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Hulic Co., Ltd.

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<https://www.hulic.co.jp/en/>

The corporate governance of Hulic Co., Ltd. is described below.

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

### 1. Basic Views

#### (1) Objectives of the Company

The Hulic Group has adopted “creating a society full of security and trust for many years to come” as its corporate philosophy. Reflecting the corporate philosophy, we aim to achieve sustainable growth and medium- and long-term improvements in corporate value.

In addition, the Company formulates, discloses, and implements a concrete management strategy and a management plan that take into account trends in the management environment to achieve steady growth.

#### (2) Basic stance on corporate governance

The Hulic Group is aware of its responsibilities towards all of its stakeholders, including shareholders, and makes a point of carrying out corporate management in a transparent and sincere manner. At the same time, the Company, under the supervision of the Board of Directors, firmly maintains an autonomous governance system whereby internal controls, risk management, compliance, and disclosure control function adequately.

In addition, the Hulic Group has established the “Basic Stance on Corporate Governance,” whereby it strives to comply with social demands through prompt and resolute decision-making from medium- and long-term perspectives, in order to improve its corporate value and enhance the significance of its reason for being.

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

#### [Principle 1.4, Supplementary Principle 1.4.1] Cross-Shareholdings

Hulic has cross-holdings of shares with other companies if it is deemed necessary to improve its corporate value in the medium and long term.

Meanwhile, the Company regularly verifies the rationality of its major cross-holdings of shares with listed companies by giving comprehensive consideration to factors, such as medium- and long-term profits of the

Group that can be obtained by reinforcing its transactional relationships with such companies, and reports to the Board of Directors. In the interest of ensuring the Board of Directors maintains its effectiveness, the Company verifies the rationality of its other cross-holdings of shares with listed companies by submitting a management circular (Ringi) through the chain of command. If the necessity of such holdings is judged to be poor, sale of the cross-holdings of shares will be considered.

In addition, the Company exercises its voting rights on all agenda items in principle, in order to use its rights as a shareholder.

When exercising its voting rights, Hulic decides to approve or reject each agenda item after comprehensively considering whether issuing companies have established effective corporate governance and make appropriate decisions to improve their corporate value in the medium and long term, as well as by holding dialogues directly with issuing companies on an as-needed basis.

If the agenda item refers to business reorganizations such as company mergers and takeover defense strategies, the Company will examine the issues prudently when exercising its voting rights.

If a shareholder who holds the Company's shares for cross-shareholding purposes informs the Company of its intention to sell those shares, the Company will review the background and reasons for the cross-shareholding and make judgements on a case-by-case basis. Although the Company will not engage in any improper conduct aimed at preventing such sale, etc., the Company believes that it is inappropriate to decide a uniform course of action in advance.

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

\* All the principles stated here, including those for the Prime Market, are based on the Corporate Governance Code as it stands after its revision in June 2021.

[Supplementary Principle 2.4 (1)] Ensuring Diversity, Including Active Participation of Women

[Concept for ensuring diversity]

The Company depicts a story of growing steadily going forward while responding flexibly to changes in the business environment, and believes it is essential that it has a diverse workforce who can demonstrate their capabilities to the maximum extent.

[Autonomous and quantifiable goals and progress for ensuring diversity]

(1) Appointing women to managerial positions

In the Company's general employer action plan (hereinafter "Action Plan") based on the Act on Promotion of Women's Participation and Advancement in the Workplace, for the second Action Plan period (September 1, 2019 to December 31, 2023), the goals of "a female manager ratio of 20% or more," "three or more women in managerial positions of department general manager or higher" and "usage rate of childcare leaves: 100% of eligible female employees and one male employee or more each year" were set, but these goals were achieved two years earlier in 2021. Currently, the Company is now proceeding with the third Action Plan (January 1, 2022 to December 31, 2024), in which the Company has set and is working on the goals of "a

female manager ratio of 25% or more,” “female usage rate of childcare leaves: 100%” and “male usage rate of childcare leaves: 100%.”

(2) Appointing foreign nationals to managerial positions

As the Company does not operate business overseas, there are no foreign nationals appointed to managerial positions at this point in time.

Going forward, the Company intends to appoint excellent human talent to managerial positions regardless of their nationality.

Hulic Hotel Management Co., Ltd., a group company that operates a hotel business, is actively hiring foreign nationals.

(3) Appointing mid-career hires to managerial positions

It is an established practice of the Company to actively hire mid-career hires and a suitable number of mid-career hires are appointed to managerial positions every year.

Going forward, the Company will continue to hire mid-career hires, which includes appointing mid-career hires to managerial positions.

[Policies on personnel development and improvement of work environments inside the Company aimed at securing diversified personnel and the implementation status thereof]

Details on the policies on personnel development and improvement of work environments inside the Company and the implementation status thereof is disclosed in the Sustainability page of the Company website.

<https://www.hulic.co.jp/en/sustainability/social/employee/>

[Supplementary Principle 3.1 (3)] Enhance Information Disclosure

The Company discloses information on its initiatives regarding sustainability, investment in human capital and the TCFD in the Integrated Report and in the Sustainability page of the Company website.

Integrated Report 2022: [https://www.hulic.co.jp/en/sustainability/report/pdf/integrated\\_report2022\\_e.pdf](https://www.hulic.co.jp/en/sustainability/report/pdf/integrated_report2022_e.pdf)

Sustainability Report: <https://www.hulic.co.jp/en/sustainability/>

[Supplementary Principle 4.11 (1)] Preconditions for Board and Audit & Supervisory Board Effectiveness

The Company presents a Skill Matrix of Directors on the final page of this report.

We created our “Corporate Governance Guidelines” as a framework for implementing optimal corporate governance, and those disclosure items other than above required by the “Corporate Governance Code” are disclosed and posted on the Company website.

Link to the Company website: <https://www.hulic.co.jp/en/sustainability/governance/governance.html>

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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**[Status of Major Shareholders]**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	61,514,500	8.02
Meiji Yasuda Life Insurance Company	47,617,077	6.21
Sompo Japan Insurance Inc.	42,248,800	5.51
Tokyo Tatemono Co., Ltd.	40,749,033	5.31
Fuyo General Lease Co., Ltd.	40,695,306	5.30
Yasuda Real Estate Co., Ltd.	30,789,331	4.01
Oki Electric Industry Co., Ltd.	28,631,000	3.73
The Yasuda Warehouse Co., Ltd.	28,431,800	3.70
Mizuho Capital Co., Ltd.	25,533,900	3.33
Taisei Corporation	22,400,000	2.92

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation

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**3. Corporate Attributes**

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	December
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

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

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Other Director
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Tsukasa Miyajima	Academic												
Hideo Yamada	Lawyer										○		
Atsuko Fukushima	Other												
Shinji Tsuji	From another company								△				
Kiyomi Akita	Academic												
Yuko Takahashi	From another company												

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/an Audit & Supervisory Board Member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tsukasa Miyajima	○	_____	Mr. Miyajima has a wealth of insight as an academic, and has expressed valuable opinions as External Director at meetings of the Board of Directors. He has been appointed as an independent officer as he satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.
Hideo Yamada	○	External Director Hideo Yamada serves as Chairman of the Board of Directors of the Akiko Tachibana Memorial Foundation, to which the Company makes monetary donations for the purpose of promoting and popularizing art. In light of the nature and scale of the transactions, however, the Company believes that there is no risk that the transactions could affect decisions of shareholders and investors.	Mr. Yamada has a wealth of insight as a lawyer, and has expressed valuable opinions as External Director at meetings of the Board of Directors. He has been appointed as an independent officer as he satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.
Atsuko Fukushima	○	_____	Ms. Fukushima has a wealth of insight as a journalist, and has expressed valuable opinions as External Director at meetings of the Board of Directors. She has been appointed as an independent officer as she satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.
Shinji Tsuji	○	External Director Shinji Tsuji served as Director of Sompo Holdings, Inc. until June 2022. Sompo Japan Insurance Inc., a subsidiary of Sompo Holdings, Inc. is a shareholder of the Company, and is engaged in the lending of business funds to the Company and transactions in the real estate business, among other transactions. The Company also engages in transactions and the like in the real estate business with other subsidiaries, all of which satisfy the Company-established criteria for judging independence of independent outside officers.	Mr. Tsuji has a wealth of insight as a business manager, and has expressed valuable opinions as External Director at meetings of the Board of Directors. He has been appointed as an independent officer as he satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Kiyomi Akita	○	_____	Dr. Akita has served as a university professor and a member of boards and committees of national expert organizations, public interest incorporated foundations, etc., and has broad social insight. The Company expects that she will provide her advice based on her high expertise in educational research for the benefit of the management of the Hulic Group. She has been appointed as an independent officer as she satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.
Yuko Takahashi	○	_____	Ms. Takahashi has expertise in corporate accounting and a wealth of experience as a member of management at a major advertising agency. The Company expects that she will apply her knowledge to the management of the Hulic Group. She has been appointed as an independent officer as she satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	to	Committee Corresponding to Remuneration Committee	to
Committee's Name	Nominating Committee		Remuneration Committee	
All Committee Members	4		4	
Full-time Members	0		0	
Inside Directors	0		0	
Outside Directors	4		4	
Outside Experts	0		0	
Other	0		0	
Chairperson	Outside Director		Outside Director	

Supplementary Explanation

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**[Audit & Supervisory Board Member]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	7
Number of Audit & Supervisory Board Members	5

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

Audit & Supervisory Board Members cooperate with the Accounting Auditor by means such as receiving reports on audits on a timely basis and exchanging information.

Audit & Supervisory Board Members establish the timing for performing audits and face-to-face meetings with the management team, and collaborate with the internal audit division, etc., to ensure the Accounting Auditor performs high-quality audits. The Board of Directors responds promptly through Audit & Supervisory Board Members to wrongdoing detected as well as deficiencies and problems pointed out by the Accounting Auditor.

Audit & Supervisory Board Members regularly receive reports on the activities of the Accounting Auditor from the responsible department, evaluate audit quality and audit fees, and check the independence and capabilities of the Accounting Auditor.

In addition, 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 Audit & Supervisory Board Members and the Corporate Audit Department, which performs internal audits.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

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

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m

Nobuyuki Kobayashi	Accountant																
Kenichi Sekiguchi	From another company											△					
Noriko Koike	Accountant																

\* Categories for “Relationship with the Company”

- \* “○” when the director presently falls or has recently fallen under the category;
- “△” when the director fell under the category in the past
- \* “●” when a close relative of the director presently falls or has recently fallen under the category;
- “▲” when a close relative of the director fell under the category in the past

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

External Audit & Supervisory Board Members’ Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuyuki Kobayashi	○	_____	Mr. Kobayashi has a wealth of insight as an accounting specialist, and has expressed valuable opinions as an External Audit & Supervisory Board Member at the Board of Directors and the Audit & Supervisory Board. He has been appointed as an independent officer as he satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Kenichi Sekiguchi	○	External Audit & Supervisory Board Member Kenichi Sekiguchi served as Chairman of the Board and Executive Officer of Meiji Yasuda Life Insurance Company until July 2013. Meiji Yasuda Life Insurance Company is a shareholder of the Company, and is engaged in the lending of business funds to the Company and transactions in the real estate business, among other transactions, all of which satisfy the Company-established criteria for judging independence of independent outside officers.	Mr. Sekiguchi has a wealth of insight as a business manager, and has expressed valuable opinions as an External Audit & Supervisory Board Member at the Board of Directors and the Audit & Supervisory Board. He has been appointed as an independent officer as he satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.
Noriko Koike	○	—	After working for a major auditing firm, Ms. Koike opened her own private CPA office. In light of her extensive business experience and professional insight as a CPA, the Company expects that she will apply her knowledge about accounting to the Company's auditing system. She has been appointed as an independent officer as she satisfies the independence criteria, which means that there is no risk of conflicts of interests with general shareholders.

#### [Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	9
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Matters relating to Independent Directors/Audit & Supervisory Board Members

The Company-established criteria for judging independence of independent outside officers are disclosed in the Company's Corporate Governance Guidelines. Based on these criteria, references to the Management Advisory Committee have been deleted. Linked URL:  
<https://www.hulic.co.jp/en/sustainability/governance/governance.html>

#### [Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

The Company has adopted a performance-linked remuneration and implemented a stock remuneration system, aiming to boost the motivation for improving business performance and to increase the Company's corporate value.

Recipients of Stock Options	
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Supplementary Explanation

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### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

Hulic Co., Ltd. paid the following remuneration to Directors and Audit & Supervisory Board Members for the Fiscal Year 2022 (from January 1, 2022 to December 31, 2022).  
Six Directors (excluding External Directors): Total remuneration: 1,045 million yen (Base pay of 521 million yen, stock remuneration of 262 million yen and bonus of 262 million yen)  
Two Audit & Supervisory Board Members (excluding External Audit & Supervisory Board Members): Total remuneration: 72 million yen (Base pay of 72 million yen)  
Eight Outside Officers: Total remuneration: 126 million yen (Base pay of 126 million yen)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Company set the upper limit of total remuneration for Directors during a single fiscal year at 1,000 million yen at the 92nd period general meeting of shareholders held on March 23, 2022 and set the upper limit of total remuneration for Audit & Supervisory Board Members during a single fiscal year at 150 million yen at the 85th period general meeting of shareholders held on March 24, 2015.  
Also, at the 92nd period general meeting of shareholders held on March 23, 2022, apart from the remuneration upper limit written above for Directors excluding outside Directors, share remuneration was set within 300,000 points (1 point is 1 share converted) during a single fiscal year.  
Moreover, a policy concerning the determination of individual remuneration for Directors was decided upon at the meeting of the Board of Directors held on February 18, 2021.  
Details of the policy concerning the determination of individual remuneration for Directors are described in the "Corporate Governance Guidelines" posted on the Company website.  
Linked URL: <https://www.hulic.co.jp/en/sustainability/governance/governance.html>  
Audit & Supervisory Board Members have different remuneration structures from Directors, which are determined through discussions by the Audit & Supervisory Board within limits determined at the general meeting of shareholders.

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

External Directors and/or External Audit & Supervisory Board Members receive support and messages, etc. from Human Resources Department staff. In addition, the Company set up the Audit & Supervisory Board Department as an organization to assist audits by Audit & Supervisory Board Members whenever necessary.

### [Status of Retired President, Representative Director, etc.]

Names of Advisors or Counselors Who Were Formerly President, Representative Director, etc.

Name	Position	Business description	Employment form/conditions (full-time, part-time, compensated/not compensated, etc.)	Date of retirement as President, etc.	Term of office
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Total number of advisors or counselors, etc., who were formerly President, Representative Director	0
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Other Matters
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The Company has an advisor and counselor system, but currently there are no advisors or counselors.
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**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

The Board of Directors comprises 12 Directors (of which six are External Directors), makes decisions on matters prescribed in laws and ordinances and the “Articles of Incorporation” as well as on important matters regarding business execution, in accordance with the “Regulations of the Board of Directors,” and supervises the overall execution of duties by Directors and Executive Officers. The Board of Directors holds a meeting once a month in principle, as well as extraordinary meetings whenever necessary. The Company is strengthening the supervisory function of the Board of Directors on overall business execution by Directors and Executive Officers to ensure sound management such as by adopting the executive officer system, whereby Executive Officers, appointed by the Board of Directors, take charge of business execution and adopting a system whereby Directors who are not executive directors may serve as Chairperson of the Board.

In addition, the Company believes effective corporate governance is ensured by reinforcing the structure of the Internal Audit Department and developing the internal control system.

Analysis and assessment of the effectiveness of the Board of Directors in Fiscal 2022 showed that outside directors, who each have diverse expertise, comprise 40% of the total, an environment where directors can easily state opinions is fostered, and that appropriate risk-taking and risk management is being carried out. Therefore, it is assessed that governance is functioning effectively.

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

- Work on more efficient operations such as by presenting documents that clarify discussion points, and work on deeper deliberations and discussions of important resolutions including medium- and long-term management policy.
- Present a wide range of various risks related to business and further enhance the level of appropriate risk determination.
- Considering the company's role in SDGs, work on deeper discussions on ESG while utilizing objective indicators.
- The Company will continue considering the composition of the Board of Directors from the viewpoint of "diversity."

Details of how candidates for Directors and Audit & Supervisory Board Members are nominated and how Directors' remuneration is determined are described in the "Corporate Governance Guidelines" posted on the Company website.

Linked URL: <https://www.hulic.co.jp/en/sustainability/governance/governance.html>

[Status of internal audit, audit by Audit & Supervisory Board Members, and accounting audit]

(a) Status of Internal Audit

An internal audit is carried out independently from other business activities by the Corporate Audit Department, which is under the direct control of the President. The internal audit basic plan is finalized by the Board of Directors based on "Corporate Audit Regulations," and the internal audit is carried out systematically by the Corporate Audit Department. The results of the internal audit are reported to the President and fed back to audited departments. Moreover, the Corporate Audit Department strives to improve the effectiveness of internal controls while working to enhance audits, through providing reports of audit results to the Audit & Supervisory Board Members and the Accounting Auditor, engaging in mutual exchange of opinions, etc. An internal audit is carried out by five employees as of the date of submission of the report.

(b) Status of Audit by Audit & Supervisory Board Members

The Company is a company with Audit & Supervisory Board, and the Audit & Supervisory Board consists of four Audit & Supervisory Board Members: two full-time Audit & Supervisory Board Members (inside Audit & Supervisory Board Members) and two part-time Audit & Supervisory Board Members (external Audit & Supervisory Board Members).

Concerning procedures of audits by Audit & Supervisory Board Members and their role allocations, the full-time Audit & Supervisory Board Members (inside Audit & Supervisory Board Members) implement audits on a daily basis covering a general scope based on the policy on audit activities and role allocations established at the beginning of the fiscal year, and while striving to gather information and maintain the audit environment, they report those results to the Audit & Supervisory Board and ensure that information is shared with part-time Audit & Supervisory Board Members. The part-time Audit & Supervisory Board

Members (external Audit & Supervisory Board Members) receive reports on the auditing status on a daily basis from full-time Audit & Supervisory Board Members, attend the meetings of the Board of Directors and the meetings of the Audit & Supervisory Board, where they ask questions from an objective and fair standpoint and express opinions.

(c) Status of Accounting Audit

The Company has signed an audit contract with Ernst & Young ShinNihon, LLC to serve as Accounting Auditor and to perform audits. The names of certified public accountants, who undertake accounting audit duties of the Company and composition of assistants for audit duties, are as follows.

Managing Partners: Hirohisa Fukuda, Satoshi Abe (number of years engaged continuously in audit is seven years or less for both persons)

Composition of assistants: Twelve certified public accountants and 13 others

### **3. Reasons for Adoption of Current Corporate Governance System**

Corporate Governance structure of the Company shall comprise the Board of Directors, the Audit & Supervisory Board, Nominating Committee, Remuneration Committee, Accounting Auditor, and Internal Control System. The Company believes that adopting the Executive Officer System, appointing Outside Officers and establishing various committees have enabled it to build a corporate governance system that is sound and highly efficient, as well as one that has an optimal structure.

### III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Notification of General Shareholder Meeting is sent out early.
Scheduling AGMs Avoiding the Peak Day	General Shareholder Meeting was held on March 23, 2023.
Allowing Electronic Exercise of Voting Rights	Exercise of voting rights by electronic means has been adopted.
Participation in Electronic Voting Platform	Electronic voting platform has been used.
Providing Convocation Notice in English	Providing

#### 2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	Disclosed on the Company website.
Regular Investor Briefings for Individual Investors	Investor briefings for individual investors are held regularly at various investor relations' events.
Regular Investor Briefings for Analysts and Institutional Investors	Investor briefings are held regularly when announcing full-year and second-quarter financial results.
Regular Investor Briefings for Overseas Investors	Investor briefings for overseas investors are held at investor briefings organized by securities companies. In addition, investor relations' activities are conducted by visiting individual institutional investors.
Posting of IR Materials on Website	Information on financial results and other timely information to be disclosed are posted on the Investor Relations' pages of the Company website.
Establishment of Department and/or Manager in Charge of IR	Corporate Communications & Investor Relations Department has been established.
Other	The Company website is available in English.

#### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The model for the manner of Hulic Group Officers and employees, etc. is stipulated in the "Code of Conduct" in the "Compliance Manual." In accordance with it, the Company has declared its respect for the positions of all stakeholders, including customers and shareholders.
Implementation of Environmental Activities, CSR Activities etc.	The Company has formulated the "Sustainability Vision" and aims to actively address environmental issues through corporate activities, create shared value with society, contribute to society through providing high value-added products and services, and emphasize compliance. The Company has set up the Sustainability Committee chaired by the President to promote those goals, and discloses information in the "Integrated Report" and on the Company website to disseminate its Sustainability activities widely.

Development of Policies on Information Provision to Stakeholders	The Company continues to appropriately provide information through disclosures on the Company website and at regular investor briefings, etc.
Other	<p>[Status of appointment of women as Officers]  The number of Directors of the Company is 12, and the breakdown is nine male Directors and three female Director.</p> <p>[Appointment of women to managerial positions]  Aiming to positively support female career development, we have declared the targets of having women occupy at least 25% of managerial positions.</p>

#### **IV. Matters Related to the Internal Control System**

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

The Company has made the following decisions at meetings of the Board of Directors regarding systems to ensure the appropriateness of the Company's operations.

1. Systems to ensure that duties of Directors, Executive Officers, and employees of the Company and its subsidiaries are implemented in compliance with laws and ordinances and the "Articles of Incorporation."

Hulic and its subsidiaries (the "Hulic Group") position compliance as one of the top management priorities, and have stipulated in the "Basic Principles of Corporate Conduct" that the Hulic Group complies strictly with all laws and ordinances and rules, and carries out corporate activities sincerely and fairly in conformance with social norms.

In addition, Hulic operates its businesses, while bearing in mind compliance, by have the Compliance Committee formulate and revise the compliance program.

Furthermore, the Hulic Group regards eliminating anti-social forces as one of the responsibilities of internal controls, and stipulates in the "Compliance Manual" that "the Hulic Group takes a resolute stance against and avoids any involvement with anti-social activities and forces."

The Hulic Group develops the compliance system by formulating rules and regulations, training employees, and establishing a Compliance Hotline internally and externally in accordance with the "Basic Principles of Corporate Conduct." The Hulic Group also maintains a system to ensure that Directors, Executive Officers, and employees execute their duties in compliance with laws and regulations and the "Articles of Incorporation" under the supervision of the Board of Directors and the Audit & Supervisory Board, and audits are performed by Audit & Supervisory Board Members and the Accounting Auditor.

2. Systems for preserving and managing information on the execution of duties by Directors of the Company

The Company has established and maintains systems for preserving and managing information on the execution of duties by Directors by creating important documents, such as minutes of meetings of the Board of Directors and approval documents, and preserving them for a specified period in accordance with the "Articles of Incorporation" and internal rules and regulations, etc. specified separately.

The Company formulates various rules and regulations, such as the "Information Handling Regulation," to manage information appropriately from the viewpoint of preserving and managing information handled or obtained in the course of business.

In addition, the Company formulates and appropriately operates the "Basic Policy for the Development, Operation, and Assessment of Internal Controls over Financial Reporting."

### 3. Regulations and other systems for managing risk of losses of the Company and its subsidiaries

By establishing the “Basic Regulations for Risk Management” and through meetings of the Risk Management Committee held quarterly, the Company collects and analyzes the Group’s risk management indicators regularly and implements appropriate risk management in response to changes in risk.

The Company has also developed regulations and other systems for managing the risk of losses of the Group by formulating various regulations regarding information management and the “Business Continuity Basic Plan” to prepare for a large-scale disaster, etc. At the same time, the Company continues to strengthen the Group’s risk management system under the leadership of the Risk Management Committee, in order to respond to various risks that could occur following changes in the external environment and the management climate in a timely and appropriate manner.

### 4. Systems to ensure the efficient execution of duties by Directors of the Company and its subsidiaries

The Company maintains and improves systems to ensure the efficient execution of duties by its Directors and Directors, etc. of Group companies by taking measures, such as adopting the executive officer system, implementing budget management based on the overall Group’s annual plan, and continuing the development of the authority over business execution and the decision-making rules, which are based on internal rules.

### 5. Systems for reporting matters to the Company on the execution of duties by Directors, etc. of its subsidiaries

The Company maintains and improves systems to ensure the appropriateness of operations of the Corporate Group, comprising the Company and its subsidiaries, by establishing and operating systems whereby consultations or reports on certain important matters are received from subsidiaries based on the “Regulations for Business Management of Affiliated Companies” and ensuring that its Internal Audit Department performs audits of its subsidiaries, while audits of subsidiary SPCs are performed by applying mutatis mutandis various regulations on real estate operations.

### 6. Matters regarding assistant employees if audit & supervisory board members request assignment of such employees to assist the execution of their duties

The Company assigns employees who give priority to carrying out the operations of Audit & Supervisory Board Office if requested by Audit & Supervisory Board Members to assist in the execution of their duties.

7. Matters for ensuring the independence of employees in the preceding paragraph from Directors and the effectiveness of instructions from Audit & Supervisory Board Members

Employees who are assigned to assist the duties of Audit & Supervisory Board Members shall follow instructions and orders from Audit & Supervisory Board Members when they provide assistance in accordance with requests from them.

Regarding personnel changes in the Audit & Supervisory Board Office, the Company shall take the necessary measures, such as obtaining the approval of Audit & Supervisory Board Members, in order to secure independence from Directors.

The Company prohibits employees from being treated disadvantageously in terms of personnel evaluations and personnel changes on the ground that they give priority to carrying out operations of the Audit & Supervisory Board Office.

8. Systems to ensure reporting to the Company's Audit & Supervisory Board or Audit & Supervisory Board Members by the Company's Directors, Executive Officers, and employees and the Company's subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, and employees, or other persons who receive a report from them and other systems for reporting to Audit & Supervisory Board Members

The Company's Directors, Executive Officers, and employees and the Company's subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, and Employees, or other persons who receive reports from them shall report the following to the Company's Audit & Supervisory Board or Audit & Supervisory Board Members:

- A A fact detected that could significantly damage the Company or its subsidiaries;
- B If Directors, Executive Officers, or employees are in material breach of laws and ordinances or the "Articles of Incorporation," or are deemed to commit such an act.
- C In addition, promptly and appropriately report important matters regarding management or matters required by laws and ordinances or the Company's Audit & Supervisory Board Members or Audit & Supervisory Board; and,
- D Report regularly on the status of operations and reporting to the Compliance Hotline.

The Company prohibits a person who has reported to Audit & Supervisory Board Members from being treated unfavorably on the ground of the said reporting, and ensures that everyone is informed of such.

9. Matters regarding payment of expenses necessary for executing duties by Audit & Supervisory Board Members and other systems to ensure effective audits by Audit & Supervisory Board Members

If Audit & Supervisory Board Members request the Company to pay expenses necessary for executing their duties, the Company shall pay them promptly unless it is clear that the expenses are deemed unnecessary for

executing duties by Audit & Supervisory Board Members.

The Company maintains systems to ensure effective audits by Audit & Supervisory Board Members through attendance at the Board of Directors meetings, regular discussions with Directors, and circulation of important approval documents, and enhances systems on an as-needed basis.

## **2. Basic Views on Eliminating Anti-Social Forces**

### **1. Basic stance**

The Company has established a basic policy that it takes a resolute stance against and avoids any involvement with anti-social activities, and enforces the “Basic Principles of Corporate Conduct” and “Our Code of Conduct” from the viewpoint of preventing the involvement in its management activities of anti-social forces and damage incurred thereby.

### **2. Status of development**

The Company has positioned the handling of anti-social forces as part of the compliance assurance activities of the Group, and has set up an internal supervisory department and appointed a manager in charge of dealing with unreasonable demands. In addition, the Company has established systems to handle anti-social forces, such as developing a manual for addressing anti-social behavior, providing training regularly, gathering broad-based information, and cooperating with the Tokyo Metropolitan Police Department and other external specialized agencies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
—	

### 2. Other Matters Concerning to Corporate Governance System

The Company ensures prompt, accurate, and fair disclosure of important company information that would affect investment decisions of investors in accordance with the “Timely Disclosure Rules” prescribed by the Tokyo Stock Exchange and relevant laws and ordinances.

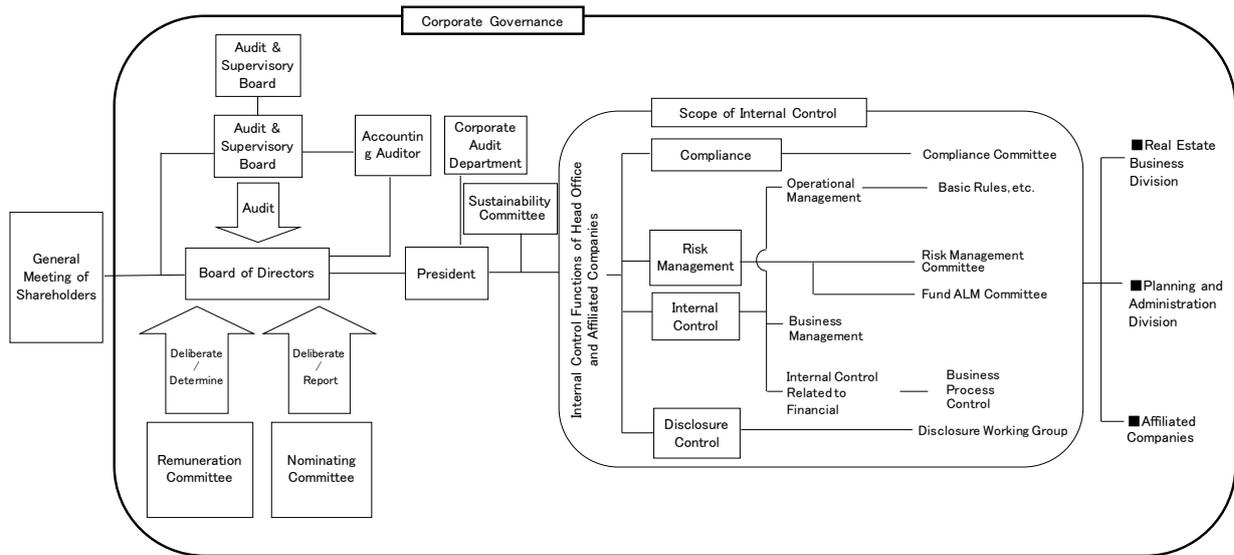
Specifically, the Company has formulated the “Disclosure Control Regulations” and the “Regulations regarding Insider Trading Management and Disclosure Information Management,” in order to facilitate an accurate understanding and evaluations of the Company by all of its stakeholders, including shareholders and investors.

In addition, the Company has its Disclosure Officer manage important information regarding internal controls and financial information in a unified manner, which enables the Company to ensure the comprehensiveness of information and timely and appropriate disclosure, and to clarify where responsibility lies.

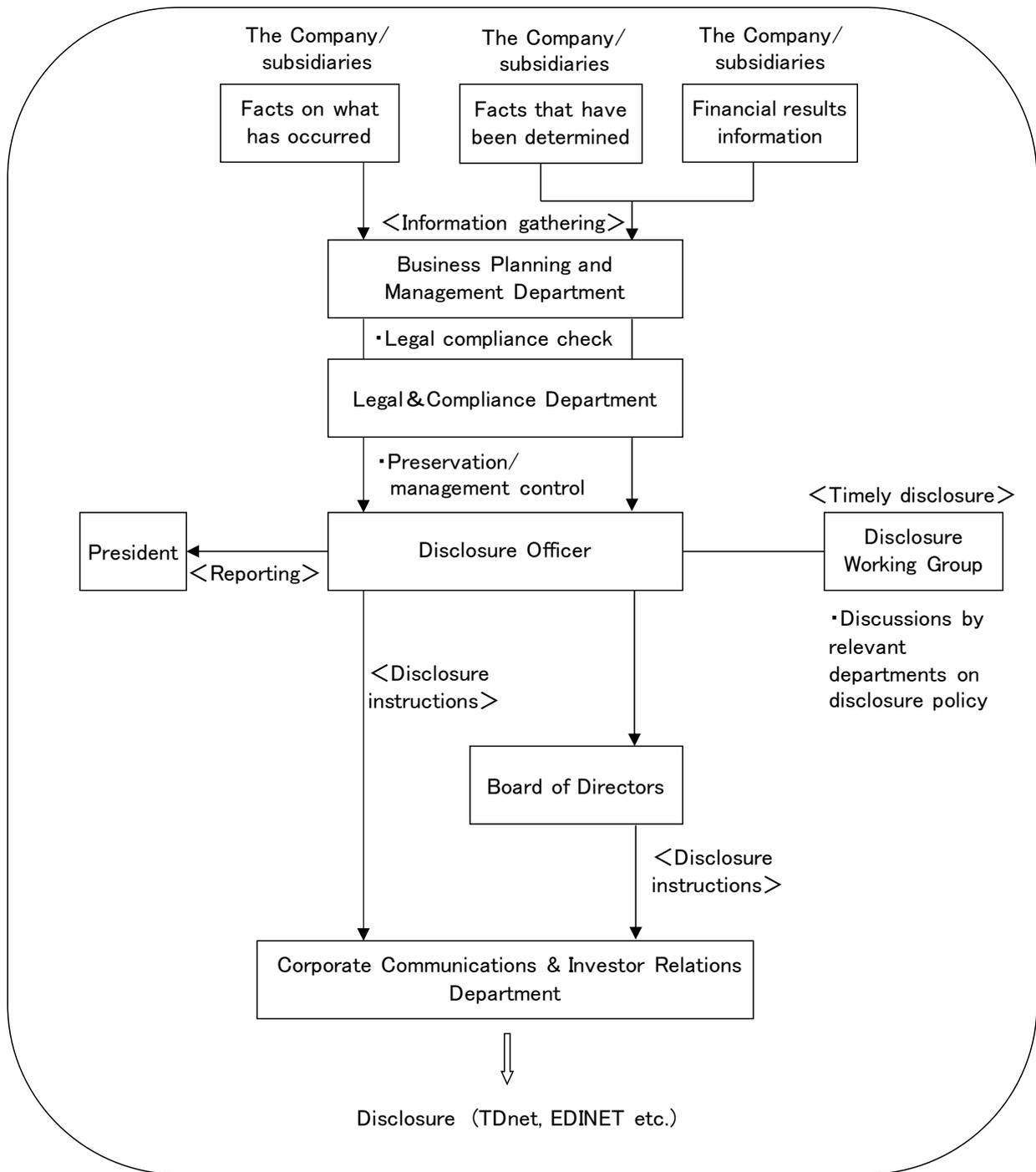
Specifically, in the case of determined facts, important company information regarding resolutions by the Board of Directors and important information of subsidiaries are centralized at the Business Planning and Management Department, and this department determines whether or not said information falls under timely disclosure rules. In such case, information is managed strictly until disclosure, with the Legal & Compliance Department serving as the department in charge of its management. Business Planning and Management Department serves as the secretariat of the Board of Directors, as well as the department controlling the management of affiliated companies. It cooperates with each department of the Group to gather information. If the said information is determined to be important, after receiving the approval of the Board of Directors, Corporate Communications & Investor Relations Department follows procedures for disclosure promptly.

In the case of facts on what has occurred, the Company follows procedures for disclosure promptly.

## Corporate Governance System



# Situation of the corporate system according to the timely disclosure



<Skill Matrix of Director>

Working to realize the objectives of the Medium- and Long-term Management Plan, we define the skills of the Directors that are deemed to be necessary as (1) Corporate management, (2) Sustainability/ESG, (3) Finance/accounting, (4) Legal/compliance, (5) Risk management, (6) Human resources/labor/personnel development, and (7) Real estate business.

The Company appropriately selects candidates for Director who have the skills it requires. The skill sets of Directors of the Company are as presented in the table below.

Name	Position	Corporate management	Sustainability / ESG	Finance/ accounting	Legal/ compliance	Risk management	Human resources/ labor/ personnel development	Real estate business
Saburo Nishiura	Chairman, Representative Director	◎	○	○		○	○	○
Takaya Maeda	President, Representative Director	◎	○			○	○	◎
Hidehiro Shiga	Vice President, Representative Director	○		○	○		○	◎
Hajime Kobayashi	Vice President, Director	○	○	◎			○	
Tadashi Nakajima	Director, Senior Executive Managing Officer	○	○			○	○	◎
Manabu Yoshidome	Chairperson of the Board of Directors, Director (non-executive)	○	○	○	○	○	◎	○
Tsukasa Miyajima	External Director		○		◎			
Hideo Yamada	External Director				◎		○	

Atsuko Fukushima	External Director		◎				○	
Shinji Tsuji	External Director	◎				○		
Kiyomi Akita	External Director		○				◎	
Yuko Takahashi	External Director	○		◎				

\* Of the skills marked with ○, particularly representative skills are marked with ◎.

\* The skills listed above are not intended to be a comprehensive list of the insight and experience of each Director.