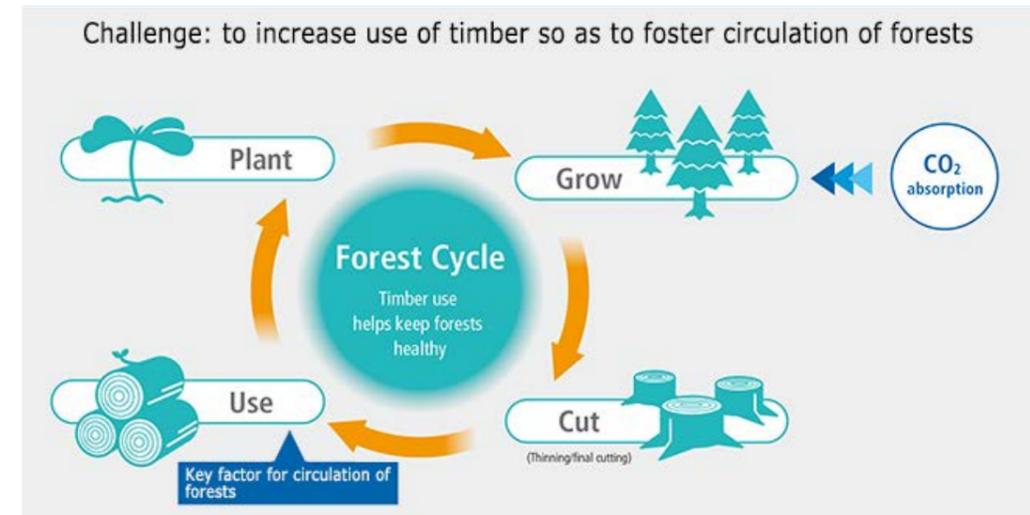


Wooden Construction and Conversion Initiatives

We have been developing fireproof wooden buildings using timber that requires less energy for manufacturing and processing with lower CO₂ emissions.

We are also planting trees based on the idea of planting to replace what we use. 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 to 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.
	Participate in the Wood Change Council We are a member of the Wood Change Council, a networking gathering sponsored by the Forestry Agency which aims to promote the use of timber in the private sector buildings.
To Use	Completion of HULIC &New GINZA 8 Construction of HULIC &New Ginza 8 was completed in October 2021, Japan's first 12-story fireproof wooden (hybrid construction combining wood and steel) commercial building.
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: HULIC &New GINZA 8 (fireproof commercial building)

We developed Japan's first 12-story wooden fireproof commercial building (hybrid construction combining wooden and steel structures) in Ginza, one of our focus areas, in October 2021.

Development and Design Concept

With the objectives of contributing to both the growth of the forest industry and regional revitalization, HULIC used domestic timber for the structure—mostly sugi (cedar) from Fukushima Prefecture—based on the design concept of creating a “forest” in the middle of Ginza. While building with steel and concrete was used in places, we replaced wood in all sections of the structure where this was possible to create a building with a highly economic and coherent structure.

This 12-story wooden building was created with columns and beams made from timber with a fireproof coating. The hybrid structure

combining wooden and steel frame construction takes advantage of several wood-related technologies, such as cross laminated timber (CLT), and vibration-damping walls and pillars made from glued laminated wood. The project which also used wood for exteriors shows the future of cities and structures, with Ginza serving as the model. Inside the building, the fireproofed wooden pillars and beams, as well as the ceiling using CLT, are exposed effectively to carry the feeling of warmth that wood brings to the interior which is also aesthetically pleasing.

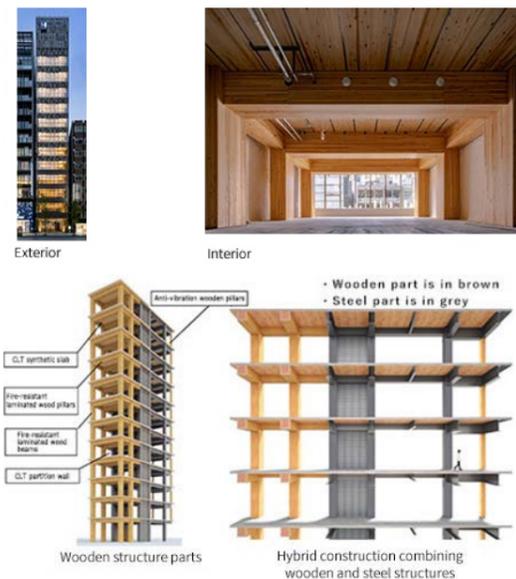
Special Features

New technologies

- Japan's first 12-story wooden fireproof commercial building. The tallest among leasing buildings, as of the time of completion of this property.

Environmental benefits

- Promotes fixation of CO₂
- Reduces CO₂ by increasing the amount of wood used, leading to forest regeneration (forest health)
- Approximately 310 m³ of wood was used in the construction of HULIC &New GINZA 8, with the amount of carbon stored in the lumber (CO₂ equivalent) totaling 217 t-CO₂.*
- * Calculated based on the Forestry Agency's "Guidelines for calculating carbon stored in wood used in buildings" (October 1, 2021) (for all wooden parts)
- Reinvigorates forestry (regional revitalization)
- Reduces CO₂ emissions from construction
- Eliminates CO₂ emissions during structural material manufacturing process (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) compared to steel structures and reinforced concrete structures simplifies the foundation structure of the building.



TOPICS

HULIC &New GINZA 8 has received these awards:
the Grand Prize (Minister of Land, Infrastructure, Transport and Tourism Award) at the 25th Wood Utilization Competition (sponsored by Japan Association of Timber Youth Groups);
the Minister of the Environment Award in the Outstanding Facilities Category in the FY2022 Contest Recognizing Outstanding Facilities for Timber Utilization (sponsored by the Japan Council for Advancement of Timber Utilization);
and the Grand Prize (Minister of Land, Infrastructure, Transport and Tourism Award) at the Wood Design Award (sponsored by the Japan Wood Design Association).

Awarded the Grand Prize at the 25th Wood Utilization Competition (Minister of Land, Infrastructure, Transport and Tourism Award)

[Comment from judges]

The HULIC &New GINZA 8 project has been highly rated for tackling the challenge of using wood in high-rise buildings in urban areas. The use of timber from all over Japan for a high-rise structure in Ginza, one of the country's premier commercial districts, will likely contribute significantly

to more use of timber in buildings in the future.

[Wood Utilization Competition]

Started in 1997, this year marked the 25th occasion for the Wood Utilization Competition. The goal is to contribute to the revitalization of the forest industry by exploring new uses for wood and its expanded use. Many wooden buildings have been constructed in Japan in the 10

years since the enactment of the Act for Promotion of Use of Wood in Public Buildings etc. aimed at bolstering the use of wood. Recently, we have seen the development of many new wooden materials as well as technology and construction methods, while the laws related to wooden structures have been relaxed. More wooden construction is expected. Given this background, the competition recognizes excellent works that broadly convey the benefits of wood and contributes to more use of wood.

Won Minister of the Environment Award in the Contest Recognizing Outstanding Facilities for Timber Utilization

[Comment from judges]

The main structural components of this building use cedarwood sourced from Shirakawa City, Fukushima Prefecture, establishing collaboration between the Tokyo-based real estate company and local forestry. Materials sourced from the Tama area of Tokyo are also used, contributing to the promotion of local forestry through urban construction and enabling local production for consumption in the metropolis. This project is an advanced example of accelerating the trend toward urban wooden construction by achieving Japan's first 12-story high-rise wooden hybrid construction with a wooden frame, in this way providing the option of building with wood when designing high-rise buildings.

[Contest Recognizing Outstanding Facilities for Timber Utilization]

The Japan Council for Advancement of Timber Utilization works with local councils in each prefecture and was established in 1984 with the aim of promoting use and increasing the demand for wood. Since 1993, this award has recognized and acknowledged the excellence of the owners,

designers, and builders of structures that contribute to the growth of wood use and the unique application of wood.

Received the Grand Prize (Minister of Land, Infrastructure, Transport and Tourism Award) at the Wood Design Award

[Comment from judges]

This building is located in an urban area where symbolic wooden architecture is highly visible, making it a fitting place to showcase its value and appeal. The diverse range of wooden techniques employed is expected to contribute to the growth of wooden construction and this project was rated highly as a model for promoting carbon fixation through wood use in urban settings. This project effectively targets a socially and environmentally conscious customer base unique to the area, offering a comfortable and inviting space that harnesses the soothing qualities of wood. The project successfully maximizes the benefits of using wood and conveys wood's exceptional properties, such as insulation and moisture absorbency, as well as the sensory appeal of its warmth and softness.

[Wood Design Award]

Japan Wood Design Association, established to conduct research and development, create business, and raise awareness in all fields related to wood design, has defined their initiatives as aimed at helping to resolve social challenges through the use of wood. The Wood Design Award, introduced in 2015, recognizes projects and structures that enrich living and society through wood, showcasing these achievements to Japan and the world.

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.



Entrance Hall
(Charm Suite Yotsuya)



Development plan under consideration of "use of wood"
(Ginza Building Reconstruction Project)

Example of Spread 1: Organized Wooden Architecture Symposium 2019

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

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

Key Note Speech

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

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)* Atsuko FUKUSHIMA (Journalist)*	<p>Aiming to increase demand for timber in urban areas</p> <ul style="list-style-type: none"> ● Increase in middle-to-high-story wooden buildings will promote community vitalization ● Wooden buildings will improve global and human environmental issues ● 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.
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* Occupation, affiliation, title, etc., when symposium was held in 2019.

Example of Spread 2: Participate in the Wood Change Council

The Wood Change Council (the Council) is a networking gathering sponsored by the Forestry Agency which aims to promote the use of timber in the private sector buildings. The Council 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 participate in the Council with an intent to continuously promote the use of timber.



Example of Planting : 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. In May 2021, approximately 310m³ of lumber was used in the construction of HULIC & New GINZA 8, a 12 story fireproof wooden (hybrid structure combining wooden and steel frame construction)

commercial building completed in October 2021. At the same time, approximately 12,000 cedar saplings were planted (new plantings) across an area of about 4.3 hectares. For five years from 2021, we will continue cutting undergrowth so that the planted cedar saplings will grow healthy.



Cedar sapling newly planted and a mountain (Fukushima Prefecture)

Our Group-wide Initiatives

Fundamental Approach	<p>We are proactively working to reduce waste and water intake (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.</p>
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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 intake (water consumption) in cooperation with tenants and building management companies. We install toilets that use rainwater

and various water conservation systems. Water saving toilets and wash basins are standardized.

Amount of Waste Disposal at Hulic Group

We calculate the amount of waste disposal to reduce waste disposal in order to realize a recycling-oriented society by 2050.



* Figures marked with *† have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

Waste that Can and Cannot Be Recycled

	2019	2020	2021	2022	2023 ^(t)	
Number of target	30 blds	36 blds	41 blds	40 blds	48 blds	
Waste that can be recycled	Paper	55	33	33	475	614
	Bottles, cans, plastic bottles	102	60	54	193	393
	Total	157	92	88	668	1,007
Waste that cannot be recycled	Other general waste	1,212	711	638	1,463	2,085
	Industrial waste	92	76	85	270	501
	Total	1,304	787	723	1,733	2,586
Total of waste that can be recycled and waste that cannot be recycled	1,461	879	811	2,401	3,593 [†]	

* Figures marked with *† have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

* The boundary is Hulic's headquarter building and buildings where the head offices of Group companies are located. Beginning in FY2020, we are calculating total waste disposal at specific properties within the boundary by using weight conversion factors based on actual measurements.

Raw Materials Purchase Volume

	2019	2020	2021	2022	2023
Number of properties	4	7	9	6	12
Steel materials purchase volume (t)	1,660	5,507	5,112	9,669	13,079
Concrete purchase volume (t)	—	—	38,269	40,711	63,734
Batten cleats purchase volume (m³)	58	106	261	163	234
Plywood purchase volume (m³)	270	204	552	415	508
Lumber purchase volume (m³)	299	335	375	174	230

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

* We have started collecting purchase volume data for concrete from 2021.

Promotion of the 3R

Efforts to Reduce

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 in some development projects.



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.

Amount of paper recycled *

(Unit: kg)

Fiscal year	FY2019	FY2020	FY2021	FY2022	FY2023
Recycled amount	14,540	15,600	13,880	13,000	11,895

* The scope is Hulic Head Office Building.

PET Bottle Horizontal Recycling Initiative

(Hulic Hotel Management Co., Ltd. & Suntory Group)

We are implementing "Bottle to Bottle" Horizontal Recycling System program, an initiative to recycle used PET bottles collected at The Gate Hotel Kyoto and The Gate Hotel Ryogoku of our group hotel, into Suntory beverage PET bottles through recycling as resources with

technologies such as "Bottle to Bottle".

Through this initiative, we will contribute to the realization of a recycling-oriented society.

Prevention of Pollution

In order to realize a recycling-oriented society by 2050, we aim to reduce the emission of pollutants. For that, our 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 SOx, NOx, VOC, and hazardous waste generated in the development business to monitor the amounts generated, and we disclose the actual results.

Amount of emission of SOx, NOx and VOC from hazardous wastes

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of properties	4	7	9	6	12
SOx emissions (kg)	60	142	826	770	2,557
NOx emissions (kg)	1,334	1,649	6,778	5,132	394
VOC emissions (kg)	124	0	0	0	84

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

Initiatives for Water

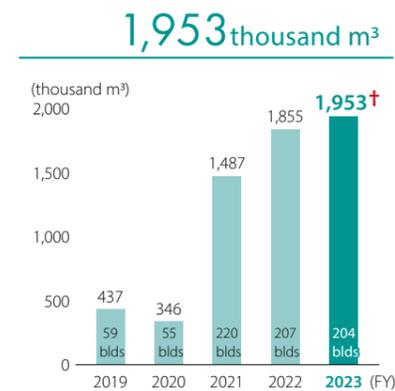
Initiatives to Reduce Water Intake (Water Consumption)

Almost all water intaken and 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 intake (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, to reduce water consumption at all our properties,

we have installed water-saving devices in all newly built properties, 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 Intake (Water Consumption)



Rainwater filtration equipment

* Figures marked with "†" have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

* Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022, 204 properties in FY2023). Note that the amount of hot spring water used at hot spring inns is not included.

Use of Paper Substitute Materials

From 2022 we began using LIMEX, a paper substitute made primarily from limestone, for the production of this integrated report as well as shareholder newsletter and our business cards. When making LIMEX, which uses almost no forest or water resources, the amount of water

used in manufacturing was reduced by approximately 1,320,000 liters, the equivalent of roughly 2.64 million 500ml bottles of water, compared with the same amount of ordinary paper.



Investment in WOTA Inc.

The Hulic Group regards the efficient use of water resources as an important topic, the Hulic Startup Co. Ltd. has invested in WOTA Co., Ltd., which develops water circulation treatment control systems.

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



Reduction in Construction Traffic

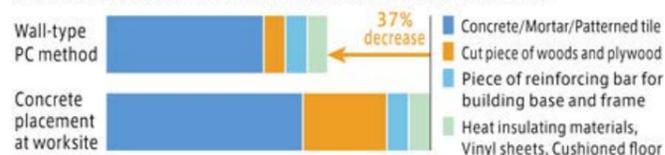
(Number of raw concrete mixers and pumper trucks decreased by half)



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

Reduction in Industrial Waste

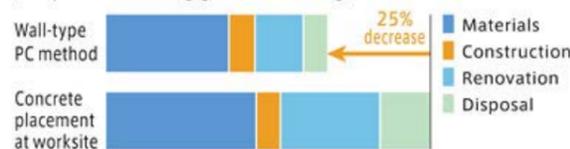
(Waste reduction with effective use of valuable resources)



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

CO₂ Reduction

(Helpful for curbing global warming)



Reduce CO₂ derived from construction and demolition works by 25%

Source: Taisei U-LEC Corporation

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 GHG 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 FY2023》 Number of greening properties: 2 (Coverage: all completed properties each year)

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 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. A total of 11 properties have been certified across the entire Hulic Group (as of December 31, 2023).



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 reduces the air conditioning loads on the top floor and saves energy in buildings by blocking sunlight and preventing heat accumulation in concrete. 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.



Greening of Walls

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, Hulic 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 Built Environment and Carbon Neutral for SDGs). 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



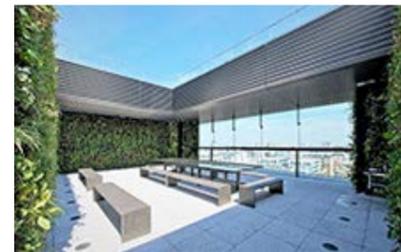
Rooftop garden

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 recycled woods 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.



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	<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 												
b) Management's role in assessing and managing climate-related risks and opportunities													
Strategy													
a) Short, medium, and long term climate-related risks and opportunities identified by the organization	<ul style="list-style-type: none"> Analyze and evaluate climate change mitigation and adaptations relating to climate change risks and opportunities, based on a 1.5°C scenario and a business as usual scenario Examine validity of current strategies based on evaluation results 												
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													
Risk Management													
a) Organizational process for identifying and assessing climate-related risks	<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 												
b) Organizational process for managing climate-related risks	<ul style="list-style-type: none"> The Board of Directors receives reports from the Sustainability and Risk Management Committees and oversees climate change risks 												
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management													
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	<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 greenhouse gas emissions*¹ (compared to 2019 base year) <table border="1"> <thead> <tr> <th></th> <th>2024</th> <th>2030</th> <th>2050</th> </tr> </thead> <tbody> <tr> <td>Scope1+2*²</td> <td>Reduce by 70%</td> <td>Reduce by 70%</td> <td>Substantially zero emissions</td> </tr> <tr> <td>Scope3*³</td> <td>—</td> <td>Reduce by 30%</td> <td>Substantially zero emissions</td> </tr> </tbody> </table>		2024	2030	2050	Scope1+2* ²	Reduce by 70%	Reduce by 70%	Substantially zero emissions	Scope3* ³	—	Reduce by 30%	Substantially zero emissions
	2024	2030	2050										
Scope1+2* ²	Reduce by 70%	Reduce by 70%	Substantially zero emissions										
Scope3* ³	—	Reduce by 30%	Substantially zero emissions										
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"> Achieved RE100 in 2023 Number of times the Sustainability Committee engaged in climate change monitoring Number of times climate change risks are monitored by the Sustainability Committee and reported to the Board of Directors 												

*1 Absolute contraction targets, Base year: 2019. Hulic has had its near-term (by 2030) emissions reduction targets approved by the Science Based Target initiative as consistent with levels required to meet the goals of the Paris Agreement.

*2 Greenhouse gas emissions from directly owned or controlled sources plus indirect purchased energy for business activities.

Scope1: Direct emissions (e.g., emissions from natural gas and other fuel combustion)

Scope2: Indirect emissions (e.g., emissions from the use of purchased electricity, heat and steam)

*3 Greenhouse gas emissions from external companies affiliated with internal business activities (in the supply chain). Targets were set for Categories 11 and 13 of Scope3.

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:

- Supporting RE100 initiative and achieving by 2025 (Achieved in 2023, two years ahead of schedule)
- Developing Japan's first fireproof wooden 12-story commercial facility (Completed in October 2021)
- Supporting TCFD recommendations and disclosing information in line with the recommendations
- Achieving converting to 100% renewable energy for electricity consumption at all Company-owned Buildings*
- Formulating greenhouse gas ("GHG") emissions reduction targets in conformance with SBTi (Science Based Targets initiative) criteria
- Development of renewable energy power generation equipments (solar and small hydropower) and investment in wind power generation facilities
- Reducing greenhouse gas emissions in the supply chain
- Analyzing financial impact of climate change and disclosure of the results

* Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial coownership properties, and real estate for sale, etc.

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, GM of Corporate Sustainability Department, GM of the Business Planning and Management Department, GM 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, GM of Corporate Sustainability Department, GM of Business Planning and Management Department, GM of Real Estate Planning Department

Observers

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

Secretariat

Corporate Sustainability Department

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

Corporate Sustainability 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.

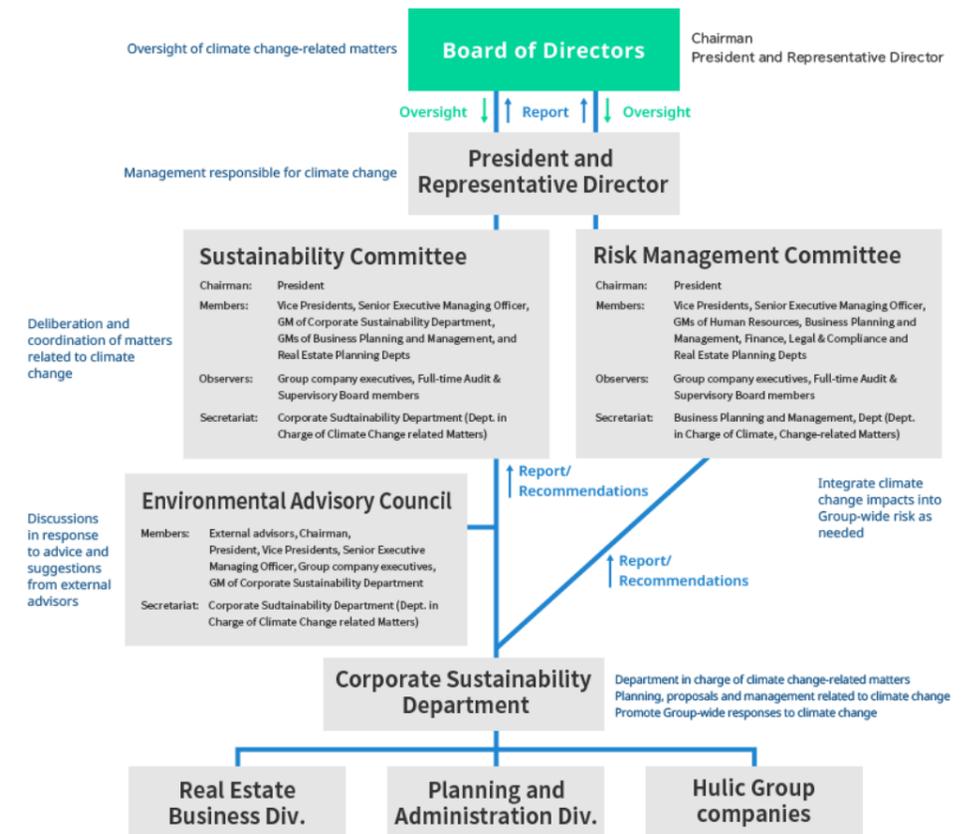
External Advisors

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
 Keisuke Takegahara: Director, Research Institute of Capital Formation, Development Bank of Japan Inc.

Management Members from Hulic

Chairman, President, Vice Presidents, Senior Executive Managing Officer, GM of Corporate Sustainability 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. Going forward, we will work for further improvement of our resilience to the social transformation toward decarbonization. We concluded that we will be able to continue improving our corporate value by building a competitive advantage in the leasing and development businesses as valuations increase for environmentally friendly technologies adopted in our properties and seizing opportunities in providing environment-conscious 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 greenhouse gas emissions reduction targets

Climate Change	Short-term 2025	Medium-term 2030	Long-term 2050
Long-term Vision for the Environment			2050

GHG Emissions Reduction Targets*1

	2024	2030	2050
Scope 1 and 2*2	Reduce by 70%	Reduce by 70%	Substantially zero emissions
Scope 3*3	n.a.	Reduce by 30%	Substantially zero emissions

*1: Absolute contraction targets. Base Year: 2019. Hulic has had its near-term (by 2030) emissions reduction targets approved by the Science Based Target initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement.

*2: Greenhouse gas emissions from directly owned or controlled sources plus indirect purchased energy for business activities.

Scope 1: direct emissions (e.g., emissions from natural gas and other fuel combustion).

Scope 2: indirect emissions (e.g., emissions from the use of purchased electricity, heat and steam).

*3: Greenhouse gas emissions from external companies affiliated with internal business activities (in the supply chain). Targets were set for Categories 11 and 13 of Scope 3.

Hulic's management and business time horizons

Medium- and Long-Term Management Plan (2020-2029)		
Phase I	Phase II	Phase III
3 years By 2022	3 years By 2025	4 years By 2029

Financial Impact of Climate Change

In assessing the financial impact of climate change, we used consolidated ordinary profit among other earning indicators including net sales, operating profit, ordinary profit, 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 results of consolidated ordinary profit: JPY 137.4 billion in FY2023 and a forecasted

JPY 144.0 billion in FY2024. For classifying impact, we referenced criteria for revising earnings forecasts, a 30% increase or decrease in the consolidated ordinary profit 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 Profit	Amount / Year
Large	30% or higher	JPY 40 billion or more
Medium	15% or higher, less than 30%	JPY 20 billion or more, less than JPY 40 billion
Small	5% or higher, less than 15%	JPY 7 billion or more, less than JPY 20 billion
Minimal	Less than 5%	Less than JPY 7 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 business was 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.

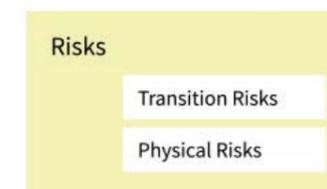
Businesses subjected to climate change scenario analysis	Businesses excluded from scenario analysis
<ul style="list-style-type: none"> Real estate leasing business Real estate development business, Value-added business 	<ul style="list-style-type: none"> Tourism-related business New and other businesses

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 Greenhouse Gas emission regulations Increased Greenhouse Gas emission pricing Strengthened energy saving standards Increased subsidies to promote zero Greenhouse Gas emissions from buildings 	<ul style="list-style-type: none"> Primary energy reductions Carbon pricing Negative emission policies Greenhouse Gas 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 Decarbonization of building materials Initiatives for embodied carbon
	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 typhoons Increase in flooding / storm surge
	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 Greenhouse Gas 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

1.5°C 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 around 1.5°C by the end of 21 century compared with pre-industrial revolution. The TCFD recommended it is imperative that one of the climate change scenarios be a 2°C or lower scenario

*2 Compared with pre-industrial revolution, temperature rises from 3.3 to 5.7°C by the end of 21 century 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 and reputation

Organization Name	Document Name	Business As Usual Scenario	1.5°C Scenario
IEA	World Energy Outlook 2023	STEPS (Stated Policies Scenario)	NZE (Net Zero Emissions by 2050 Scenario)
IEA	Net Zero Roadmap A Global Pathway to Keep the 1.5°C Goal in Reach (2023)	STEPS (Stated Policies Scenario)	NZE (Net Zero Emissions by 2050 Scenario)

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

Organization Name	Document Name	Business As Usual Scenario	1.5°C Scenario
IPCC	Sixth Assessment Report (2021)	SSP5-8.5	SSP1-1.9
National Institute for Environmental Studies	Climate Change Adaptation Information Platform (A-PLAT)	SSP5-8.5	SSP1-1.9
WRI	Aqueduct Floods	"Pessimistic" scenario RCP 8.5, SSP 3	"Optimistic" scenario RCP 4.5, SSP 2
Ministry of Land, Infrastructure, Transport and Tourism, Technical Study Group on Hydraulic Control Plans Based on Climate Change	Recommendations from hydraulic control plan based on climate change (2019)	RCP 8.5	RCP 2.6

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 1.5°C scenario and physical risks and opportunities in the business as usual scenario.

Scope of risk and opportunity assessment		
	1.5°C scenario	Business as usual scenario
Transition Risks	Larger than the business as usual scenario	Smaller than 1.5°C scenario
Physical Risks	Smaller than the business as usual scenario	Larger than the 1.5°C scenario

Analysis Result of Financial Impact

		[Medium -term] 2030	[Long -term] 2050
[Risks]		---	-----
	Increasing construction costs for compliance with ZEB regulations	---	-----
	Carbon pricing	---	None
	Expanding disclosure of the performance for energy efficiency of buildings	---	---
	Investing in storage batteries	---	---
	Decarbonizing construction materials	---	---
	Responding to embodied carbon	---	---
[Opportunities]		+	+++
	Increase of leasing income due to growing demand for ZEB	+	+++
	Receipt of ZEB subsidies	+	+
Financial impacts in the 1.5°C scenario*1			
	Total	---	+
Financial impacts in the business as usual (BAU) scenario*3	Flooding*2		
		Impact on real estate value	---
		Impact on profit	---
	Storm surge*2		
		Impact on real estate value	None
	Impact on profit	None	
	Typhoons (wind damage only)	---	---
	Rising temperatures	---	---
Financial impacts in the business as usual (BAU) scenario*3			
	Total	---	---

[Legend] Minimal: -/+ , Small: ---/++ , Medium: -----/+++ , Large: -----/++++

*1 The financial impacts from changes in policies, laws, technologies, and markets due to the transition to a low-carbon society aimed at mitigating climate change.

*2 The impact on all portfolio was estimated based on the results of an analysis of the building portfolio (50 properties), which account for approximately 80% of operating revenue (leasing).

*3 The financial impacts caused by physical risks, such as the occurrence of natural disasters associated with climate change.

1.5°C Scenario Transition Risks and Opportunities

The financial impact of climate change risk and opportunity were assessed greatest in the "long-term" on the time horizon with the degree of impact at that time was assessed "medium." Total of financial impact of risk and opportunity was assessed "minimal (positive)". Under the 1.5°C 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 on our properties, we will build a competitive advantage in the leasing and development businesses. Furthermore, we will seize opportunities in providing environment-conscious new products and services.

1.5°C Scenario Transition Risks and Opportunities

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)

<p>[Risk]</p> <ul style="list-style-type: none"> Increase in costs of responding to a wide range of policies and regulations introduced to address climate change 	<p>[Opportunity]</p> <ul style="list-style-type: none"> Increase in valuation of the environmental performance on our properties due to social changes leading to higher sales Opportunities to entering new markets that help mitigate climate change will be created
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Hulic's Basic Strategies

	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
Common Item			
Policy/regulation compliance	(Regulations not effected) Target BEI values have been set for each asset class	Promote energy-saving renovations and ZEB conversions in developing properties	<ul style="list-style-type: none"> Continue renovations and development for the initiative of converting to 100% renewable energy sourced electricity at all company-owned building 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	<ul style="list-style-type: none"> 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	Achieved RE100 in 2023 two years ahead of the initial plan	Same as Medium- and Long-term Management Plan	<ul style="list-style-type: none"> Invest primarily in priority areas and strategic assets Continue renovations and development for the initiative of converting to 100% renewable energy sourced electricity at all company-owned building 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	<ul style="list-style-type: none"> 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	Achieved RE100 in 2023 two years ahead of the initial plan	Same as Medium- and Long-term Management Plan	<ul style="list-style-type: none"> Propelled by the tailwind of growing environmental awareness, Hulic will develop buildings with high environmental performance by promoting the initiative of converting to 100% renewable energy sourced electricity at all company-owned building establishing competitive advantage and gaining development profits
Response to environment: 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	<ul style="list-style-type: none"> 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 convert to 100% renewable energy sourced electricity at all company-owned building

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

Conclusion:

- Following the basic strategies of the current Medium- and Long-Term Management Plan, we are flexibly responding by deepening our business model and addressing risks. We confirmed that there are no climate change risks that would have a “large” impact on us since we are implementing initiatives for the earthquake resistance, disaster prevention, environmental response, and decarbonization of our properties.
- As valuations increase for environmental initiatives for our properties, we will build a competitive advantage in the leasing and development businesses. Also, we will capitalize on opportunities to provide new environment-conscious products and services as well as improve our corporate value.
- The total financial impact of climate change risks and opportunities has been assessed as “minimal” over the medium-term and “minimal (positive)” over the long-term.

[Risks]	Timeline		
	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
Evaluation on financial impact of climate change	None	Minimal	Medium
<ul style="list-style-type: none"> • Policy/regulation compliance • Construction costs for the development and renovation of buildings with high environmental performance • Asset value and rents of environmentally friendly building 	<ul style="list-style-type: none"> • Achieved RE100 in 2023 two years ahead of the initial 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]	Timeline		
	Short-term (by 2025)	Medium-term (by 2030)	Long-term (by 2050)
Evaluation on financial impact of climate change	None	Minimal	Medium
<ul style="list-style-type: none"> • Strengthening real estate portfolio • Energy cost • Competitive advantage of environmentally friendly buildings • Response to environment 	<ul style="list-style-type: none"> • Achieved RE100 in 2023 two years ahead of the initial 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

[Risks and Opportunities]	Short-term (-2025)	Medium-term (-2030)	Long-term (-2050)
Evaluation result of financial impact of climate change	None	Minimal	Minimal (positive)

Financial impact matrix

Impact Classification	Ratio to Consolidated Ordinary Profit	Amount / Year
Large	30% or higher	JPY 40 billion or more
Medium	15% or higher, less than 30%	JPY 20 billion or more, less than JPY 40 billion
Small	5% or higher, less than 15%	JPY 7 billion or more, less than JPY 20 billion
Minimal	Less than 5%	Less than JPY 7 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 “small” 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.

Business As Usual Scenario Physical Risks and Opportunities

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

<p>[Risks]</p> <ul style="list-style-type: none"> • Physical risks, such as natural disasters due to climate change, will become apparent and response costs increase 	<p>[Opportunities]</p> <ul style="list-style-type: none"> • 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
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Conclusion:

- Sea level rise: The assumption that average global sea levels will rise 0.63 to 1.01m (2100 forecast : base year 1995-2014) is out of scope of the analysis this time.
- Physical risks become apparent as climate change remains unmitigated. The financial impact of climate change has been estimated as “small” over both the medium- and long-term because of a detailed examination of natural disaster risks done when properties are developed or acquired. Another reason for the “small” financial impact is the mitigation of physical risks through design standards and disaster prevention measures in Hulic properties. To further reduce the financial impact of climate change, we will promote a flexible response based on the basic strategies of the Medium- and Long-Term Management Plan.
- The financial impact of climate change opportunities has been estimated to be “none” because the creation of additional opportunities related to climate change is not expected.

Types of Risk	Risk Event	Risk Scenario	Occurrence	Evaluation on Financial Impact of Climate Change	Basis for Financial Impact Assessment
Acute Risk	Floods	Frequency of flooding quadruples (2100)	Flood damage	Impact on Real estate value : Small Impact on profit: Minimal	Implementing countermeasures for flood damage
	Storm surge	High tides with a recurrence period of 100 years occurs every year(2050–2070)	Flood damage	Impact on real estate value: Minimal Impact on profit: Minimal	Implementing countermeasures for flood damage
	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	Wind damage	Impact on real estate value: Minimal Impact on profit: Minimal	Damage caused by past typhoons: Minimal
Chronic Risk	Sea level rise	Average global sea levels rise 0.63 to 1.01m (projection for 2100 based on 1995-2014)	Flooded/ submerged	Out of scope of analysis	Not applicable to the time horizon(up to 2050)
	Temperature rise	Average temperatures in Tokyo rise 2.0-2.2°C (projections for 2031-2050 based on 1981-2000)	-Increased cost of air-conditioning equipment expansion -Increased energy costs	Minimal	• Increase in costs related to air-conditioning equipment expansion: Minimal • Energy cost increases: Minimal

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.

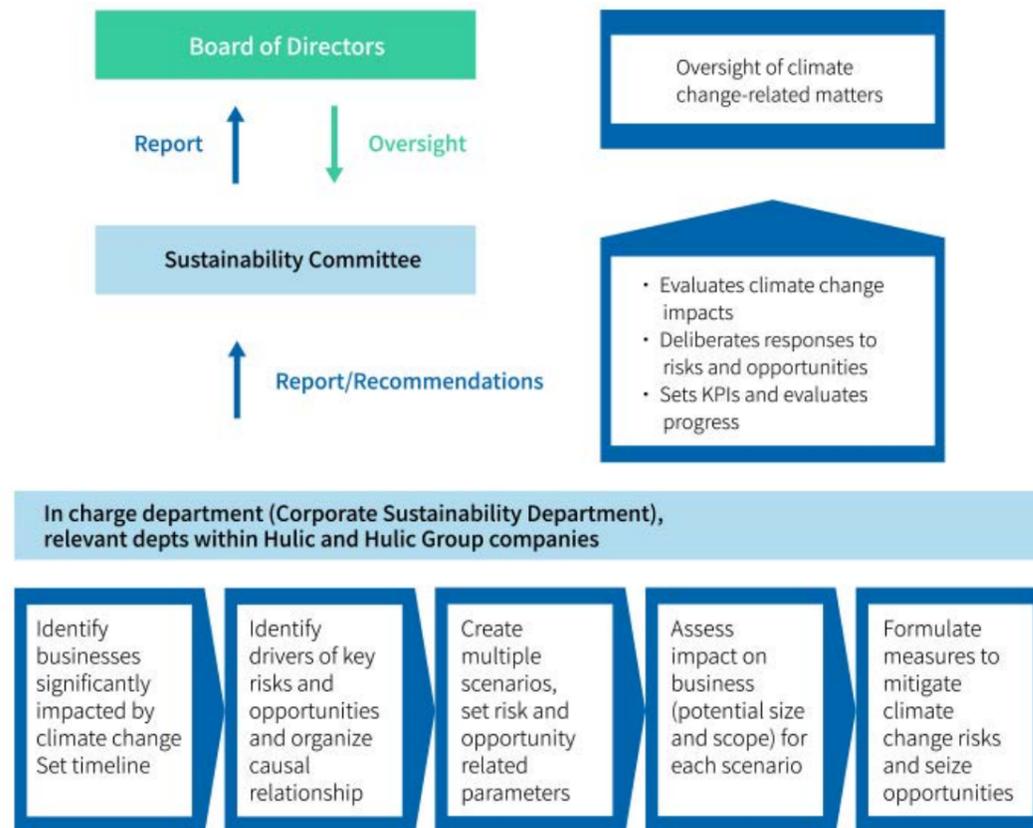
Mechanism for Identifying and Assessing Climate Change Risks and Opportunities

Corporate Sustainability 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

Corporate Sustainability 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
Corporate Sustainability Department (Department in charge of climate change-related matters)	<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 (non-financial key performance indicators)	Specific Targets	Coverage	2023	Assessment	Major related SDGs
				⊙: achieved ○: progressed	
Greenhouse gas emissions reduction targets*1	Scope 1+2*2 2024 reduced by 70%; 2030 reduced by 70%; 2050 substantially zero (base year: 2019)	Scope 1 and 2: Properties where the Hulic Group has control of energy management	-54%	○	     
	Scope 3*3 2030 reduced by 30%; 2050 substantially zero (base year: 2019)	Scope 3: Indirect emissions other than Scope 1 and 2 related to Hulic Group's business activities	-14%	○	
The RE100 progress rate*4	10% in 2021 30% in 2022 65% in 2023 100% in 2024	Electricity used in Hulic Group business activities	100%	⊙	
Number of times the Sustainability Committee engaged in climate change monitoring	One or more times annually	Hulic Co., Ltd.	1 time	⊙	
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	Result		Assessment
			2022	2023	⊙: achieved ○: progressed
Annual generation of renewable energy	RE100 progress rate*4	Approximately 60 GWh(annually)	28GWh	69GWh	⊙
Amount of investment in solar photovoltaic equipment that does not use the FIT system (cumulative total)	Greenhouse gas emissions reduction targets*1	Approximately JPY 66 billion (cumulative amount by 2030)*5	JPY 12.1 billion	JPY 18.8 billion	○

*1: Absolute contraction targets, Base year: 2019. Hulic has had its near-term (by 2030) emissions reduction targets approved by the Science Based Target initiative as consistent with levels required to meet the goals of the Paris Agreement.

*2: Greenhouse gas emissions from directly owned or controlled sources plus indirect purchased energy for business activities.

Scope 1: direct emissions (e.g., emissions from natural gas and other fuel combustion).

Scope 2: indirect emissions (e.g., emissions from the use of purchased electricity, heat and steam).

*3: Greenhouse gas emissions from external companies affiliated with internal business activities (in the supply chain). Targets were set for Categories 11 and 13 of Scope 3.

*4: 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).

*5: Initial target term. It was then moved forward by one year to 2029.

Rationale for each KPI

Greenhouse Gas Emissions Reduction Targets

In accordance with Hulic's long-term vision for the environment, we established medium- to long-term targets for climate change to reduce greenhouse gas emissions. We plan to achieve these targets by converting electricity consumption of all Company-owned buildings* to renewable energy electricity. In addition, we place importance on the "additionality" of renewable energy, and are actively engaged in

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

RE100 Progress Rate

RE100 stands for "Renewable Electricity 100%," an international initiative aimed at using only renewable energy as the source of electricity used in business activities. We achieved RE100 in 2023, two years ahead of the initial plan. Our GHG emission including the group companies from consumption of electricity became nil.

Hulic joined RE100 in 2019, and in 2020, started to develop solar

the in-house development of renewable energy power generation facilities, such as solar power equipments and small hydroelectric power generation facilities, in order to achieve our goals. Hulic believes that it is important to take actions to combat climate change by reducing greenhouse gas emissions in Scope 1 and 2 as well as throughout the value chain (Scope 3).

power 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.

Number of Times the Sustainability Committee Engaged in Climate Change Monitoring 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

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 FY2023》 100% Properties Meeting Hulic's Earthquake-resistance Standards
Customer satisfaction: 92.2%

Thorough Implementation of an Earthquake Resistance Diagnosis and Seismic Reinforcement

Hulic considers earthquake countermeasures as one of the top priorities for a real estate developer in Japan as it is one of the countries where earthquakes most frequently occur. We believe it is our responsibility to provide earthquake-resistant building safety in order for the tenants to conduct social activities with peace of mind. We have therefore established our own earthquake resistance standards*1 that are stricter than the Building Standards Act, and we apply these standards to all the buildings that we develop or reconstruct, and we conduct a seismic assessment at the time of acquisition. We are working to ensure

that by 2029 all of our buildings*2 (excluding buildings scheduled for reconstruction: by the end of 2025) can withstand earthquakes with a seismic intensity of 7 level.

*1 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 level.
*2 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.

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

We diagnosed the earthquake resistance of all Company-owned buildings* 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.

* Excludes buildings with box frame type reinforced concrete construction and buildings that will be demolished for reconstruction.



Seismic reinforcement using steel brace (LICOPA Tsurumi)

Proactive Adoption of Earthquake-absorbing and Earthquake-damping Structures

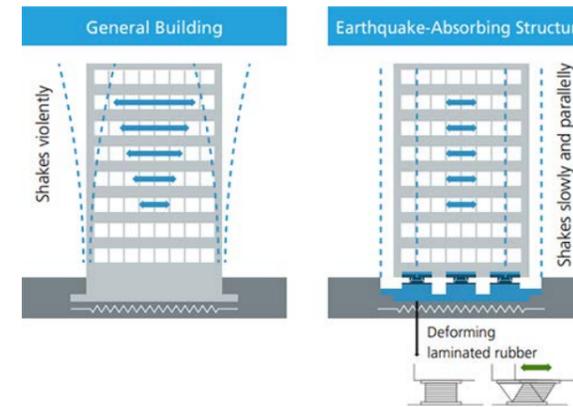
In order to protect human life and functions of facilities from large scale earthquakes, we have imposed high seismic capacity on newly constructed buildings. With the aim of protecting customers' lives and contributing to business continuity, we have proactively adopted an earthquake-absorbing or earthquake-damping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



Earthquake-absorbing equipment

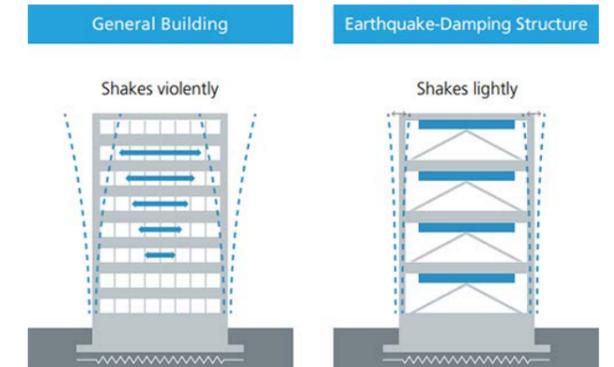
Earthquake-absorbing Structures

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.



Earthquake-damping Structures

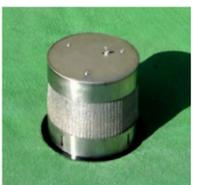
With earthquake-damping materials installed inside the building, internal seismic energy is absorbed to reduce the intensity of shaking from half to one thirds compared with other general earthquake-resistant structures.



Measures Against Ashfall

If Mt. Fuji erupted, the transportation infrastructure could be shut down and electricity and other utilities could be disrupted. Consequently, we are taking tangible action by developing equipment that prevents volcanic ash from entering pipes in storm drains and by installing this equipment in company-owned buildings. In a less tangible way, we have a policy to promote tenants to return home early and organize a

system and install the necessary equipment for quick recovery work after an ashfall.



Drain cap with filter

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 four 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 supposition 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.

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 conducted in 2023, we

continued to receive high ratings with a satisfaction level of 92.2% (in 2022, 94.6%). 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' opinions and requests after the survey.

Initiatives for Providing Healthy and Comfortable Spaces

Hulic is undertaking the following initiatives to provide healthy and comfortable properties to our stakeholders.

- Verification of specifications of facilities introduced and interior materials, etc. for existing properties and properties being developed (Use of interior finishing materials and fittings that do not contain toxic substances)
- Greening of building surroundings, introduction of natural ventilation and lighting systems
- Introduction of an indoor air quality improvement system using composite ceramic functional materials
- Acquisition of CASBEE Wellness Office certification for developed office buildings as verifications for buildings that support the maintenance and improvement of the health and comfort of the people in the buildings
- Measurement of indoor environment at and periodic measurement after completion
- Active upgrading to energy-saving equipment and other advanced equipment
- Conducting of preventive maintenance before issues arise in building or equipment
- Many of the properties owned are located near stations, providing easy access to transportation
- At all owned buildings, we take the access to the public transportation into account and disclose the access information on our website and building information book.
- At all developed building, we conduct the assessments of access from person with disabilities (barrier-free toilet, wheelchair access, etc.).

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 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. We developed a new indoor air improvement system that can be installed in ceilings,

which we have introduced in nursing homes we construct.

In addition, we jointly developed a small air purifier called earthmirage2 with a manufacturer that incorporates a HEPA filter using earthplus™ material and started sales in 2021. As a measure against infectious diseases during face-to-face meetings, Hulic has installed this small air purifier in conference rooms at the Hulic Headquarters and the Hulic Annex to ensure the safety and security of our customers.

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.

<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.

Initiatives for Energy Savings in Existing Buildings

In 2022, as part of our initiatives for decarbonization across the entire value chain, we conducted explanatory sessions with our customers—focusing on office tenants—to discuss our commitment to the

environment as building owners. Going forward, we will continue outreach to customers and work toward more energy efficiency.

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.

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 FY2023》 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 are encouraged to report directly to the compliance hotline when they notice any problematic doings including violation of laws or code of conduct.

Framework for Collaboration and Cooperation with Business Partners

[Framework for collaboration and 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.

[Framework for collaboration and cooperation with construction companies]

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

Cooperative Structure with Business Partners

▶ Quick confirmation of the extent of the damage
(introduction of a system to confirm safety and damage using the Internet)



▶ Response Aimed at Recovery of Operations Contingency Agreements



CSR Procurement Policy

We have formulated a policy on procurement and purchasing to further develop our sustainability initiatives. In addition, we promote sustainability activities and respond to social issues across the entire value chain including constructing companies etc., by applying this

policy to business partners as well. In addition, we conduct a survey to contractors and others in order to confirm their respect for human rights, the condition of protecting the health and safety for workers every year.

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 the 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 realizing business to improve the value of public real estate through collaboration between the public and private sectors by settling the issues of the communities.



Initiatives for Human Capital Management

Respect for Human Rights

Fundamental Approach

We respect human rights and strive to perform transparent corporate activities based on our high ethical standards.

《Results in FY2023》 We conducted an assessment of human rights risks with internal and external stakeholders, and the status was judged to be "appropriate".

Respect for Human Rights

The Company has established the Hulic Human Rights Policy, by applying "Guiding Principles on Business and Human Rights (UNGPs)" of the United Nation, 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.

We regularly post the information on the theme of human rights to all Group Companies, using our intranet. In FY2023, we posted a notice on the theme of "The Company and Human Rights".

The Hulic Human Rights Policy

Based on the United Nations' Guiding Principles on Business and Human Rights, we have established the Hulic Human Rights Policy (hereafter "the Policy") so that all employees can maximize their abilities and contribute to the realization of a society full of safety, peace of mind and trust.

1. Adherence to International Human Rights Standards

We uphold and respect international standards related to human rights. These include the International Bill of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work.

2. Scope of Application

The Policy applies to our all officers and employees, and we strive to raise their awareness through training and other means. In addition, we expect our customers and business partners to support the Policy and cooperate with us in promoting efforts to respect human rights through compliance with the Policy.

Priority Themes Related to Human Rights

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.

3. Implementation of Human Rights Due Diligence

Through dialogue with stakeholders and other means, we assess in advance any negative impacts on human rights and take both preventive and improvement measures. In addition, we evaluate the performance and effectiveness of these measures and disclose relevant information.

4. Corrections and remedies

If it becomes clear that we have had a negative impact on human rights due to its business activities, or that it has been complicit in such impact, we work to correct and remedy the situation using appropriate procedures. In addition, we maintain a system for reporting and consulting about any acts that have a negative impact on human rights.

5. Review of Priority Themes Related to Human Rights

Priority themes related to human rights are listed below. As these priority themes may change in response to evolving business and social conditions, we revise them as needed.

2. Prohibition of harassment

We prohibit any act, including sexual harassment or abuse of power, 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.

Revised April 2023

Takaya Maeda

President, Representative Director
Hulic Co., Ltd.

Communicating the Hulic Human Rights Policy and Labor Standards to All Employees

We communicate the Hulic Human Rights Policy and labor standards, including employment regulations and labor contracts, to all employees* through in-house intranet, maintenance of the list of regulations, compliance training and in other ways to ensure understanding and full assimilation.

* All employees are engaged in business in Japan.

Implementation of Human Rights Due Diligence

Based on the Hulic Human Rights Policy, Hulic engages in human rights due diligence to prevent negative impacts on human rights through our business activities.

The Company conducts dialogue with internal and external parties through human rights risk assessment questionnaires and feedback. In 2023, the Company conducted external human rights risk assessments with multiple construction companies.

Regarding grievance mechanisms, the Company has established contact points where both internal and external parties can report and consult on human rights-related issues.

Based on information from human rights risk assessments and grievance mechanisms, the Company evaluates the effectiveness of initiatives, review priority issues, and evaluate the effectiveness of prevention and mitigation measures that have been formulated to date. In 2023, the status of efforts to

address human rights risks was concluded to be appropriate.

If it is determined that negative impacts on human rights is being caused, the Company will formulate preventive and mitigation measures, as well as disclose necessary information and conduct follow-up investigations.

Human Rights Due Diligence Process



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 2023, we conducted training for all employees on "Prevention of Sexual Harassment in the Workplace." We also invited an outside lecturer and provided training for preventing the abuse of power for officers and general department managers. For all Group companies, using our intranet we distributed information on the Hulic Human Rights Policy and posted information on such themes as lifestyles and harassment.

Further, from 2023 we send a questionnaire on human rights due diligence to some suppliers to confirm the working environment and health and safety of supplier's employees and manage risks related to labor and human rights issues.

Talent Development and Management

Fundamental Approach

Hulic aims to create a vibrant and highly productive organization by drawing up the right human resource strategies, such as securing and developing human resources and improving the organizational framework.

- 《Results in FY2023》
- Ordinary profit per employee (Track record of high productivity): Approximately /JPY 600 million*
 - Training expense per employee: 145 thousand yen
 - Training hours per employee · Total training hours: 9.6 hours · 2,134.5 hours
 - Average annual salary result: 19.08 million yen
 - Number of additionally obtained qualifications by employees in total: 24

* Ordinary profit (non-consolidated) / number of employees (non-consolidated)

Strategy for the Development of Human resources

To achieve sustainable growth in Japan, a country with a declining working population, we believe that it is important to achieve high performance with a limited number of employees. At Hulic, our goal for each of our employees to strive to provide high quality value as a

professional. For the creation of a highly productive organization, we are focusing on hiring and talent development while creating systems and developing environments that enable employees with diverse backgrounds and skills to thrive.

Initiatives to Create a Small Group of Elite Professionals

Strategy for Employment and Talent Development

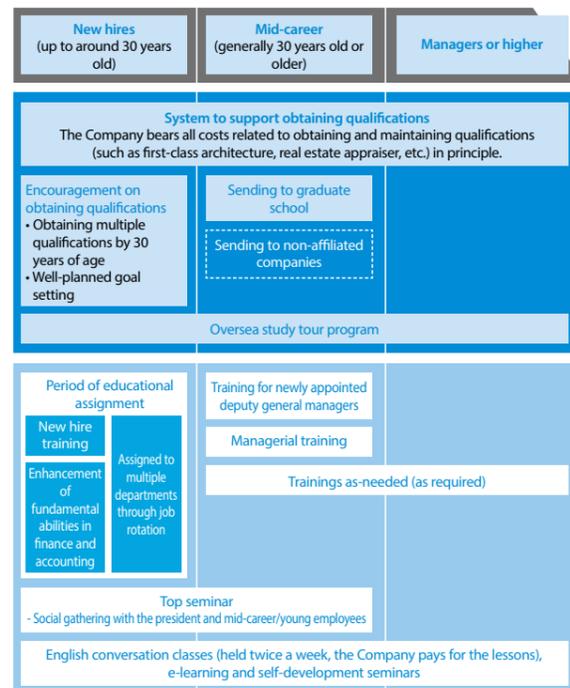
We hire diverse talent to create an organization that can flexibly adapt to changes in the environment. We aim to hire an equal number of male and female new graduates. We provide opportunities for employees to take the initiative in developing their career vision through regular interviews with their supervisors (at least twice a year) and interviews with the Human Resources Department (at least once a year).

In addition to mandatory training for employees in their first to third year and position-based training, we offer optional training and e-learning training tailored to individual career paths. We also have a system in place for employees to attend graduate schools and dispatch to other companies. We encourage our employees to acquire various qualifications. There are first-class architects, real estate appraisers, lawyers, certified public accountants, and other professionals at the Company.

Providing High Level of Fringe Benefits

We believe that it is important to give back to stakeholders, including employees, as the Company grows. Providing fringe benefits are important for employees to keep physical and mental health and be

Overview of Talent Development Programs



motivated for self-improvement. This leads to 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 twice a month for approx. 8 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.
- Career Development Interviews
Supervisors regularly conduct interviews with employees to confirm their goals and expected roles, and to evaluate performance.

- Target Management System
To support employee's growth and ensure fair and satisfactory treatment, all employees in the Real Estate Business Division and the Planning and Administration Division set their own targets and review their performance every six months, based on advice from their supervisors. The degree of achievement of the target is reflected in the bonus evaluation. The management of targets contributes to increasing motivation through a solid sense of growth and to improving work efficiency through the coordination of organizational and individual targets.
- Interviews with the Human Resources Department:
A member of the Human Resources Department conducts interviews so that both the employee and the Company can gain a deeper understanding of individual career paths, among others. From these interviews, a framework is developed that allows every employee to work independently on their own career development.
- Information is provided on the Company intranet, as needed.

Provision of educational programs in collaboration with external educational institutions

Some of the new employee training and assistant manager training etc., are implemented in cooperation with companies that specialize in human resource development and education and training. In

addition, in order to strengthen the expertise of our employees, we have a dispatch system for MBA courses for workers, including Waseda University Graduate School and others.

Survey of Participant Satisfaction with Internal Training Programs

We are conducting a survey of participants of training programs 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. Approximately 126 students participated in FY2023.

Work-life Balance

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 FY2023》 Usage rate of paid leave: 86.4%†

* Figures marked with † have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

Support Raising Next-Generation Children Initiatives

Establishment of Hulic's Onsite Childcare Nursery Facility

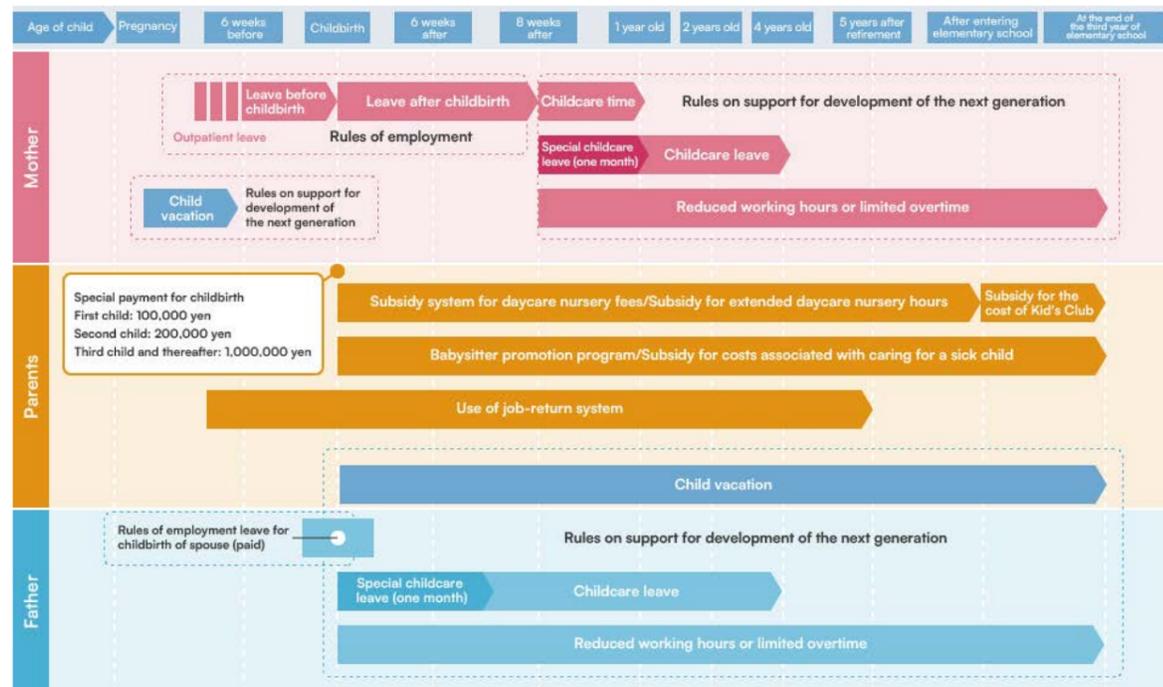
In 2014, we opened the Odenma Fureai Childcare Nursery inside the Hulic Head Office Building to promote a more employee-friendly work environment in which our employees can raise children while working. To make this childcare nursery more accessible, employees using this service are allowed to drive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

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

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



Diagram of Hulic's Next Generation Nurturing Support Program



Details of Next Generation Nurturing Support Program

System	Details
Special childcare leave/ Childcare leave	<ul style="list-style-type: none"> Possible to take leave until a child becomes 4 years old. In case of taking a short-term childcare leave, it is possible to use the first month as a "paid special childcare leave". A male employee who took a childcare leave once within 8 weeks after childbirth is allowed to take the leave again within the period when childcare leave is still available.
Reduced working hours/Limits on overtime work	<ul style="list-style-type: none"> Employees who have reared a child in or younger than the third grade of elementary school can reduce work hours not exceeding two hours per day in units of 30 minutes, if they wish.
Exemption of overtime work	<ul style="list-style-type: none"> Employees who have reared a child in or younger than the third grade of elementary school can be exempt from overtime work, if they wish.
Staggered work hours	<ul style="list-style-type: none"> Employees can ask to change the time that they start work (standard working hour starts at 9 am) to either 8 am or 10 am.
Job-return system	<ul style="list-style-type: none"> An employee who retired due to marriage, childbirth, childrearing, and nursing care, etc. can return to work under the same working conditions as at the time of retirement.
Celebration money on auspicious occasions (marriage, childbirth)	<ul style="list-style-type: none"> A special payment for marriage of 100,000 yen is given to employees regardless of their service years. A special payment for childbirth is given to employees: 100,000 yen for the first child, 200,000 yen for the second child, and 1,000,000 yen for the third child and thereafter.
Childcare Center Subsidy System	<ul style="list-style-type: none"> Subsidize part of the childcare center fee until a child enters elementary school. A monthly payment is up to 30,000 yen for one child. (This amount applies not only to the first child, but also the second child and thereafter.) Subsidy for extended daycare nursery hours.
Subsidy for costs associated with caring for a sick child	<ul style="list-style-type: none"> Up to 5,000 yen is paid per day per child, for a maximum of 5 days per month, until the child reaches the end of the third year of elementary school.
Company daycare nursery inside the Hulic head office building	<ul style="list-style-type: none"> Hulic has established nursery facilities at its Head Office for employees. Both monthly and temporary childcare services are available at the facilities. Employees using these services may drive to work and park their cars at the Head Office Building.
Babysitter Program	<ul style="list-style-type: none"> When an employee use services of a babysitting business operator which has a corporate contract with Hulic Group, the entire enrollment fee of 21,000 yen, the annual fee of 10,500 yen, as well as the monthly fee up to 15,000 yen per child are subsidized, in addition to the provision of discount tickets and coupons.
Subsidy for the cost of Kids' Club	<ul style="list-style-type: none"> Up to 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.)	<ul style="list-style-type: none"> It is applicable during the period from when a female employee found out her pregnancy to when she takes maternity leave in the case it is difficult to work due to pregnancy complications, etc. It is applicable when it is necessary for an employee (regardless of gender) to nurse a sick child younger than fourth graders or to participate in the events of nursery school or elementary school. Child care leave is available for up to 10 days (in case of one child) or up to 15 days (in case of two children or more) a year and can be taken in one-hour increments.
Work from home system	<ul style="list-style-type: none"> Possible to work from home for the purpose of childrearing or nursing care and this system can be used in full days or half days.
Leave for childbirth of spouse	<ul style="list-style-type: none"> Possible to take three days off in the case of childbirth of spouse (paid).
Next-Generation Support (Infertility Treatment)	<ul style="list-style-type: none"> 50% subsidy for out-of-pocket expenses for medical treatment (after insurance coverage). 10-day special leave (paid) can be taken for treatment in addition to paid leave in one-hour increments.
Childcare mentor program	<ul style="list-style-type: none"> With this program, support from human resources and other mentoring staff is available (for all employees) following pregnancy and childcare leave for one year after returning to work.

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. We also received Kurumin certification for the third time (in 2010, 2017 and 2020).



Diverse Work Styles

- Work from home (eligible for employees providing childcare and nursing care)
- Introduction of staggered workdays
Employees (including managers) can start work one hour earlier or later if they want to.
- 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 time management using computer 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.

- 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 3 day holiday and one-week holidays once a year respectively.

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

listed below. We wish that such preparations for this possibility will lead to the creation of a secure and comfortable company for employees.

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

Hulic Head Office Tour for Families

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 promote creating comfortable workplaces which values families by having the entire company rediscover that each employee has a cherished family. In the

tour conducted in 2024, employees served as a tour conductor to the onsite workplace, also explaining environmental technologies installed in the Hulic Head Office Building. After the tour, participants had been divided and had lunch at THE GATE HOTEL TOKYO by HULIC and THE GATE HOTEL KAMINARIMON by HULIC.



Participants exchange children's name cards



At our Head Office Reception

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.

As part of these initiatives, the nursing care paid leave was changed in 2021 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 regular care. (Employees are paid 100 percent of their regular salaries before taking leave for the first one month 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 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 FY2023》 ● Medical checkup rate on employees: 100%†

* Figures marked with † have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

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.

Takaya Maeda
President, Representative Director
Hulic Co., Ltd.

TOPICS

2024 Certified Health & Productivity Management Outstanding Organization (Small and Medium-sized Enterprises Category)

Hulic was certified as a Health & Productivity Management Outstanding Organization in 2024 for the sixth consecutive year from 2019 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.

Management System of Health Productivity · Supervision of Safety

Management System of Health Productivity · Supervision of Safety

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

President is a chief executive in charge of health management, HR manager and general manager of each department are designated as a leader in health promoted activity.

The Health Committee and The Health and Productivity Management Follow-up Meeting, which consist of the HR manager and the members elected from among employees every year, hold monthly meetings in principle to promote employees' health and safety. Our

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

The Risk Management Committee reports to the Board of Directors appropriately, and is supervised by the Board of Directors.

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, we aim for 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.

• 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.

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

2019	2020	2021	2022	2023
94.7%	94.7%	94.0%	95.3%	86.0%

Health Promotion Program

To improve health awareness, we installed both blood pressure and body composition monitors in common areas, and we are promoting employee health by providing partial subsidies for sports clubs and company-approved club activities. In 2022, we supported the health and wellness of our employees by implementing the in-house walking event and participating in the BOOST Running Festa in the Japan National Stadium.

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).

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.

Our goal is to keep the number of occupational accidents to zero/

each year, no fatal accidents have occurred in the past five years (from 2019 to 2023) 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.

We keep to implement our ongoing efforts to improve occupational health and safety standards in the workplace.

Occupational Safety · 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 2023, we conducted in-house training to improve health literacy.

- Attendance: Mandatory for all employees including managers
- Number of participants: 218

Embracing Diversity & Inclusion

Fundamental Approach

We 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 FY2023》
- Ratio of female managers: **18.3%**
 - Number of seminars provided by the Diversity Promotion Project Team: **1** time
 - Employment ratio of persons with disabilities: **7.05%** (Hulic) **2.74%†** (Hulic and its Group companies)

* Figures marked with † have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

Diversity: Message from the President

Ever since being listed on 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 at headquarter and childcare leave so that this struggle does not form a barrier.

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 Suginami Office, a dedicated work space at Hulic Ogikubo Building, where persons with disabilities carry out operations as our employees.

With an emphasis on 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. I myself also visit Suginami 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 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.



Takaya Maeda
President, Representative Director

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, 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 2023, we held a lecture on the theme of "Workplace environment that enables divers work styles."

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 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.

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 FY2023, the ratio of female managers was 18.3%. Further, female ratio of board members is at a high level (the ratio of female directors: 30.0% and the ratio of female directors and Audit & Supervisory Board members: 33.3%, as of June 25, 2024).

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 number of employees hired in 2023 (the total number of new graduates and mid-career talent acquisitions) was 34 (males: 26; females: 8); the proportion of women was 23.5%.

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. A range of opinions and requests were received from employees in response to the President's questionnaire survey and we are working on ways to provide a more comfortable workplace, including installing 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 of Hulic in 2023 was JPY19.08 million (including bonuses and nonstandard wages). This was significantly higher than the average annual salary of JPY6.51 million* at about 3,800

listed companies for the fiscal year ended April 2023 - March 2024 and the same of JPY7.03 million* 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: Teikoku Databank, Ltd.

Introducing the program of employee stock ownership

The Company introduces the programs of employee stock ownership as one of the fringe benefits for strengthening the sense of solidarity between the Company and employees. The target is for all employees

at Hulic and Hulic Group companies. In addition, the Company adds encouragement pay to the contribution.

Promoting Employment of Persons with Disabilities

Hulic employs some people with severe disabilities and has established the Hulic Suginami Office, a dedicated workplace, mainly for sending out direct mail, together with experienced supervisors. As of June 2023, the employment ratio of persons with disabilities was 2.74%[†] on a Group basis (7.05% on a non-consolidated basis).*

* Figures marked with [†] have been guaranteed by an independent assurance provider for the values included in our Integrated Report.
 * The Data covers 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 Hulic Suginami 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 continue to hire 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 these employees and have facilitated environment same as the employees before retirement 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. We also set up a special short-term contract system in 2021 that extends the period of continuous employment until the age of 70 so that we have motivated and capable employees between the ages of 65 and 70.

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.

Contribution to Local Communities and Society

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. To fulfill our social responsibilities, we work to resolve social challenges and make contribution to the sustainable development of society through communication with local community.

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.

List of Major Social Contribution Activities

Global Environment Protection

- Organized Wooden Architecture Symposium
- Afforestation Activities
- Donated to Keidanren Nature Conservation Fund
- Donated to the General Incorporated Association Yoyogi National Gymnasium Steering Committee for World Heritage Nomination

Social Welfare

- Managing Hulic Scholarship Program for Training of Welfare Caretakers
- Supported orphans of cancer and childhood cancer patients and their families
- Employee Match Gift Program
- Supported Single-parent Households
- Donated to Japanese Red Cross Society
- Donated Used Postal Stamps
- Supported Japan Service Dog Association
- Donated Emergency Food Stockpiles
- Sponsorship of Kodomono Tame no charity concert for children

Support of Culture and the Arts

- Sponsorship of the Hulic Cup Hakurei Championships and Women's Rank-deciding Shogi Competition
- Supported Kishikai Shogi Festival (Great East Japan earthquake reconstruction support event)
- Special Sponsorship of the Hulic Cup Kisei Championships
- Supported Kishikai Christmas Festival
- Special Sponsorship of Minister of Education, Culture, Sports, Science and Technology Cup Elementary and Junior High School Shogi Team Competition
- Relocation of Shogi Hall
- Supported New National Theatre Tokyo
- Supported Naruto Sumo Stable

Health, Medicine and Sports

- Support for Japan Para-Badminton Federation
- Support for All Japan Private High School Volleyball Federation
- Support for the Japan Professional Tennis Association

Connection with the Local Communities

- Opened Onsite Childcare Nursery Facilities to Local Community Members
- Hosting Summer Festivals/Donated a portable shrine
- Donating Books to a Nearby Elementary School

Education and Social Education

- Established Collaborative Social Courses with the University of Tokyo
- Supported agricultural engineers
- Supported Nezu Foundation

Academic and Research Support

- Organized an Idea Competition for Students
- Supporting Environmental Studies at Kyoto University

Others

- Sponsorship to Support Fukushima Relief Efforts
- Subsidized the Cost of employees' Disaster Recovery Activities

Contributions and Community Investments in Registered NPOs

Hulic makes contributions to authorized NPOs. In FY2023, we made the following contributions.

Result of Social Donation Activities in FY2023

Organization name	Amount (JPY)
Single Mothers Forum (SMF,NPO)	10,000,000
The Japanese Red Cross Society (a specified juridical person)	6,000,000
Japan Service Dog Association, a social welfare organization	3,000,000
Keidanren Nature Conservation Fund (a public trust)	1,000,000
Japan Carers Federation, general Incorporated Association	2,000,000

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 in 2019.

Afforestation Activities

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 construction. Approximately 310 m³ of lumber is used in the construction of a fireproof wooden construction (hybrid structure combining wooden and steel frame construction) commercial facility (HULIC &New GINZA 8) which completed in October 2021. In May 2021 approximately 12,000 cedar saplings were planted (new plantings) across an area of about 4.3 hectares. Over the next five years from 2021, we will continue cutting undergrowth so that the planted cedar saplings will grow healthy.



Cedar sapling newly planted and a mountain where they were planted (Fukushima Prefecture)

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.



Managing 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.



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 2023, 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. In April 2024, we donated approximately 1.7 kilograms of used stamps that we collected during the year to the Japan Committee, Vaccines for the World's Children (JCV),

a certified NPO. Every year, we collect a large volume of used stamps, and we sort them with the cooperation of our sustainability supporters. The money exchanged from the stamps is used to support vaccines for children in supporting countries, mainly in Southeast Asia.

Support for Japan Service Dog Association

Since 2022, Hulic has been supporting a social welfare organization, the Japan Service Dog Association, to increase support for people with disabilities, one of the focuses of our social contribution activities. One aim of the Japan Service Dog Association is to help build a society that is kind and enjoyable for both people and animals. Based on this philosophy, the organization (1) raises top-quality service dogs; (2) develops trainers; (3) collaborates with local rehabilitation centers and organizations for disabled people, and provides consultations and information on using service dogs; and (4) raises awareness of service dogs to encourage independence and social participation of disabled people. A service dog is a type of assistance dog (specifically for the physically disabled) just like guide dogs and hearing dogs. A major issue, however, is that there are very few working service dogs in Japan, while awareness of their existence is extremely low, even among

disabled people. Also, it is both expensive and time consuming to train a disabled people together with a service dog, which is why Hulic hopes to make a difference by our support.



Donation of Emergency Food Stockpiles

In the course of inspecting and replacing the emergency food stockpile at our headquarters building, we donated food approaching its expiration date, previously disposed of as waste, to Second Harvest Japan, an authorized nonprofit organization. We will continue to donate our emergency food stockpiles in the future.



Emergency food stockpile (partial) at HULIC headquarters building

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, we have donated 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 3,400 students have received scholarships, and the total amount awarded exceeds JPY2.1 billion (as of June 30, 2023).

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

To support single-parent households, we have been making donations since 2020 to the Single Mothers Forum, a nonprofit organization. We donate JPY10 million yen per year for their food support activities.



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 third round of the Hulic Cup Hakurei Championship was held from September to October in 2023 and Tomoka Nishiyama won the women's triple crown with 4 wins and 3 losses, acquired the title of "Hakurei". As a result, Tomoka Nishiyama's women's triple crown was reinstated to the title of "Hakurei" since the first season.



Inauguration ceremony of the third Hulic Cup Hakurei Championships

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."

In the 95th Hulic Cup Kisei Championship, Mr. Sota Fujii defended his title and won his fifth consecutive title.



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

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



Support for Kishikai 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 2024, we sponsored the Kishikai Shogi Festival in Hachinohe.

Relocation of Tokyo Shogi Hall

In 2021, we concluded a basic agreement with the Japan Shogi Association to relocate the Tokyo Shogi Hall to the first floor of Hulic's Sendagaya Center Building, as part of the reconstruction project. We are developing, aiming for completion in 2024, preparations for the 100th anniversary of the Japan Shogi Association. We will continue to

collaborate closely with the Japan Shogi Association and Shibuya Ward to contribute to the urban development of Shibuya's Sendagaya district, known as Shogi Town.

Supported Naruto Sumo Stable

As part of our commitment to supporting sumo, Hulic sponsors the Naruto Stable Supporters' Association. At the May 2024 Grand Sumo Tournament, we displayed a sponsorship banner for matches involving

Oshoma, the first *makuuchi*-ranked wrestler from the Naruto Stable since its founding.



Support for Japan Para-Badminton Federation

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. In November 2023, we supported as the special sponsors for the "Hulic Daihatsu Japan Para-Badminton International Tournament 2023" held at the First Gymnasium of Yoyogi National Stadium.



Established Collaborative Social Courses with the University of Tokyo

In April 2023, Hulic, together with the University of Tokyo, initiated a course for creating an inclusive nature experience learning system. By harnessing information and communication technologies, this course aims to enable children to experience and learn nature with a sense of independence, even remotely, regardless of their environmental or personal circumstances. In August 2023, a nature-based learning

session "School for Everyone Learning from Nature" with participation of more than 100 elementary and junior high school students was held in Myoko Kogen, Niigata Prefecture. Online participants watched the activity in the Metaverse space and experienced the sensation of stone by using a body-sharing device.



A body-sharing device



Collecting insects

Holding the 11th Hulic Student Idea Competition on the Theme of Inviting architectures

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 121 entries for the 11th Hulic Student Idea Competition in 2023. At the second public review, students enthusiastically presented their ideas, followed by a question and answer session with judges. After consultations among the judges,

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



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.

Policy for the Community Activities

In addition to our own initiatives, we focus on the engagement with local communities in order to solve social issues in the area. Specifically, we are working on the following initiatives.

Making the Company's Nursery Facilities Available to Local Community

Hulic has set up a daycare center inside the headquarter, making some space available to local children to help reduce the number of children waiting to get into daycare centers. 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. 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.



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

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

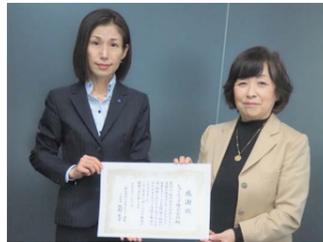
Matching Gift Program

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 15th (2023) Donation to the Japan Carers Federation (general incorporated association)

In 2023, we donated to the Japan Carers Federation (general incorporated association). It is an organization that aims to socially solve the problems of all carers (caregivers such as family members), people who think of carers.



Past Donations

Time	Year	Name of Organization	Amount (JPY)
1st	2009	WWF Japan	800,000
2nd	2010	Aladdin Caregiver Support Network Center	620,000
3rd	2011	NGO Doctors of the World Japan (MEDECINS DU MONDE JAPON)	620,000
4th	2012	NGO Kokkyo naki Kodomotachi (KnK)	800,000
5th	2013	NPO Florence	1,000,000
6th	2014	NPO Kid's Door	1,200,000
7th	2015	Civic Force, public interest incorporated association	1,300,000
8th	2016	NPO After School	1,200,000
9th	2017	NPO Second Harvest Japan	1,300,000
10th	2018	OISCA, nonprofit incorporated association	1,400,000
11th	2019	NPO Japan Committee, Vaccines for the World's Children	1,500,000
12th	2020	Musubie (an NPO who supports providing meals to children)	1,400,000
13rd	2021	NPO Kiko Network	1,800,000
14th	2022	Chance for children, public interest incorporated association	2,000,000

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 2024 we continued satoyama conservation activities, which we have conducted annually since 2009 as a participatory volunteer activity involving our employees, and a total of 24 employees and their family members from Hulic, Hulic Insurance Service, Hulic Building Management, Hulic Reit Management and Hulic Proserve have participated in this activity.



Summary of Satoyama Conservation Activities

Objective	As Hulic holds many properties in Tokyo, we came up with the idea to protect the precious natural environment left in Tokyo and participated in the Satoyama Conservation Activities.
Summary	The company participates in the Tokyo Greenship Action hosted by the Bureau of Environment, Tokyo Metropolitan Government, every year, and engages in various volunteering activities in Yokosawairi in Akiruno City such as the rice planting experience and nature observation activities to deepen understanding of satoyama conservation activities under the supervision of the NPO called "Yokozawairi tanbo no kai."
Date	May 30, 2024
Number of participants	24

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. 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.

Community Cleanup Activities/Flowerbed Maintenance Activities

We participate in the Machikado (street corner) Clean Day project run by Chuo Ward, where our headquarters is located. Once a month, we clean up around our head office with the aim of creating a clean

and comfortable environment. Through these activities, we are also promoting communication between local people and employees.



Initiatives for Corporate Governance

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 FY2023》
- Participation rate in the Board of Directors' Meeting: 99.5%
 - 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: 16 times (12 regular meetings and 4 special meetings)
 - Number of BCP drills: 2 times
 - Number of inspections of stockpiled food: 4 times
 - Number of inspections of stockpiled goods: 4 times

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.

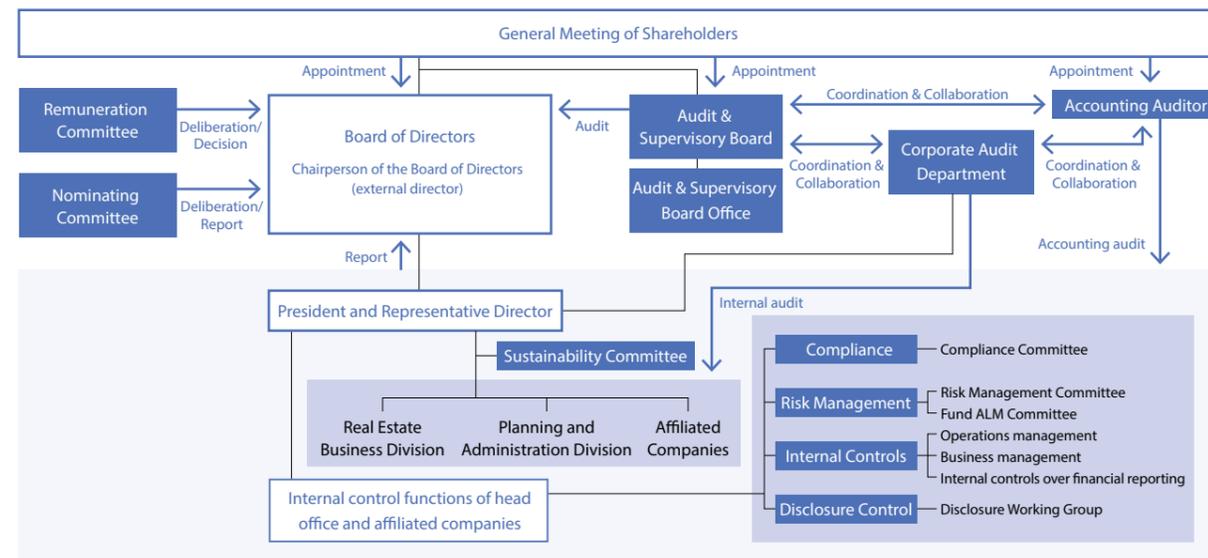


Corporate Governance Mechanism

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 April 1, 2024)



The Company Organization

Board of Directors	<p>The Board of Directors resolves 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 of Directors comprises 10 directors (six are external directors). More than half are external directors and all of these are independent external officers. In addition, an external director serves as the chairperson of the Board of Directors (as of June 25, 2024).</p> <p>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.</p>
Audit & Supervisory Board	<p>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).</p> <p>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.</p>
Nominating Committee	The Nominating Committee, consists solely of independent external directors, deliberated and submit a report 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.

Nominating Committee and Remuneration Committee

We have established “discretionary committees” following the enactment of the Corporate Governance Code, effected on

Nominating Committee

The Committee deliberates and reports on the nomination of candidates for Directors and Audit & Supervisory Board Members.

Status of activities in FY2023 and specific details to be considered

- Number of events: 2 times
- Details of consideration: Consideration of officer candidates to be consulted at the general meeting of shareholders of the following year, consideration of promotion of directors with titles, consideration of the chairman of the Board of Directors, examination of the appropriateness of executive directors, consideration of succession plan

June 1, 2015. All members of each committee are independent external directors from 2019.

Remuneration Committee

When determining the specific remuneration of directors, deliberations and decisions will be made within the range of the amount resolved at the General Meeting of Shareholders.

Status of activities in FY2023 and specific details to be considered

- Number of events: 3 times
- Details of the study: Examination and determination of basic remuneration for each director, examination and determination of performance-linked remuneration for each executive director, examination of determinants of performance-linked remuneration

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.

Assessment Details

As a result of the analysis and evaluation of the effectiveness of the Board of Directors in FY2023, we judged that governance is functioning effectively because the majority of the total members are external directors with diverse expertise, the ratio of women has reached 30%, a culture has been fostered in which each officer can easily express his or her opinions, and appropriate risk-taking and risk management are being carried out.

However, we confirmed that we will recognize and address the following points as ongoing issues for the Board of Directors.

- We will continue to work to improve the efficiency of operations, such as by presenting materials that clarify the points of contention, and further deepen deliberations and discussions on important agenda items such as ESG discussions and medium- to long-term management policies.
- Present a wide range of risks related to our business and further deepen appropriate risk judgment through the classification and organization of risks.

Feedback from external directors, “The explanation of materials and agenda items, as well as the management, are efficient and well balanced,” and “The structure of the company is remarkably diverse and

diversity is ensured.” There were opinions such as “Various opinions are accepted and opinions are exchanged from various perspectives.”

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

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 25, 2024, the Board of Directors and Audit & Supervisory Board included 10 male and 5 female members. (the ratio of female directors: 30.0% and the ratio of female directors and Audit & Supervisory Board members: 33.3%)

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	○	—	—	—
President, Representative Director	Takaya Maeda	○	—	—	—
Vice President, Director	Tadashi Nakajima	○	—	—	—
Senior Executive Managing Officer, Director	Hiroshi Hara	○	—	—	—
External Director, Chairperson of the Board of Directors	Tsukasa Miyajima	◎	—	◎	○
External Director	Hideo Yamada	○	—	○	◎
External Director	Atsuko Fukushima	○	—	○	○
External Director	Shinji Tsuji	○	—	○	○
External Director	Kiyomi Akita	○	—	—	—
External Director	Yuko Takahashi	○	—	—	—
Full-Time Audit & Supervisory Board Member	Masahiro Okamoto	—	◎	—	—
Full-Time Audit & Supervisory Board Member	Mie Tanaka	—	○	—	—
External Auditor	Nobuyuki Kobayashi	—	○	—	—
External Auditor	Noriko Koike	—	○	—	—
External Auditor	Masao Aratani	—	○	—	—

*The chairpersons are indicated with ◎.



Attendance number (rate) at Board of Directors’ meetings, Audit & Supervisory Board meetings, and discretionary committee meetings in FY2023*1

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	12/12(100%)	—	—	—
President, Representative Director	Takaya Maeda	12/12(100%)	—	—	—
Vice President, Representative Director	Hidehiro Shiga *2	12/12(100%)	—	—	—
Vice President, Director	Hajime Kobayashi *3	12/12(100%)	—	—	—
Vice President, Director *4	Tadashi Nakajima	12/12(100%)	—	—	—
Chairperson of the Board of Directors, Director(non-executive)	Manabu Yoshidome*2	12/12(100%)	—	—	—
External Director, Chairperson of the Board of Directors*4	Tsukasa Miyajima	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Hideo Yamada	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Atsuko Fukushima	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Shinji Tsuji	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Kiyomi Akita *5	8/9(88%)	—	—	—
External Director	Yuko Takahashi *5	9/9(100%)	—	—	—
Full-Time Audit & Supervisory Board Member	Masahiro Okamoto	12/12(100%)	15/15(100%)	—	—
Full-Time Audit & Supervisory Board Member	Mie Tanaka *5	9/9(100%)	10/10(100%)	—	—
External Auditor	Nobuyuki Kobayashi	12/12(100%)	15/15(100%)	—	—
External Auditor	Kenichi Sekiguchi *2	12/12(100%)	15/15(100%)	—	—
External Auditor	Noriko Koike *5	9/9(100%)	10/10(100%)	—	—
External Auditor	Masao Aratani *6	—	—	—	—

*1 Attendance rates are calculated based on the meetings held in January to December 2023.

*2 Mr. Hidehiro Shiga, Mr. Manabu Yoshidome and Mr. Kenichi Sekiguchi resigned from their position on March 26, 2024.

*3 Mr. Hajime Kobayashi resigned from his position on June 25, 2024.

*4 The titles of Mr. Tadashi Nakajima and Mr. Tsukasa Miyajima are from March 26, 2024.

*5 The number of meeting attended of Ms. Kiyomi Akita, Ms. Yuko Takahashi, Ms. Mie Tanaka and Ms. Noriko Koike are calculated based on the meetings held, since being appointed on March 23, 2023.

*6 Mr. Masao Aratani was appointed on March 26, 2024 as External Auditor.

Director Skill Matrix

To achieve our Medium- and Long-Term Management Plan, we have defined the skills we consider necessary for directors as those related to (1) corporate management, (2) sustainability and ESG, (3) finance and accounting, (4) legal affairs and compliance, (5) risk management, (6)

personnel and labor affairs and human resources development, and (7) the real estate business.

We appoint directors with the right skills in accordance with these requirements, and their skills are shown in the table below.

Name	Title	Corporate management	Sustainability and ESG	Finance and accounting	Legal affairs and compliance	Risk management	Personnel and labor affairs and human resources development	Real estate business
Saburo Nishiura	Chairman, Representative Director	◎	○	○		○	○	○
Takaya Maeda	President, Representative Director	◎	○			○	○	◎
Tadashi Nakajima	Vice President, Director	○	○			○	○	◎
Hiroshi Hara	Senior Executive Managing Officer, Director	○		○		◎	○	○
Tsukasa Miyajima	External Director, Chairperson of the Board directors		○		◎	○		
Hideo Yamada	External Director				◎	○	○	
Atsuko Fukushima	External Director		◎				○	
Shinji Tsuji	External Director	◎				○		
Kiyomi Akita	External Director		○				◎	
Yuko Takahashi	External Director	○		◎				

* A ◎ in a director's skill matrix means the director in question has particularly outstanding skills in that particular area.
 * The above list is not intended to be an exhaustive list of the knowledge and experience possessed by each director.

Liability of Directors and Others

Outline of Limited Liability Agreements

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each Director (excluding Directors with executive authority over operations, etc.) and each Audit

& Supervisory Board Member, to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to the maximum amount stipulated by law.

Outline of the Insurance Policy that Covers Director and Officer Liability for Damages

The Company has concluded an insurance policy with an insurance agency that covers Director and Officer liability for damages (D&O insurance), as stipulated in Article 430-3, Paragraph 1 of the Companies Act. The details of the policy are as follows.

- i Scope of insured persons
The Company's Directors and Audit & Supervisory Board Members under the Companies Act.
- ii Percentage of premiums paid by Directors and Officers
The Company pays all annual premiums for the D&O insurance policy concluded by the Company.
- iii Outline of the insurance policy
The coverage area is worldwide, and the insurance period is from February 1, 2024 to February 1, 2025.
The following is an outline of the events insured by the policy.
•The policy covers damages (legal damages and litigation expenses) incurred by a Director or an Officer, in the event of a claim by a shareholder or third party during the insurance period, arising from an act (including an omission) conducted in the course of his or her

- duties as a Director or Officer of the Company.
- In addition, the policy also covers any costs incurred by the insured Directors or Officers that may be required to respond to a potential claim for damages, even if no such claim was being made.
As a measure to ensure that the appropriateness of the execution of duties by the Directors and Officers is not compromised, the D&O insurance adopted by the Company exempts from liability the following acts that are offensive to public order and morals.
 - Claims for damages arising due to a Director or Officer having illegally obtained personal benefits or favors
 - Criminal acts committed by Directors or Officers, or acts committed by Directors or Officers while aware of their illegality
 - Claims for damages arising from the illegal payment of remuneration or bonuses, etc. to Directors or Officers
 - Claims for damages arising from insider trading by Directors or Officers
 - Claims for damages arising from the provision of illegal benefits

Decision-making Body for Exemptions by Directors and Others

Pursuant to Article 426, Paragraph 1 of the Companies Act, the Company stipulates in its Articles of Incorporation that Directors (including former Directors), Audit & Supervisory Board Members (including former Audit & Supervisory Board Members), and Accounting Auditors (including former Accounting Auditors) may be exempted from liability for

damages to the Company to the extent permitted by law, by resolution of the Board of Directors. The purpose of this provision is to ensure that Directors, Audit & Supervisory Board Members, and Accounting Auditors fully fulfill their expected roles.

Executive Officer Nominations

The Company's Articles of Incorporation stipulate that resolutions of the General Meeting of Shareholders concerning the election of Directors and Audit & Supervisory Board Members shall be adopted by a majority of the voting rights of the shareholders present at the meeting, at which shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this provision is to ensure the smooth operation of the General Meeting of Shareholders, by relaxing the quorum for the

election of Directors and Audit & Supervisory Board Members at the General Meeting of Shareholders. The Articles of Incorporation also stipulate that resolutions for the election of the Board of Directors shall not be made by cumulative voting.

While Directors and Audit & Supervisory Board Members are elected at the General Meeting of Shareholders, the following policies and procedures have been established for their nomination.

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 Reference Documents for General Meeting of Shareholder notices.

Executive Officer Remuneration, etc.

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

Policy for Determining Executive Officer Compensation, etc.

The compensation for directors (excluding external directors) consists of basic fixed compensation, based on their position within the Hulic Group and the weight of their responsibilities, as well as performance-based compensation, which is linked to earnings performance of the Company and their contribution to those 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' standpoint and perspective.

Furthermore, compensation for external directors and Audit & Supervisory Board members consists solely of basic compensation 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 and Determination of specific remuneration, etc. Related to Executive Officer Compensation, etc.

At the 92nd General Meeting of Shareholders, it was resolved that the annual amount for Board of Director monetary compensation is up to JPY1,000 million. (Of this amount, up to JPY120 million can be paid to external directors.) 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 94th General Meeting of Shareholders stipulates a change in Board Benefit Trust (BBT) to a maximum of 400,000 points per fiscal year with regard to share-based payments for directors (excluding external directors).

When determining the amount of remuneration for individual directors, 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.

Persons Authorized to Determine the Amount of Remuneration, etc. for Each Individual Executive Officer and Their Authority, and the Procedures of Voluntary Committees

The Company has established a Remuneration Committee, which consists solely of independent external directors (four members). The decision on the amount of remuneration, etc. for each individual Director is entrusted to the Remuneration Committee, within the amount resolved at the General Meeting of Shareholders. This is to ensure that the evaluation and determination of Directors' remuneration, etc. is conducted from an objective perspective.

The Remuneration Committee is composed of independent external directors Tsukasa Miyajima, Hideo Yamada, Atsuko Fukushima and Shinji Tsuji. The Committee determines the details of remuneration, etc. for each individual director for the fiscal 2023 under review,

after a multifaceted review, including consistency with the policy for determining the details of remuneration, etc. for each individual Director. The Board of Directors believes that the process of such review, and the details of the determination are reasonable, and judges that the details are in line with such determination policy. In addition, retirement benefits for Directors have been abolished.

Remuneration for Audit & Supervisory Board Members is structured separately from that for Directors, and is determined by discussion among the Audit & Supervisory Board Members, within the amount resolved at the General Meeting of Shareholders.

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 profit as an indicator for performance-based compensation. Our business performance is concisely represented by consolidated ordinary profit as it takes into account interest expenses and other nonoperating income, thus we decided to use the percentage of change in consolidated ordinary profit 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 profit 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. With regard to the actual results of the indicators related to performance-based compensation, actual consolidated ordinary profit was JPY137,437 million (up 11.5% year-on-year), compared to the consolidated earnings forecast of ordinary profit at JPY134,000 million for FY2023, as announced in the Notice of Revisions to Annual Performance and Dividend Forecast released on October 27, 2023. As a result, the Company's performance was on track to meet the goals of both its Medium-Term Management Plan, which ends in FY2025 and its Mid-to-Long Term Management Plan, which ends in FY2029.

Directors/Auditors' Compensation

(FY2023)

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)	Of these amounts, non-monetary compensation	
Directors (excluding External Directors)	1,098	509	294	294	294	6
Auditors (excluding External Auditors)	72	72	—	—	—	3
External Directors /Auditors	148	148	—	—	—	9

*1 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.

*2 The total non-monetary compensation to directors (excluding external directors) consists of JPY294 million in performance-linked variable compensation (in stock).

Corporate Governance Report

Corporate Governance Report

The Company prepares and submits the Corporate Governance Report 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 July 1, 2024)

Board of Directors



Representative Director, Chairman
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., Representative Director, President
March 2016	Hulic Co., Ltd., Representative Director, Chairman (to date)
May 2022	Riso Kyoiku Co., Ltd., Director (Non-executive) (to date)



Representative Director, President
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
March 2022	Hulic Co., Ltd., Representative Director, President (to date)



Director, Vice President
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
March 2024	Hulic Co., Ltd., Director, Vice President (to date)



Director, Senior Executive Managing Officer
Hiroshi Hara

April 1988	Joined The Fuji Bank, Limited
April 2012	Mizuho Bank, Ltd., General Manager of Ueno Branch and General Manager of Ueno Branch Division 1
May 2015	Hulic Co., Ltd., General Manager in charge of Real Estate Planning Department
August 2017	Hulic Co., Ltd., General Manager of Real Estate Planning Department
April 2019	Hulic Co., Ltd., Managing Officer, General Manager of Real Estate Planning Department
April 2021	Hulic Co., Ltd., Executive Managing Officer, General Manager of Real Estate Planning Department
January 2023	Hulic Co., Ltd., Executive Managing Officer, General Manager of Business Planning and Management Department, General Manager of Human Resources Department
March 2024	Hulic Co., Ltd., Director, Senior Executive Managing Officer, General Manager of Business Planning and Management Department, General Manager of Human Resources Department
April 2024	Hulic Co., Ltd., Director, Senior Executive Managing Officer, General Manager of Business Planning and Management Department
July 2024	Hulic Co., Ltd., Director, Senior Executive Managing Officer (to date)



External Director, Chairperson of the Board of Directors
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
June 2014	Dai Nippon Printing Co., Ltd., External Director (to date)
June 2015	MIKUNI CORPORATION, External Auditor (to date)
June 2015	Mitsui Sumitomo Insurance Company, Limited, External Director
October 2015	Den-en Chofu Gakuen, Councilor
April 2016	Keio University, Emeritus Professor (to date)
June 2018	Daifuku Co., Ltd., External Auditor (to date)
July 2021	Japan Cooperative Insurance Association Incorporated, Committee Member of Examination Committee (to date)
March 2024	Hulic Co., Ltd., External Director, Chairperson of the Board of Directors (to date)



External Director
Hideo Yamada

April 1984	Registered as a lawyer
May 1998	TAIYO CHEMICAL INDUSTRY CO., LTD., External Auditor (to date)
June 2004	SATO CORPORATION, External Director
March 2006	Lion Corporation, External Director
June 2007	Ishii Food Co., Ltd., External Auditor
March 2009	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
June 2015	SATO HOLDINGS CORPORATION, External Director (to date)
June 2016	MIKUNI CORPORATION, External Director (to date)
June 2023	YOSHIMOTO KOGYO HOLDINGS CO., LTD., External Director (to date)



External Director
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
December 2006	Panasonic Corporation (currently Panasonic Holdings Corporation), Management Advisor
March 2012	Hulic Co., Ltd., External Director (to date)
June 2015	Nagoya Railroad Co., Ltd., External Director (to date)
June 2015	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)
February 2022	Kewpie Corporation, External Director (to date)



External Director
Shinji Tsuji

April 1979	Joined The Yasuda Fire & Marine Insurance Co., Ltd.
April 2009	Sompo Japan Insurance Inc., Managing Executive Officer
June 2011	NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), Director, Managing Executive Officer
April 2014	NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), Representative Director, Deputy President and Senior Managing Executive Officer
April 2017	Sompo Holdings, Inc., Group CFO, Representative Director, Deputy President and Senior Executive Officer
June 2019	Sompo Holdings, Inc., Group COO, Director, Deputy President and Representative Executive Officer
March 2022	Hulic Co., Ltd., External Director (to date)
April 2022	Sompo Holdings, Inc., Director
June 2022	Sompo Holdings, Inc., Advisor (to date)



External Director
Kiyomi Akita

April 1980	Joined The Fuji Bank, Limited
April 2004	The University of Tokyo Graduate School of Education, Professor
April 2005	The Open University of Japan, Visiting Professor
July 2015	The University of Tokyo Graduate School of Education, Founding President of The Center for Early Childhood Development, Education, and Policy Research
April 2018	The University of Tokyo, Dean of Graduate School of Education and Faculty of Education
April 2021	Gakushuin University, Professor of Department of Education in Faculty of Letters (to date)
June 2021	The University of Tokyo, Professor Emeritus (to date)
March 2023	Hulic Co., Ltd., External Director (to date)
April 2023	Children and Families Agency, Chairperson of Child and Families Council (to date)
October 2023	Ministry of Education, Culture, Sports, Science and Technology, Central Council for Education, Chairperson of Teacher Training Committee (to date)
October 2023	Ministry of Education, Culture, Sports, Science and Technology, Central Council for Education, Vice Chairperson of Education Curriculum Committee (to date)



External Director
Yuko Takahashi

October 1992	Joined Century Audit Corporation (currently KPMG AZSA LLC)
April 1996	Registered as a certified public accountant
February 2001	Joined Dentsu Inc.
April 2010	Dentsu Inc., General Manager of Business Administration Department of Global Business Management Division
August 2014	Dentsu Inc., General Manager of Global Finance Department of Corporate Strategy Division
January 2017	Dentsu Inc., Managing Director of Finance & Accounting Office Division
January 2020	Dentsu Group Inc., Executive Officer
July 2021	Established Yuko Takahashi Certified Public Accountants Office
January 2022	17LIVE Inc., External Auditor (to date)
March 2022	Dentsu Group Inc., Director (Non-executive)
March 2023	Hulic Co., Ltd., External Director (to date)
June 2023	Microwave Chemical Co., Ltd., External Director (Audit and Supervisory Committee Member) (to date)

Audit & Supervisory Board Members



Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member
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 External Auditor
March 2021	Hulic Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)
March 2021	Nippon View Hotel Co., Ltd., Auditor
March 2021	TOKYO SOIR CO., LTD., External Director and Audit and Supervisory Committee member (to date)



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

December 2010	Registered as a lawyer
January 2011	Joined Akamatsu & Yonezu Law Office
September 2011	Joined Tamuracho Sogo Law Office
December 2011	Registered as a tax accountant
December 2015	Joined Tairaka Law Offices
October 2016	Joined Hulic Co., Ltd.
October 2017	Hulic Co., Ltd., Assistant Manager of Corporate Planning Department
July 2018	Hulic Co., Ltd., Deputy General Manager of Corporate Planning Department
April 2020	Hulic Co., Ltd., Deputy General Manager of Legal & Compliance Department
November 2020	Hulic Co., Ltd., Deputy General Manager of Business Planning and Management Department
March 2023	Hulic Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)



External Auditor, Audit & Supervisory Board Member
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)
April 2010	Nagoya University of Commerce & Business (graduate school), Professor (to date)
October 2011	Japan Arts Council, Auditor
July 2017	The Japan Institute for Labour Policy and Training, Auditor
October 2017	Tokyo District Court, Adviser (to date)
October 2019	The Japanese Institute of Certified Public Accountants Tokyo Chapter, Deputy Chairman (to date)
July 2022	The Japanese Institute of Certified Public Accountants, Director (to date)
April 2023	Shinshu University, Faculty of Economics and Law, Part-Time Lecturer



External Auditor, Audit & Supervisory Board Member
Noriko Koike

October 1989	Joined Aoyama Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
April 1993	Registered as a certified public accountant
September 1994	Joined Yamada & Partners Accounting Office (currently Yamada & Partners Tax Co.)
January 1997	Established Koike Certified Public Accountants Office
June 2015	The Higashi-Nippon Bank, Limited, External Auditor
June 2020	Matsumotokiyo Holdings Co., Ltd. (currently MatsukiyoCocokara & Co.), Outside Auditor (to date)
March 2023	Hulic Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)

Managing Officers

Vice President	Executive Managing Officer
Yasuki Yakabi	Kazuhiro Noguchi
	Yasushi Umeda
	Mikio Morikawa
	Miki Kurobe
	Yoshikazu Nagatsuka
	Yoshito Nishikawa
Managing Officer	
Ken Ohta	Yuuji Mutagamihigashi
Mayumi Naruse	Hiroyuki Iijima
	Yasuhiro Kinoshita

External Directors and External Auditors

Hulic has six 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.

- The Company pays donations to the Akiko Tachibana Memorial Foundation, where External Director Hideo Yamada serves as the Chairman of the Board of Directors, for the purpose of promoting and disseminating the arts. However, in light of the nature and scale of the transactions, the Company believes that there is no risk of influencing the judgment of shareholders or investors.
- External Director Shinji Tsuji served as a Director of Sampo Holdings, Inc.’s subsidiary, Sampo Japan Insurance Inc., until June 2022. Sampo Japan Insurance is a shareholder of Hulic that lends business funds to Hulic and engages in real estate business transactions with Hulic. These transactions are also undertaken with Hulic’s subsidiaries. Such relationship is permitted in the criteria established by the Company for determining the independence of independent external officers.
- External Audit & Supervisory Board member Masao Aratani serves as Director (Full-Time Auditor) of Meiji Yasuda Life Insurance Company. Meiji Yasuda Life Insurance Company is a shareholder of Hulic that lends business funds to Hulic and engages in real estate business transactions with Hulic. Such relationship is permitted in the criteria established by the Company for determining the independence of independent external officers.

* Hulic has designated and registered directors Tsukasa Miyajima, Hideo Yamada, Atsuko Fukushima, Shinji Tsuji, Kiyomi Akita, Yuko Takahashi and Audit & Supervisory Board members Nobuyuki Kobayashi, Noriko Koike and Masao Aratani as independent external officers with the Tokyo Stock Exchange based on the Tokyo Stock Exchange’s rules and regulations. More than half of all directors and auditors are independent external members (As of June 25, 2024).

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 FY 2023	Occupation/affiliation, etc.	Reason for appointment	Independent Director
Tsukasa Miyajima	12 of 12 (100%)	Professor Emeritus of Keio University, Lawyer, Professor of Law and Graduate, School of Law of Asahi University	Mr. Miyajima has extensive experience and insight as a person of academic standing and the Company believes that he leverages this expertise in the management of the Group.	○
Hideo Yamada	12 of 12 (100%)	President of Yamada Ozaki Law Office	Mr. Yamada has been active as lawyer for many years, has refined views as a legal expert as well as experience as president of the bar association and led the organization, and the Company believes that he leverages this expertise in the management of the Group.	○
Atsuko Fukushima	12 of 12 (100%)	Journalist, Councillor of Forestry Policy Council, Ministry of Agriculture, Forestry and Fisheries	Ms. Fukushima has been active in the media industry for years and has extensive experience, so the Company believes she leverages her wide range of perspectives in areas including socio-economics, environment, culture and diversity in the management of the Group.	○
Shinji Tsuji	12 of 12 (100%)	Advisor, Sampo Holdings, Inc.	Mr. Tsuji has extensive experience and broad insight as the top management of a major non-life insurance company, and the Company believes that he leverages this expertise in the management of the Group.	○
Kiyomi Akita	8 of 9*1 (88%)	Professor Emeritus of the University of Tokyo, Professor of Gakushuin University	Ms. Akita has a high level of expertise in pedagogy (teaching), having served as a university professor and as an officer of a public interest incorporated foundation, and the Company believes that she leverages this expertise for the management of the Group.	○
Yuko Takahashi	9 of 9*1 (100%)	Yuko Takahashi Certified Public Accountants Office	Ms. Takahashi has expertise in corporate accounting and a wealth of experience as a member of management at a major advertising agency, and the Company believes she leverages this expertise in the management of the Group.	○

External Auditor and Audit & Supervisory Board members

Name	Attendance at meetings in FY2023		Occupation/affiliation, etc.	Reason for appointment	Independent Director
	Board of Directors	Audit & Supervisory Board			
Nobuyuki Kobayashi	12 of 12 (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, so the Company expects him to be able to audit management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Noriko Koike	9 of 9*1 (100%)	10 of 10*1 (100%)	Koike Certified Public Accountants Office	Ms. Koike has extensive experience and specialized knowledge in accounting, so the Company expects that she will be able to audit management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Masao Aratani*2	—		Director, Meiji Yasuda Life Insurance Company (Fulltime Audit & Supervisory Committee Member)	Mr. Aratani has extensive experience and broad insight as executives of a leading life insurance company, so the Company expects that he will be able to audit management objectively and from a neutral position.	○

*1 The number of meetings attended in FY2023 since being appointed on March 23, 2023.

*2 Appointed on March 26, 2024.

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 auditors). 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 and accounting documents, etc. In addition, 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 External Audit & Supervisory Board member Nobuyuki Kobayashi and Noriko Koike are 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 and Contents of Audit & Supervisory Board Meeting

The Audit & Supervisory Board is held every month, on the same day as the Board of Directors meeting and as necessary. The resolutions, reports, and discussions below were held during FY2023.

Resolutions: Consent to the appointment of Audit & Supervisory Board members, audit reports, reappointment of the accounting auditor, consent to revisions to the remuneration of the accounting auditor, audit plans, selection of the chairperson of the Audit & Supervisory Board, selection of full-time and specific Audit & Supervisory Board members, etc.

Report : Status of audits (monthly), evaluation of the effectiveness of the Audit & Supervisory Board, results of quarterly reviews, status of key audit matters (KAM) reviews, year-end audit schedule, etc.

Priority Audit Items of FY2023

- Achievement of priority issues at each department of the Medium-Term Management Plan (2023 - 2025)
- Risk management system for diversifying revenue sources, group governance, and internal controls for the Group
- Initiatives to further improve sustainable management
- Reasonableness of the accounting audit

Major Activities of Audit & Supervisory Board Members

In addition to attending important meetings, such as the Audit & Supervisory Board and the Board of Directors as well as auditing the proceedings and content of resolutions, and expressing opinions as necessary, the Audit & Supervisory Board members collect information that contributes to improving internal controls by reviewing important approval documents and checking the status of business execution with department managers. The board members then apply the information to their day-to-day auditing work.

Attendance at Important Meetings by Audit & Supervisory Board Members

	Masahiro Okamoto	Mie Tanaka*1	Nobuyuki Kobayashi	Kenichi Sekiguchi	Noriko Koike*1
Audit & Supervisory Board (Ordinary/Extraordinary)	15 of 15 (100%)	10 of 10 (100%)	15 of 15 (100%)	15 of 15 (100%)	10 of 10 (100%)
Board of Directors (Ordinary/Extraordinary)	12 of 12 (100%)	9 of 9 (100%)	12 of 12 (100%)	12 of 12 (100%)	9 of 9 (100%)
Attendance at Important Other Meetings*2					
Compliance Committee	4 of 4 (100%)	4 of 4 (100%)	—	—	—
Risk Management Committee	4 of 4 (100%)	3 of 3 (100%)	—	—	—
Sustainability Committee	1 of 1 (100%)	1 of 1 (100%)	—	—	—
Fund ALM Committee	16 of 16 (100%)	13 of 13 (100%)	—	—	—
Group Audit & Supervisory Board Liaison Committee*3	○	○	—	—	—
Three-Way Audit Coordination & Collaboration	○	○	○	○	○
Exchange of opinions with representative directors, etc.*4	○	○	○	○	○
Exchange of opinions with external directors*5	○	○	○	○	○

*1 The number of meetings attended in the fiscal year since being appointed as an Audit & Supervisory Board member on March 23, 2023.

*2 Attended as an observer without voting rights and expressed opinions.

*3 This meeting, held quarterly to share information about risk management and issues at each company, includes Audit & Supervisory Board members of affiliated companies that have full-time Audit & Supervisory Board members. In addition, our full-time Audit & Supervisory Board members also serve as Audit & Supervisory Board members at major affiliated companies. By working to ensure effective audits throughout the fiscal year, we verify the efficiency of the internal control system within the Hulic Group.

*4 Participants exchange opinions on important matters learned during everyday auditing work and make recommendations, as necessary, to improve the effectiveness of corporate governance.

*5 Participants exchange information on recent audits and other topics every six months.

Coordination and Collaboration with Audit & Supervisory Board Members and the Accounting Auditor

The accounting auditor provides detailed explanations throughout the year, including each quarter, on the Hulic Group's consolidated financial statements and accounting audits. In particular, these discussions have been deepened by having the accounting auditor provide reports, review the content of the reports and exchange questions, opinions, etc., on items identified as key audit matters (KAM) for FY2023.

Coordination and collaboration	Description	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Explanation of audit plan	Explanation of audit plan and exchange of opinions				■								
Quarterly review report	Explanation of status of financial audits, etc.					■			■			■	
Audit report (Companies Act and Financial Instruments and Exchange Act)	Results of Companies Act and Financial Instruments and Exchange Act audits	■ Interim report	■ Companies Act	■ Financial Instruments and Exchange Act									■ Summary report
Three-Way Audit Coordination & Collaboration	Sharing of audit plan and exchange of opinions				■								■
Information and opinion exchange	KAM, support for preparing financial statements, etc.	■		■	■			■			■		

Evaluation of the Effectiveness of the Audit & Supervisory Board

In FY2023, we conducted a self-evaluation using the survey form on the effectiveness of the Audit & Supervisory Board to review auditing methods and reflect them in the next fiscal year's audit plan. After each Audit & Supervisory Board member provided their own evaluations. The Audit & Supervisory Board discussed the results and concluded that the audits for FY2023 were "effective."

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.

Continuous Audit Period

From 2003 onwards

Due to significant research difficulties prior to 2002, the period of continuous audits may exceed such period.

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.

(JPY million)

Category	FY2022		FY2023	
	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	59	7	65	3
Consolidated subsidiaries	51	—	45	—
Total	110	7	110	3

(FY2022)

Non-audit services provided to the Company include tasks such as drafting comfort letters related to corporate bonds issuances.

(FY2023)

Non-audit services provided to the Company include tasks such as drafting comfort letters related to corporate bonds issuances.

Compensation for Ernst & Young Member Firms

(JPY million)

Category	FY2022		FY2023	
	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	—	6	—	—
Consolidated subsidiaries	—	3	—	2
Total	—	10	—	2

(FY2022)

Non-audit services at the Company involved tax-related outsourcing and others.

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

(FY2023)

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

Regarding the internal audits, the Corporate Audit Department, which is independent from other business activities conducts internal audits of the Company and its group companies. Specifically, the Corporate Audit Department conducts internal audits in accordance with the "Basic Plan for Internal Audits" systematically, and give them some advice, guidance

and corrective recommendations to solve the problems. Also, the results of internal audits of the Company and group companies conducted by the Corporate Audit Department are reported to the Board of Directors on a quarterly basis.

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 System for 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 above-mentioned 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 above-mentioned 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 FY2023, we conducted trainings on insider trading and anti-social forces.

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. We also conducted two Business Continuity Plan (BCP) drills in FY2023 as part of our BCP preparedness. In order to establish a system enabling more effective response procedures within our BCP, members of the emergency response headquarters as well as some of their substitutes took part in the training.

Initiatives for Ensuring Appropriate and Efficient Business Execution

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

Initiatives to Ensure Appropriate Group Operations

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

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

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

The Company has an Audit & Supervisory Board, which meets more than 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 FY2023》
- Number of Risk Management Committee meetings: 4 times
 - Number of Fund ALM Committee meetings: 16 meetings (12 regular meetings, 4 special meetings)
 - Number of BCP drills: 2 times
 - Number of inspections of stockpiled food: 4 times
 - Number of inspections of stockpiled goods: 4 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 Board of Directors resolves important

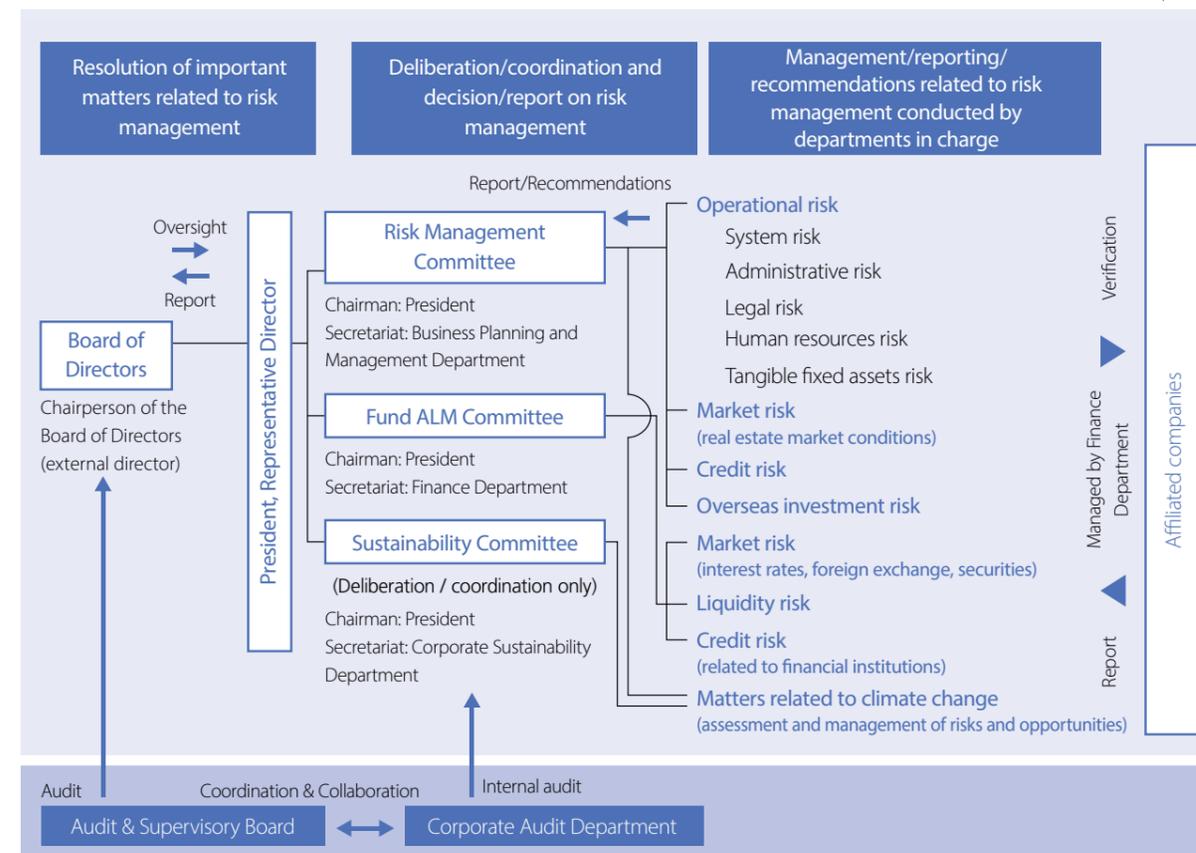
matters related to risk management upon receiving reports from the Committees.

Corporate audit department implement audit and confirm. In addition, risk items are reviewed and added as required.

In 2023, the Fund ALM Committee held 4 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.

Risk Management Structure Chart

As of April,1 2024



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 etc. 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.

In addition, a disaster response training drill is held at least once a year. These drills test setting up an emergency response headquarters, verify the operation of the safety confirmation system, and provide training on communication and information gathering, among other things. The drills reaffirm the importance of business continuity for

executives and employees as well as the standards of behavior related to disaster countermeasures. Further, we analyze and evaluate the issues identified in the drills and work to build a more practical BCP (business continuity plan) system by reflecting these issues in a revised BCP manual.

As a real estate company that develops and owns numerous properties, Hulic needs to prepare for possible disasters. In addition to measures for "hardware" (structural), such as a building's structure, we are taking various steps on the "software" (operational and managerial) as well, which are reviewed when necessary.

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.

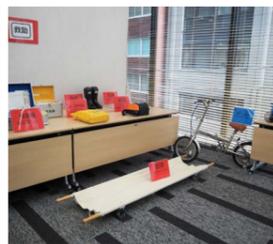
We also established a cross-sectional cooperation with external organizations including design companies, construction companies,



BCP drill



Disaster preparedness seminar



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 7 level
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



Emergency generator

Maintaining Functions during a Disaster

(Hulic Head Office Building)

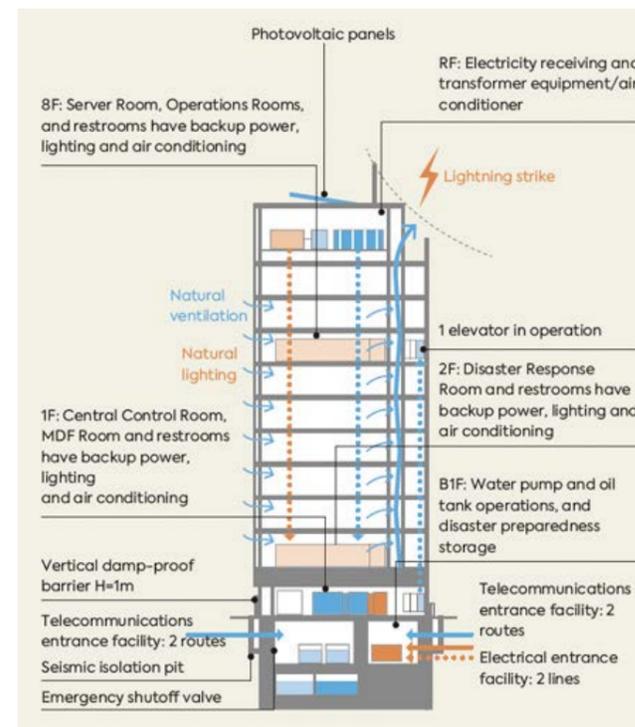
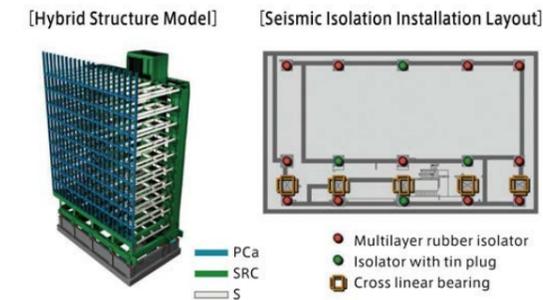


Diagram of Hybrid Structure Model



Earthquake Resistance Performance of Buildings

As an earthquake-resistant initiative, Hulic is working on development, reconstruction, new acquisition and seismic reinforcement of buildings which aim to build a leasing portfolio of 100% highly earthquake-resistant buildings. Our earthquake resistance 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. Our 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 7 level. In addition, we ensure that its new office buildings meet the highest



earthquake resistance standards by equipping them with the most suitable structure type we adopted for the various conditions of the development building from earthquake-absorbing, earthquake-damping and earthquake-resistant structures. Additionally, we also stockpile water, set up a drainage system, and install emergency back-up generators that can generate power continuously for three days in our buildings. On the other hand, we also conduct the necessary seismic reinforcement and screening to maintain the earthquake resistance of its buildings other than we develop and reconstruct to a level that can withstand earthquakes of seismic intensity 7 level.

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 FY2023》 ● 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

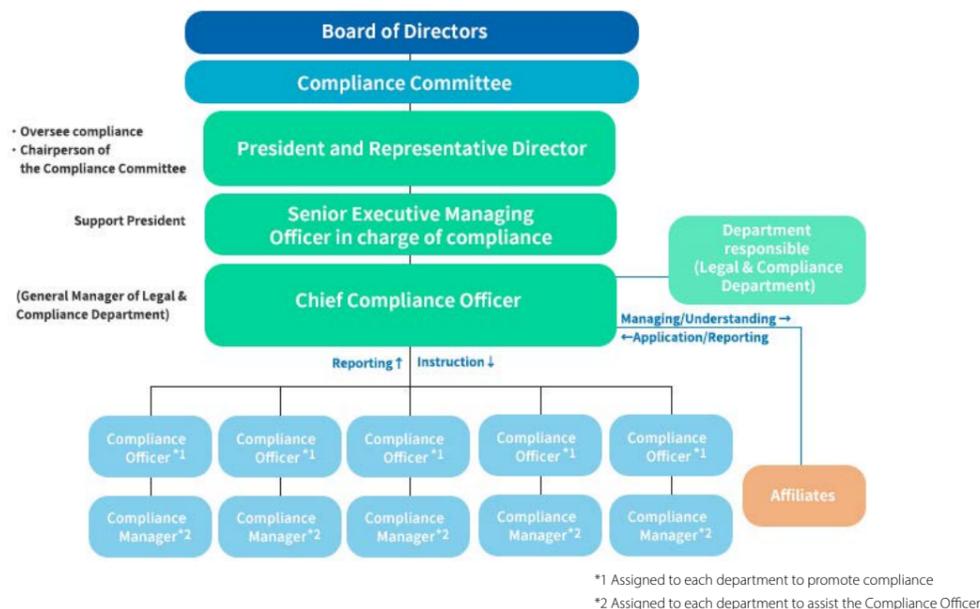
Headed by the President, the Compliance Committee convenes four times a year, in principle.

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. Moreover, the contents of "Our Code of Conduct" is reviewed as necessary.

Compliance Promotion Framework



Compliance Manual

Pursuant to Basic Principles of Corporate Conduct and Our 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



Increasing Compliance Awareness Through Training

We regularly provide compliance training on themes that correspond with the Compliance Manual, etc., including prohibiting bribery and handling gifts and entertainment, preventing corruption such as ensuring transparency and rationality in transactions, intellectual property rights, insider trading, and severing all relations with anti-social forces, to raise awareness of compliance among all employees, including temporary staffs. 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 include training for new hires and mid-career employees as well as Group-wide training for newly appointed executive officers.

Compliance Training Sessions in FY2023

Frequency: Conducted 5 sessions (four times for all employees, once for officers), dissemination of compliance-related news 12 times
Number 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 (FY2023): 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 can report your matter directly anonymously to our company or an external Compliance Hotline, if they consider that appropriate corrective actions will not be made after consultation to compliance officer of the department, or if they are reluctant to consult itself, due to the nature of the issues involved.

In addition to the matters of the Company's officers and

employees, the Compliance Hotline also covers cases involving retirees and employees of the Company's business partners. It is possible to report a wide range of matters such as harassment, etc. When we receive a report, we will investigate the facts and respond promptly while giving utmost consideration to the protection of whistleblowers.

Targets

Officers and employees (including temporary and/or part-time staff, etc.) and retirees who have retired within one year and employees of business partners.

Target matters

In the event that violations of compliance, including cases covered by the Whistleblower Protection Act, human rights violations, bribery or other forms of corruption, non-compliance with labor issues, violations of applicable laws and regulations related to the various types of harassment and violations of the Company code of conduct, are suspected.

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. 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, 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.

Internal contacts:

General Manager of Human Resources Department, Deputy Manager of Human Resources Department, General Manager of Legal & Compliance Department (Chief Compliance Officer); a female manager contact is installed

External contacts:

Attorney's offices; legal firm is installed 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. 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 promotes 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

Fundamental Approach

Hulic prohibits any act or all suspicious act that leads to corruption with business partners, including public agencies such as the government and local government.

- 《FY2023 Results》
- 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

We also strictly prohibit any bribery, we conduct compliance training for all employees. In the Compliance Manual, we clearly state prohibitions on bribery and entertainment and giving gifts, specifically "the prohibition of giving gifts to public officials" and "the prohibition of excessive entertainment and giving gifts", to build their awareness among employees. In case of doubt, anyone can make a report to the Compliance Hotline. Once received, all reports are handled swiftly and appropriately.

Policy for High-Risk Areas

We conduct comprehensive checks in areas considered high risk, including the prohibition of bribery, concerning about entertainments and gifts, exclusion of anti-social forces, prevention of money laundering, and prohibition of insider trading.

Examples of correspondence (partial)

Prohibition of bribery and business entertainment and gifts: Twice a year, each department is required to submit check lists containing entertainment expenses and receiving and giving business entertainment and gifts. The company checks whether it is handled appropriately and evaluates risks. Additionally, in case of doubt, anyone can report it to the Compliance Hotline, and if a report is made, an appropriate response will be taken promptly.

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

Registration of Partnership Building Declaration

We registered with the Declaration of Partnership promoted by the Ministry of Economy, Trade and Industry. We are engaged in fair and free competition, appropriate transactions, and responsible procurement.

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. The president, representative director is responsible for the policy on the tax payments. 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 FY2023 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 million)

	FY2021	FY2022	FY2023
Japan	23,956	24,417	28,172
The U.S.	7	3	2
Total	23,963	24,420	28,173

* Total current income taxes and deferred income taxes were counted.

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. Specifically, considering the expansion of cloud use, comprehensive measures including connection control of devices and network, and monitoring of use logs are promoted at both inside and outside of the company.

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

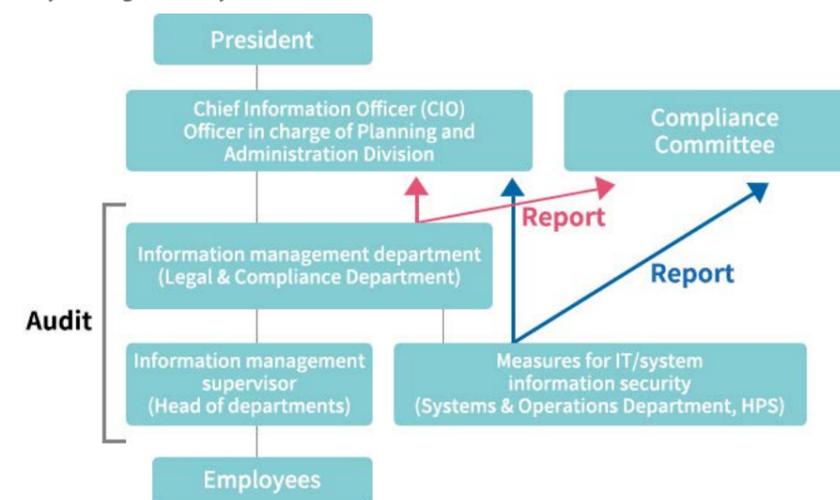
- Technical security control measures to ensure the appropriate management of information assets

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 appropriately 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 FY2023.



Disclosure Controls

We strive to disclose material corporate information that may affect investors' investment decisions in a timely, accurate, and fair manner, in accordance with the Timely Disclosure Rules stipulated by the Tokyo Stock Exchange, as well as related laws and regulations. In this regard, to promote an accurate understanding and evaluation of the Company by all stakeholders, including shareholders and investors, we have established Rules for Disclosure Control, as well as Rules for Insider Trading Management and Information Disclosure Management. In addition, while operating in a manner that clarifies where responsibility lies, the Company's officer in charge of disclosure centrally manages material information regarding internal controls and financial information, to ensure the comprehensiveness of information, as well as the timeliness and the appropriateness of disclosure.

Specifically, in the case of determined facts, material corporate information pertaining to resolutions of the Board of Directors and subsidiaries' material information is consolidated by the Business

Planning and Management Department, which makes a judgment as to whether the relevant information is subject to timely disclosure. In such cases, the Legal & Compliance Department, as the department in charge of management, strictly manages the information until disclosure. The Business Planning and Management Department serves as the secretariat for the Board of Directors and as the department in charge of affiliate company management and works with Group departments to gather information. If such information is determined to be material, the Corporate Communications & Investor Relations Department promptly handles the procedures for disclosure following approval from the Board of Directors.

In the case of emerging facts, procedures for disclosure are initiated swiftly.



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 meeting with domestic and foreign Institutional 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. We are targeting

a dividend payout ratio 40% or higher during the New Medium-Term Management Plan (2023-2025).



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. In addition, with the same shareholder number and more than three years holding form the base date, we double the gift to two items worth JPY6,000 in total from a catalog.



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. (Only in Japanese)



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.



Approaches at General Shareholders' Meetings

The 94th ordinary general meeting of shareholders was held at Hulic Head Office on March 26, 2024 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. 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. We are actively rolled out IR activities, such as many one-on-one meetings

with institutional investors in Japan and overseas.



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.



Selected as Indices on ESG Efforts

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



2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)



External Evaluation of IR Activities

Hulic's website discloses timely and detailed information on our various activities. In 2023, our website was selected as the "excellent website in all markets ranking" in Nikko Investor Relations Co., Ltd.'s All Japanese Listed Company Website Ranking 2023. In addition, our website won the silver prize in Gómez IR Site Ranking.



External Evaluation

Third-party Assurance

Taking proactive actions against sustainability-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. Figures marked with "†" have been guaranteed by KPMG AZSA Sustainability

Co.,Ltd., an independent assurance provider for the values included in our Integrated Report.

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 Several INDEX Series

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.



Included in Blossom Japan Index Series

Hulic has been a constituent company in two indexes of the FTSE Blossom Japan Index Series. 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. In addition, FTSE Blossom Japan Sector Relative Index (FTSE Blossom



SR) focuses on companies selected by FTSE Russell that have outstanding ESG initiatives, which includes outstanding management attitudes toward risks and opportunities of climate change.



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

Hulic has been selected for a constituent of the MSCI Nihonkabu ESG Select Leaders Index, MSCI Japan ESG Select Leaders Index, the MSCI Japan Empowering Women Index (WIN) and MSCI Japan Empowering Women Index (Select) by MSCI Inc.



2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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 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.



Included in Morningstar Japan ex-REIT Gender Diversity Tilt Index

Hulic has been selected as a constituent of the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J). GenDi J is designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal

opportunities to employees, irrespective of their gender.



Accordingly, Hulic has been continuously included in all six indices selected by the Government Pension Investment Fund (GPIF) for ESG investment indices: FTSE Blossom Japan Index, FTSE Blossom Japan

Sector Relative Index, MSCI Nihonkabu ESG Select Leaders Index, MSCI Japan Empowering Women Index (WIN), S&P/JPX Carbon Efficient Index and Morningstar Japan ex-REIT Gender Diversity Tilt Index.

Utilization of Environmental Assessment and Certification Systems

Approved by The SBT Initiative

Hulic has had its near-term (by 2030) greenhouse gas emissions reduction targets approved by SBTi (the Science Based Target initiative)* as consistent with levels required to meet the goals of the Paris Agreement.



* Science Based Targets initiative (SBTi)
A collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF), and is an international initiative that promote private sector to develop GHG emissions reduction targets in line with Paris Agreement (long-term temperature goal is to keep the rise in mean global temperature to well below 2°C and limiting below 1.5°C above pre-industrial levels), then validate and approve targets submitted to them. For approval, GHG emissions need to comply with GHG Protocol accounting and reporting standards, and near-term reduction targets need to be set between 5 and 15 years from the date of target submission to SBTi.

Recognized as an "A-" (Leadership Level) Company in the CDP Climate Change Assessment

Hulic has been recognized as an "A-" (Leadership Level) in the Climate Change 2023 Questionnaire conducted by CDP, a not-for-profit organization that evaluates environmental disclosure. The company which is recognized as "A-" level actively and effectively works to

mitigate the risks caused by climate change. In the climate change assessment, companies' voluntary responses to the CDP Climate Change Questionnaire are assessed and scored, at four levels: disclosure, awareness, management, and leadership.

Initiatives for Biodiversity: Utilization of the JHEP Certification System

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 development and reconstruction projects for Company-owned

properties from the standpoint of safeguarding biodiversity. Our approach to biodiversity and Hulic Group have obtained this certification for a total of 11 properties (as of December 31, 2023).



Acquisition of Environmental Certification

With regard to environmental certifications (CASBEE, BELS etc.) for buildings, we aim to obtain the 30% level acquisition rate in our property portfolio.

Acquisition of CASBEE Certification

Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method—researched and developed by the Japan Sustainable Building Consortium—for extensively evaluating and rating the environmental performance of buildings, districts, and cities, etc. from diverse perspectives. A certification (rating) is provided based on the results of these evaluations.

Two of our office buildings, the Hulic Headquarter Building and

Hulic JP Akasaka Building, also acquired "S" ratings, the highest for the CASBEE Wellness Office Evaluation, recognizing the performance of these building and the hard work needed to maintain and improve employee health and comfort and to improve intellectual productivity when working, as well as safety and security.

Including these cases, we have obtained CASBEE evaluations for a total of 19 cases (as of August 31, 2024, total number).

Acquired BELS/ZEB Certification

BELS certification is a third-party certification system that evaluates buildings which comply with the effort obligation to display energy-saving performance. It is evaluated by figures of the BEI (Building Energy Index), which is calculated from the primary energy consumption based on the building energy consumption performance standards set by the government.

A total of 17 properties have obtained BELS certification (including

2 ZEB certifications*1 and 1 ZEB ready certifications*2) (as of August 31, 2024, total number).



Hulic Logistics Noda I

*1 Certification given to the buildings with net zero or negative annual primary energy consumption based on the Building Energy Efficiency Labeling System (BELS) of the Ministry of Land, Infrastructure, Transport and Tourism
 *2 Certification given to the buildings that have reduced their primary energy consumption more than 50% from the standard numbers, excluding renewable energy, based on the Building Energy Efficiency Labeling System (BELS) of the Ministry of Land, Infrastructure, Transport and Tourism.

Other External Evaluations Related to Sustainability

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 survey conducted in 2023 with the rest of approx. 890 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 "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. We also received "Kurumin" certification (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 2024 (Small and Medium-sized Enterprises Category) for the sixth consecutive year from 2019 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.



Environmental Data

We will appropriately manage environment-related data and disclose information while executing environmentally friendly management. We believe it is important to provide reliable information concerning our sustainability-related activities. Figures marked with "†" have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

Greenhouse gas emissions

	2019	2020	2021	2022	2023
Scope 1	14,931	10,490	11,369	13,151	13,259†
Scope 2 (Market based)	25,067	18,529	17,473	20,966	5,105†
Subtotal Scope 1 and Scope 2	39,997	29,019	28,842	34,118	18,364
Scope 3					
1 Purchased goods and services	18,303	24,723	24,497	33,122	34,218
2 Capital goods	20,730	39,142	19,638	30,727	62,327
3 Fuel and energy related activities	6,597	5,132	5,238	6,112	3,939
4 Transportation and delivery (upstream)	—	—	—	—	—
5 Waste generated in operations	2,276	2,296	1,419	3,016	4,497
6 Business travel	244	251	194	176	177
7 Employee commuting	455	430	283	307	338
8 Upstream leased assets	—	—	—	—	—
9 Downstream transportation and distribution	—	—	—	—	—
10 Processing of sold products	—	—	—	—	—
11 Use of sold products	36,984	88,280	43,315	33,033	32,417
12 End-of-life treatment of sold products	193	484	1,005	712	474
13 Downstream leased assets	143,225	109,328	115,114	132,191	122,765
14 Franchises	—	—	—	—	—
15 Investments	—	—	—	—	—
Subtotal Scope 3	229,006	270,066	210,703	239,397	261,152†
Total Scope 1, 2 and 3	269,004	299,085	239,545	273,514	279,516

—: Not applicable.

Total energy consumption

	2019	2020	2021	2022	2023
Total	770,117,429	599,718,983	603,949,285	694,169,900	727,418,203

RE100 progress rate

2020	2021	2022	2023
0.5%	13.5%	47.0%	100.0%

* The RE100 progress rate is calculated by dividing the total amount of power generated by Hulic-owned solar photovoltaic equipment in the year by the projected total amount of electricity used (included some estimates) at the Hulic head office building and on the floors occupied by Group companies in 2024.

Water Intake (Water Consumption)

	Unit	2019	2020	2021	2022	2023
Number of properties (Owned facilities)	property	59	55	220	207	204
Water Intake (Water Consumption)* ¹	thousand m ³	437	346	1,487	1,855	1,953†
Details	Clean Water			1,427	1,767	1,890
	Well Water			42	74	46
	Industrial Water			18	14	17
Water Intake (Water Consumption) intensity	m ³ /m ²	0.65	0.61	0.86	1.00	1.06
Water Discharge* ²	thousand m ³	-	-	3.9	5.1	5.6
Water Discharge Intensity* ²	m ³ /m ²	-	-	0.37	0.35	0.38

*¹ Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022, 204 properties in FY2023). Note that the amount of hot spring water used at hot spring inns is not included. The boundary of FY2019 and FY2020 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.

*² Boundary: Hulic Head Office Building, Hulic Annex Building

Waste disposal

	2019	2020	2021	2022	2023	
Number of properties (property)	30	36	41	40	48	
Waste that Can be Recycled	Paper	55	33	33	475	614
	Bottles, cans, plastic bottles	102	60	54	193	393
	Total	157	92	88	668	1,007
Waste that Cannot be Recycled	Other general waste	1,212	711	638	1,463	2,085
	Industrial waste	92	76	85	270	501
	Total	1,304	787	723	1,733	2,586
Total of waste that can be recycled and waste that cannot be recycled	1,461	879	811	2,401	3,593†	
Waste disposal intensity (kg/m ²)	5.52	2.84	2.89	7.80	10.86	

* The boundary of waste emissions is calculated for business sites for which the Hulic Group has energy management rights (30 properties in FY2019, 36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, and 48 properties in FY2023). Since FY2020, we have been calculating the amount of waste generated using the weight conversion factor measured at some of the target properties. In addition, the amount of waste generated by some of the target buildings is estimated using the total floor area based on the emission intensity of the building for the same use.

Technical measures (such as longer life design, etc.) applied to reduce construction waste

	2020	2021	2022	2023
Number of properties	8	8	4	10
Implementation rate	100%	100%	100%	100%

* 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.

Integrated environmental certification

	as of the end of August 2024
CASBEE	19
BELS	17
DBJ Green Building	2
Total (cumulative total number of properties)	38

Number of greening properties

	2019	2020	2021	2022	2023
Number of greening properties	3	5	6	3	2

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

Number of renewable energy systems installed in development and reconstruction projects

(property)

	2019	2020	2021	2022	2023
Number of renewable energy systems installed in development and reconstruction projects	4	3	8	3	3

* The number of properties installed renewable energy facilities completed each year.

Amount of emission of SOx, NOx and VOC from hazardous wastes

	Unit	2019	2020	2021	2022	2023
Number of properties	property	4	7	9	6	12
SOx emissions	kg	60	142	826	770	2,557
NOx emissions	kg	1,334	1,649	6,778	5,132	394
VOC emissions	kg	124	0	0	0	84

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

Raw material purchase amount

	Unit	2019	2020	2021	2022	2023
Number of properties	property	4	7	9	6	12
Steel purchased amount	t	1,660	5,507	5,112	9,669	13,079
Concrete purchased amount	t	—	—	38,269	40,711	63,734
Pier purchase amount	m ³	58	106	261	163	234
Plywood purchase amount	m ³	270	204	552	415	508
Timber purchase amount	m ³	299	335	375	174	230

* Figures are for developed and constructed buildings for which data were collected in each year. We monitor concrete purchased amount from FY2021.

Paper consumption

	Unit	2019	2020	2021	2022	2023
Amount of paper recycled	kg	14,540	15,600	13,880	13,000	11,895
Paper consumption per person (Hulic Head Office)	thousand	20	21	18	16	13

* The scope is Hulic Head Office Building.

The operational status of corporate governance related to climate change

(times)

	2020	2021	2022	2023
Number of times the Sustainability Committee engaged in climate change monitoring	1	1	1	1
Number of reported times by the Sustainability Committee to the Board of Directors	—	2	3	3
Number of Environmental Advisory Council held	1	1	1	1

* In 2020, we announced our support for the TCFD recommendations and have strengthened our governance mechanism related to climate change.

Violations of environmental laws and regulations·payment of fines

(unit)

	2019	2020	2021	2022	2023
Violations of environmental laws and regulations · payment of fines	n.a.	n.a.	n.a.	n.a.	n.a.

Social Data

We appropriately manage social-related data and disclose information. With the aim of enhancing the credibility of our disclosure, figures marked with "†" have been guaranteed by an independent assurance provider for the values included in our Integrated Report.

Human Capital-related Data

		2019	2020	2021	2022	2023
Number of employees (person)(non-consolidated)	Male/Female	124/57	122/62	128/61	140/62	159/63
	Total	181	184	189	202	222
Number of employees (person)(consolidated)		1,878	1,934	1,496	1,347	1,357
Average annual salary (JPY million)		1,761	1,708	1,803	1,904	1,908
Average service period (years)	Male/Female	5.6/5.8	5.8/6.3	5.9/6.7	6.2/7.2	6.0/7.4
	Average	5.7	6.0	6.2	6.5	6.3
Average age (years)	Male/Female	42.1/35.3	41.3/35.6	41.4/35.4	41.3/35.9	39.9/35.6
	Average	39.9	39.4	39.5	39.7	38.7
Average overtime (hours/per month)*1		—	—	—	—	29.3
New graduates hired (people)	Male/Female	4/4	4/4	8/4	4/3	7/5
Mid-career personnel hired (people)	Male/Female	8/1	9/2	10/1	13/3	19/3
Retention rate around 10 years after hiring (%)	Male/Female	—	—	71.4/75.0	71.4/80.0	81.8/71.4**2
Retention rate new employees (%)**3	Male/Female	100/100	100/100	100/100	100/90	91/72
Number of voluntarily resigned employees (person)		2	3	10	9	9
Ratio of voluntarily resigned employees (%)		1.1	1.6	5.3	4.4	4.0
Number of employees in managerial positions (person) (excluding executive officers)	Male/Female	71/18	70/22	76/22	84/23	89/20
	Percentage of female directors and Audit & Supervisory Board members (%)	7	7	7	7	33.3**4
Percentage of female managers (%)		20.2	23.9	22.4	21.5	18.3
Employment ratio of persons with disabilities (%) (non-consolidated)		6.09	6.71	7.38	7.36	7.05
Employment ratio of persons with disabilities (%) (Hulic and Group companies)**5		2.42	2.34	2.54	2.68	2.74†
Training expenses per employee (JPY million)		—	—	0.15	0.17	0.15
Total training hours/Training hours per employee (hour)		—	—	—	—	2,134.5 / 9.6
Number of participants for training sessions that included health and occupational safety (number)**6		—	—	124	139	218
Percentage of career development interviews conducted (%)		—	—	100	100	100
Number of seminars provided by the Diversity Promotion Project Team		1	1*7	1	1	1
Frequency rate of accidents resulting in lost workdays (Industry average)	(%/Number of occurrences)	—	0%/0	0%/0 (1.39)	0%/0 (1.47)	0%/0 (1.67)
Percentage of employees who received medical checkup (%)		100	100	100	100	100†
Rate of paid leaves (%)		78.5	75.5	81.5	77.7	86.4†
Number of employees who took childbirth leave (person)		6	4	2	4	7
Number of employees who took childcare leave (person)**8	Male/Female	6/5	2/4	5/2	8/5	10/7
	Rate of male employees who took childcare leave (%)**9	100.0	50.0	83.3	80.0	125.0
Rate of female employees who took childcare leave (%) —Not adjusted for leaves carried over to the next fiscal year—**10		83.3	100	100	125	100

	2019	2020	2021	2022	2023
Rate of female employees who took childcare leave (%) –Adjusted for leaves carried over to the next fiscal year–*11	100	100	100	100	100
Ratio of employees returning to work after childcare leaves (%)	100	100	100	100	100
Number of employees with shorter working hours (person)	6	5	9	9	5
Number of employees who took day off for family care (person)*12	4	7	11	17	26
Number of employees who took family care leave (person)	0	0	0	1	1
Number of employees who took leave to take part in volunteer activities (person)*12	12	0*13	0*13	2	18
Number of stress checks conducted (people) / Percentage of employees who received stress checks (%)	164/94.7	177/94.7	171/94.0	181/95.3	166/86.0
Number of additionally obtained qualifications by employees in total	23	29	38	25	24

(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 with shorter working hours, and the number of employees who took leave to take part in volunteer activities.

*1 The data from FY2023 is hours of exceeding a statutory working.

*2 The data is number of new graduate recruitment for April 2012 to April 2014.

*3 The retention rate of new employees are actual results for the most recent three years.

*4 The data is as of June 25, 2024.

*5 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.

*6 Number of participants for training sessions in health and productivity management

*7 In FY2020, a video training session was held in lieu of an in-person seminar session to prevent the spread of COVID-19.

*8 Number of employees who took childcare leave; Male: Number of employees who began taking childcare leave, etc. during the fiscal year (From 2023, multiple leave acquisitions for the same child are counted as one time.); Female: 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. Seconded employees are excluded from FY 2023.

*9 Rate of employees who took childcare leave: (Number of employees who began taking childcare leave, etc. during the fiscal year) ÷ (Number of employees whose spouses gave birth during the fiscal year) ×100. Seconded employees are excluded from FY 2023.

*10 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. Seconded employees are excluded from FY 2023.

*11 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. Seconded employees are excluded from FY 2023.

*12 Per month totals are given for the number of employees who took days off for nursing care and employees who took leave to take part in volunteer activities.

*13 The number of employees who took leave to take part in volunteer activities was nil during FY2020 - 2021, as participation in volunteer activities was halted to prevent the spread of COVID-19.

Other Data

	2018	2019	2020	2021	2022	2023
Percentage of properties meeting Hulic's earthquake-resistance standards*1(%)	100 (11 properties in boundary)	100 (4 properties in boundary)	100 (8 properties in boundary)	100 (8 properties in boundary)	100 (4 properties in boundary)	100 (10 properties in boundary)
Progress toward a 100% highly earthquake resistant buildings*2 in 2029 (%)	—	—	—	81	82	86
Number of customer satisfaction surveys	1	1	1	1	1	1
Nursing homes Number of units	—	3,400	3,600	3,700	4,000	4,800

*1 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 level. Data covers the all completed properties each year.

*2 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of 7 level. Data covers Hulic's fixed assets.

Corporate Governance Data

We manage corporate governance-related data appropriately and disclose information.

Corporate Governance

Members of 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 25, 2024, the Board of Directors and Audit & Supervisory Board included 10 male and 5 female members. (the ratio of female directors: 30.0% and the ratio of female directors and Audit & Supervisory Board members: 33.3%)

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	○	—	—	—
President, Representative Director	Takaya Maeda	○	—	—	—
Vice President, Director	Tadashi Nakajima	○	—	—	—
Senior Executive Managing Officer, Director	Hiroshi Hara	○	—	—	—
External Director, Chairperson of the Board of Directors	Tsukasa Miyajima	◎	—	◎	○
External Director	Hideo Yamada	○	—	○	◎
External Director	Atsuko Fukushima	○	—	○	○
External Director	Shinji Tsuji	○	—	○	○
External Director	Kiyomi Akita	○	—	—	—
External Director	Yuko Takahashi	○	—	—	—
Full-Time Audit & Supervisory Board Member	Masahiro Okamoto	—	◎	—	—
Full-Time Audit & Supervisory Board Member	Mie Tanaka	—	○	—	—
External Auditor	Nobuyuki Kobayashi	—	○	—	—
External Auditor	Noriko Koike	—	○	—	—
External Auditor	Masao Aratani	—	○	—	—

*The chairpersons are indicated with ◎.

Attendance Number (rate) at Board of Directors' Meetings, Audit & Supervisory Board Meetings, and Discretionary Committee Meetings in FY2023*1

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Chairman, Representative Director	Saburo Nishiura	12/12(100%)	—	—	—
President, Representative Director	Takaya Maeda	12/12(100%)	—	—	—
Vice President, Representative Director	Hidehiro Shiga *2	12/12(100%)	—	—	—
Vice President, Director	Hajime Kobayashi *3	12/12(100%)	—	—	—
Vice President, Director *4	Tadashi Nakajima	12/12(100%)	—	—	—
Chairperson of the Board of Directors, Director (non-executive)	Manabu Yoshidome*2	12/12(100%)	—	—	—
External Director, Chairperson of the Board of Directors*4	Tsukasa Miyajima	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Hideo Yamada	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Atsuko Fukushima	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Shinji Tsuji	12/12(100%)	—	2/2(100%)	3/3(100%)
External Director	Kiyomi Akita *5	8/9(88%)	—	—	—
External Director	Yuko Takahashi *5	9/9(100%)	—	—	—
Full-Time Audit & Supervisory Board Member	Masahiro Okamoto	12/12(100%)	15/15(100%)	—	—
Full-Time Audit & Supervisory Board Member	Mie Tanaka *5	9/9(100%)	10/10(100%)	—	—
External Auditor	Nobuyuki Kobayashi	12/12(100%)	15/15(100%)	—	—
External Auditor	Kenichi Sekiguchi *2	12/12(100%)	15/15(100%)	—	—
External Auditor	Noriko Koike *5	9/9(100%)	10/10(100%)	—	—
External Auditor	Masao Aratani *6	—	—	—	—

*1 Attendance rates are calculated based on the meetings held in January to December 2023.

*2 Mr. Hidehiro Shiga, Mr. Manabu Yoshidome and Mr. Kenichi Sekiguchi resigned from his position on March 26, 2024.

*3 Mr. Hajime Kobayashi resigned from his position on June 25, 2024.

*4 The listed titles of Mr. Tadashi Nakajima and Mr. Tsukasa Miyajima are from March 26, 2024.

*5 The number of meeting attended of Ms. Kiyomi Akita, Ms. Yuko Takahashi, Ms. Mie Tanaka and Ms. Noriko Koike are calculated based on the meetings held, since being appointed on March 23, 2023.

*6 Mr. Masao Aratani was appointed on March 26, 2024 as External Auditor.

Director Skill Matrix

To achieve our Medium- and Long-Term Management Plan, we have defined the skills we consider necessary for directors as those related to (1) corporate management, (2) sustainability and ESG, (3) finance and accounting, (4) legal affairs and compliance, (5) risk management, (6) personnel and labor affairs and human resources development, and (7) the real estate business.

We appoint directors with the right skills in accordance with these requirements, and their skills are shown in the table below.

Name	Title	Corporate management	Sustainability and ESG	Finance and accounting	Legal affairs and compliance	Risk management	Personnel and labor affairs and human resources development	Real estate business
Saburo Nishiura	Chairman, Representative Director	◎	○	○		○	○	○
Takaya Maeda	President, Representative Director	◎	○			○	○	◎
Tadashi Nakajima	Vice President, Director	○	○			○	○	◎
Hiroshi Hara	Senior Executive Managing Officer, Director	○		○		◎	○	○
Tsukasa Miyajima	External Director, Chairperson of the Board directors		○		◎	○		
Hideo Yamada	External Director				◎	○	○	
Atsuko Fukushima	External Director		◎				○	
Shinji Tsuji	External Director	◎				○		
Kiyomi Akita	External Director		○				◎	
Yuko Takahashi	External Director	○		◎				

*1 A ◎ in a director's skill matrix means the director in question has particularly outstanding skills in that particular area.

*2 The above list is not intended to be an exhaustive list of the knowledge and experience possessed by each director.

Directors/Auditors' Compensation

(FY2023)

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)	Of these amounts, non-monetary compensation	
Directors (excluding External Directors)	1,098	509	294	294	294	6
Auditors (excluding External Auditors)	72	72	—	—	—	3
External Directors/Auditors	148	148	—	—	—	9

*1 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.

*2 The total non-monetary compensation to directors (excluding external directors) consists of JPY294 million in performance-linked variable compensation (in stock).

External Directors*1

Name	Occupation/affiliation, etc.	Reason for appointment	Independent Director
Tsukasa Miyajima	Professor Emeritus of Keio University, Lawyer, Professor of School of Law and Graduate, School of Law of Asahi University	Mr. Miyajima has extensive experience and insight as a person of academic standing and the Company believes that he leverages this expertise in the management of the Group.	○
Hideo Yamada	President of Yamada Ozaki Law Office	Mr. Yamada has been active as a lawyer for years and has refined views as a legal expert as well as experience as president of the bar association and led the organization, and the Company believes that he leverages this expertise in the management of the Group.	○
Atsuko Fukushima	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, so 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.	○
Shinji Tsuji	Director, Sampo Holdings, Inc.	Mr. Tsuji has extensive experience and broad insight as the top management of a major non-life insurance company, and the Company believes that he leverages this expertise in the management of the Group.	○
Kiyomi Akita	Professor Emeritus of the University of Tokyo, Professor of Gakushuin University	Ms. Akita provides her advice based on her experience as a university professor, a board member of a public interest incorporated foundation, a high level of expertise in pedagogy, and believe that will be reflected in the management of the Group.	○
Yuko Takahashi	Yuko Takahashi Certified Public Accountants Office	Ms. Takahashi has expertise in corporate accounting and a wealth of experience as a member of management at a major advertising agency, and the Company believes she leverages this expertise in the management of the Group.	○

External Auditor and Audit & Supervisory Board members*1

Name	Occupation/affiliation, etc.	Reason for appointment	Independent Director
Nobuyuki Kobayashi	Director of Kobayashi Certified Public Accountants Office	Mr. Kobayashi has specialized knowledge in accounting and taxation as a certified public accountant and tax accountant, so the Company expects him to be able to audit management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Noriko Koike	Koike Certified Public Accountants Office	Ms. Koike has extensive experience and specialized knowledge in accounting, so the Company expects that she will be able to audit management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Masao Aratani	Director of Meiji Yasuda Life Insurance (Minister) (Full-time Audit Committee Member)	As a member of the management team of a major life insurance company, he has a wealth of experience and a wide range of insight, and as an external Audit & Supervisory Board Member of the Company, he expects to audit the management of the Company from an objective and neutral standpoint.	○

*1 as of April 1, 2024

Other Data

	FY2019	FY2020	FY2021	FY2022	FY2023
Participation rate in Board of Directors meetings (%)	99.1	98.7	99.6	99.6	99.5
Number of effectiveness assessment of the Board of Directors (time)	—	1	1	1	1

Compensation for Audit by a Certified Public Accountant, etc.

(JPY million, consolidated basis)

Category	FY2022		FY2023	
	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	59	7	65	3
Consolidated subsidiaries	51	—	45	—
Total	110	7	110	3

(FY2022)

Non-audit services provided to the Company include tasks such as drafting comfort letters related to corporate bonds issuances.

(FY2023)

Non-audit services provided to the Company include tasks such as drafting comfort letters related to corporate bonds issuances.

Compensation for Ernst & Young Member Firms

(excluding remuneration for the above mentioned audited certificated public accountants, etc.)

Category	FY2022		FY2023	
	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	—	6	—	—
Consolidated subsidiaries	—	3	—	2
Total	—	10	—	2

(FY2022)

Non-audit services at the Company involved tax-related outsourcing and others.

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

(FY2023)

The content of non-audit work at consolidated subsidiaries is tax-related outsourcing.

Compliance

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of compliance training conducted (time)	5 (4 employees, 1 officer)				
Political contributions	none	none	none	none	one
Expenses for corruption related fines, penalties or legal settlements	none	none	none	none	none
Number of employee reprimands or dismissals due to actual or suspected corruption (time)	0	0	0	0	0
Compliance violations regarding Hulic businesses and services and means of transaction (time)	0	0	0	0	0

Responses and BCP to fluctuations in the financial and real estate markets

	FY2019	FY2020	FY2021	FY2022	FY2023
Number of Risk Management Committee and Fund and ALM Committee meetings (time)	4/13	4/22	4/16	4/17	4/16
Number of BCP drills, inspections of stockpiled food and suppliers (time)	1	1	3/4/1*	3/4/1	2/4/4

*Beginning in FY2021, the number of BCP drills, inspections of stockpiled food and suppliers are disclosed, respectively.

Tax Payments by Country

Hulic Co., Ltd. (non-consolidated)

(JPY million)

	FY2020	FY2021	FY2022	FY2023
Japan	31,271	23,956	24,417	28,171
The U.S.	3	7	3	2
Total	31,274	23,963	24,420	28,173

* Total current income taxes and deferred income taxes were counted.