September 3, 2015

To All Concerned Parties

Head Office:	7-3, Nihonbashi Odenmacho, Chuo-ku, Tokyo
Company Name:	Hulic Co., Ltd.
	(Code number: 3003JP, TSE 1st Section)
Representative:	President, Representative Director and Chief Executive Officer
	Saburo Nishiura
Contact:	Executive Managing Officer and GM of Corporate Communications & IR
	Shin Ito
	itou.shin@hulic.co.jp

[Delayed] Notice regarding the Establishment of Corporate Governance Guidelines

Hulic Co., Ltd. (hereafter referred to as “Hulic”) announced that it resolved the following at the August meeting of the Board of Directors:

(1) To implement each of the principles of the Corporate Governance Code (Tokyo Stock Exchange: Partial Updating of Securities Listing Regulations, etc.) issued on June 1, 2015.

(2) To establish Corporate Governance Guidelines representing a framework for implementing optimal corporate governance to support sustained growth and increase in corporate value.

Further details are available as indicated below.

Based on the principles of the Corporate Governance Code, and taking due account of shareholders’ rights, Hulic continues its commitment to working for ongoing increase in corporate value under a system of sound corporate governance.

Corporate Governance Guidelines



August 2015

Hulic Co., Ltd.

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The numbers in parentheses refer to the corresponding principles of the Corporate Governance Code.
The Corporate Governance Guidelines set forth the “Framework for Establishing the Optimal Corporate Governance toward Achieving Sustainable Growth and Corporate Value improvement of the Company” decided by a resolution of the Board of Directors.

Chapter 1 General Rules

1. The objectives of the Company (3-1 (i))

The Hulic Group has adopted “creating a society full of security and trust for many years to come” as its corporate philosophy. By embodying 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 stable growth.

2. Basic policy for corporate governance (3-1 (ii), 4-3②)

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 controls function adequately.

In addition, the Hulic Group has set the Basic Policy for Corporate Governance under which it strives to meet 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.

(For more details, please refer to the Corporate Philosophy of Hulic Co., Ltd. in the appendix and other materials.)

3. Announcing management strategy and management plan (4-1②, 5-2)

The Company formulates a medium-term management plan and a long-term management plan, and announces them on the company website.
When announcing such management plans, we not only disclose financial targets but also explain concrete strategies for implementing those plans.

In addition to the management plans, we announce concrete CSR activities on the company website and in the annual report.

Chapter 2 Relationship with Shareholders

1. Securing the rights of shareholders (1-1, 1-2)

Hulic develops an environment to ensure that the rights of shareholders are secured in practice and are exercised appropriately. In addition, the Company gives due consideration to ensuring equality among shareholders.

2. General shareholder meeting (1-2)

Hulic recognizes that the general shareholder meeting is its highest decision-making body and provides a venue for a constructive dialogue with its shareholders. Based on this recognition, we develop an environment in which the intentions of shareholders are reflected appropriately in resolutions of the general shareholder meeting.

3. Preventing transactions that conflict with shareholder interests (1-7)

To protect shareholder interests, Hulic strives to prevent officers and other parties related to the Company from abusing their positions and engaging in transactions that conflict with the interests of the Company or shareholders or transactions of little necessity and rationality.

4. Dialogue with shareholders (5-1)

Hulic takes the following measures to achieve sustainable growth and medium- and long-term improvements in corporate value through a constructive dialogue with shareholders.

(a) Corporate Communications & Investor Relations Department under the direct control of President and Representative Director takes charge of and oversees the overall dialogue between the Company and its shareholders.

(b) Corporate Communications & Investor Relations Department conducts a dialogue with shareholders appropriately by examining its content with top management, headed by President, and relevant departments, and taking appropriate action, including the selection of spokespersons.

(c) To provide many occasions to meet with shareholders, Hulic regularly holds a briefing for individual investors and a briefing for analysts and institutional investors (including overseas investors) in cooperation with securities companies.

In addition, Hulic distributes information in a timely manner via the company website, in order to facilitate an understanding among shareholders and investors of the actual status of its business.

(d) Hulic shares the opinions of shareholders and analysts provided through briefings and other occasions at Board of Directors' meetings to reflect them in its management strategy.

(e) When conducting dialogues with shareholders, Hulic ensures undisclosed insider information is managed in compliance with its internal regulations.

(f) Hulic identifies the shareholder structure by obtaining information from the stock transfer agency once every three months.

Chapter 3 Corporate Governance System

1. System of Board of Directors and other bodies (4-11①)

Hulic, being a company with an Audit & Supervisory Board, has adopted a system in which the Board of Directors exercises appropriate supervisory functions and Audit & Supervisory Board Member, single-person organs, perform audit functions from an independent perspective.

The Company ensures that the Board of Directors comprises directors with diverse backgrounds in terms of expertise and experience. In addition, the Company maintains the total number of directors that is deemed appropriate for effectively and efficiently performing functions within the limits permitted by the Articles of Incorporation.

2. Duties of the Board of Directors (4-1①)

The Board of Directors of Hulic, in accordance with laws and regulations, makes important operational decisions of the Company and performs supervisory functions by establishing a corporate governance system.

To enhance the speed and responsiveness of business operations, while ensuring that the Board of Directors fulfills its functions appropriately to enhance overall management capabilities, the Board of Directors complies with laws and regulations and provisions of the Company's internal rules. The Board of Directors entrusts President and Representative Director and other Executive Officers in principle with decision-making on individual business operations that are outside the scope of decision-making of the Board of Directors.

The Board of Directors holds substantive discussions from a broad perspective on management strategy, medium- and long-term plans, and management issues, in order to reflect the Company's corporate philosophy and improve its corporate value and common interests of shareholders over the long term, and make fair judgments and take actions against acts that may damage these endeavors.

3. Duties of Audit & Supervisory Board Member and Audit & Supervisory Board (4-4)

Audit & Supervisory Board Member and Audit & Supervisory Board oversee supervisory functions, assumed by the Board of Directors, ensuring they are performed appropriately to facilitate the sustainable growth of the Company, improve corporate value in the medium and long term, and improve profitability and asset efficiency, as well as assuming part of the supervisory functions within the limits of their own duties.

4. Policy for nomination of director/Audit & Supervisory Board Member candidates (3-1 (iv), 4-11①)

When nominating director candidates and Audit & Supervisory Board Member candidates, the Company selects persons with high levels of integrity and insights, who appropriately fulfill their duties to act in good faith and with due care, as well as make contributions to improving the Company's corporate value from unbiased, diverse viewpoints in consideration of a variety of professional backgrounds and expertise. Regarding Audit & Supervisory Board Member candidates, the Company makes a point of selecting one or more candidates who have a profound knowledge of accounting.

5. Procedures for nominating director candidates and Audit & Supervisory Board Member candidates (3-1 (iv), 3-1 (v), 4-11①)

Director candidates and Audit & Supervisory Board Member candidates are nominated by the Board of Directors following an examination by the Nominating Committee, the majority of which comprises independent Outside Directors and is chaired by an independent Outside Director.

Reasons for selecting each candidate are described in the notice of convocation of general shareholders meeting.

6. Compensation, etc. of directors and Audit & Supervisory Board Member (3-1 (iii))

Compensation of directors consists of fixed compensation, which is determined based on job position and giving consideration to the weight of duties, and variable compensation, which is determined based on corporate performance and degree of contribution to corporate performance. Specific amounts of compensation are determined by the Board of Directors following an examination by the Nominating Committee, the majority of which comprises independent Outside Directors and is chaired by an independent Outside Director, within the limits approved at a general meeting of shareholders.

Compensation of Audit & Supervisory Board Member has a different structure and is determined through deliberations by the Audit & Supervisory Board within the limits determined at a general shareholder meeting.

7. Selection of independent outside directors (4-7, 4-8, 4-9)

Hulic continues to select qualified persons who have a background, experience, and knowledge that contribute to improving the Company's corporate governance structure as independent outside directors in the light of the following perspectives, to have at least one-third of all directors as independent outside directors.

(a) Perspective of obtaining insights to facilitate sustainable growth and improve the corporate value of the Company in the medium and long term;
(b) Perspective of strengthening supervision of management;
(c) Perspective of supervising conflicts of interest among the Company, top management, and controlling shareholders, etc.; and
(d) Perspective of appropriately reflecting opinions of stakeholders, including minority shareholders, at Board of Directors' meetings from an independent standpoint.

The Company's criteria for assessing the independence of independent outside directors shall be as set forth in the attachment.

8. Concurrent holding of executive positions at other companies by outside directors/outside Audit & Supervisory Board Member (4-11②)

Hulic ensures sufficient time for outside directors and outside Audit & Supervisory Board Member to be able to perform their duties appropriately as officers. The Company continues to disclose the status of

concurrently held positions of outside directors and outside Audit & Supervisory Board Member in the annual securities report and the corporate governance report, etc.

9. Policy for training directors and Audit & Supervisory Board Member (4-14②)

Hulic provides directors and Audit & Supervisory Board Member with opportunities for training necessary to fulfill their roles and responsibilities. An outline of training is as follows.

(a) Upon taking office, outside directors and outside Audit & Supervisory Board Member are provided with opportunities mainly for learning about the contents of the Company's business, and internal directors and internal Audit & Supervisory Board Member are offered opportunities mainly for learning about compliance and legal affairs-related matters.

(b) After taking office, directors and Audit & Supervisory Board Member of the Company are provided with opportunities for continuing to learn on an as-needed basis by means such as receiving explanations on the contents of business, medium- and long-term issues of the Company and visiting properties owned by the Company.

10. Analysis and assessment of the effectiveness of the Board of Directors as a whole (4-11③)

Hulic performs a self-assessment of the effectiveness of the Board of Directors once a year. Based on this assessment, it appropriately reviews the operations of the Board of Directors. An overview of revisions is disclosed appropriately.

Chapter 4 System that allows corporate governance to function

1. Outside accounting auditor (3-2)

Outside accounting auditor assumes the important role and responsibility for ensuring the reliability of financial reporting. Hulic takes appropriate action to ensure the independence of the outside accounting auditor and audits.

When selecting the outside accounting auditor, Hulic selects an accounting auditor having a proven track record of contracts with many leading domestic companies and comprehensive auditing capabilities, which is capable of performing high-quality audits to an international standard and whose independence is secured.

2. Policy regarding cross-holdings of shares of other companies by the Hulic Group (1-4)

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.

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.

3. Related party transactions (1-7)

Hulic has established the following systems to ensure that when it conducts transactions with its officers (related party transactions), such transactions do not conflict with the interests of the Company and the common interests of shareholders.

(a) Hulic has formulated the Compliance Manual to thoroughly disseminate and ensure the prohibition of acts that constitute a conflict of interest and ensure compliance with arm's length transaction principles.

(b) When conducting competitive transactions and transactions involving a potential conflict of interests between the Company and its directors or executive officers, the approval of the Board of Directors shall be obtained in compliance with laws and regulations.

(c) In addition, Hulic endeavors to prevent conflicts of interest, etc. by conducting investigations and verifications of related party transactions during the course of confirming the effectiveness of Internal Control over Financial Reporting.

Attachment

Criteria for assessing the independence of independent outside directors

1. The person himself/herself does not, or has not, at present or in the past three years, fall under the following categories:

(1) Related parties of the Company

Hulic regards persons that fulfill the following requirements to be related parties.

(a) An executor of business of a company in which the Company's executor of business (note 1) assumes an executive position

(b) A major shareholder or executor of its business that has 10% or more of the voting rights of the Company directly or indirectly

(c) A partner of the Company's accounting auditor or its employee who performs audits of the Company

(2) An executor of business of the Company's major lender (note 2)

(3) An executor of business of a major customer (note 3) of the Company

(4) A person who receives compensation in an amount exceeding 10 million yen annually besides officer's compensation from the Hulic Group

(5) A person who executes the business of an organization that receives a donation (note 4) exceeding a certain amount from the Company

2. Spouse, relatives within the second degree of kinship or persons living together with person himself/herself do not fall under the following categories at present (except for a person who is not significant.)

(1) An executor of a business of the Hulic Group

(2) Persons who fall under the categories listed above in 1. (1)-(5).

Note that when a person is deemed to be independent, although the above-mentioned requirements are not fulfilled, the Company may acknowledge the person to be independent by disclosing the basis for such decision.

Note 1: Executor of business refers to an important employee.

Note 2: Major lender refers to a lender from which the Company has borrowed funds in an amount exceeding 2% of its consolidated total assets.

Note 3: Major customer refers to a customer whose transactions with the Hulic Group exceed 2% of annual consolidated net sales of the said customer for the most recent fiscal year.

Note 4: Donation exceeding a certain amount refers to a donation to an organization in an amount exceeding the larger of 10 million yen per year or 2% of the most recent total revenue of the said organization.

Document

1. Hulic’s Corporate Philosophy

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

2. Basic Stance

The Basic Stance shows us what we should do to achieve “Corporate Philosophy.”

(1) Ideal Company

We aim to be a company that grows each day by utilizing stable corporate infrastructures.

(2) Corporate Culture

We always conduct business from a new viewpoint in an effort to increase our corporate value.

(3) Stance to Customers

We are committed to providing optimal products and services to customers, placing customer satisfaction as our top priority.

(4) Ideal Employees

Each of Hulic's employees strives to provide high quality value as a professional.

3. Basic Principles of Corporate Conduct

The Basic Principle of Corporate Conduct, which concretely describes the Basic Stance in an easy-to-understand manner from a company viewpoint, underlies 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.

4. Our Code of Conduct

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

(1) Respect for human rights prohibition of discrimination and sexual harassment
(2) Compliance with laws, regulations, and rules
(3) Sincere and fair execution of business
(4) Appropriate management of information
(5) Regulations of insider training
(6) Insulation from anti-social forces
(7) Concern for environmental conservation
(8) Maintenance and stimulation of optimal communication
(9) Respect for intellectual property rights
(10) Prohibition of bribery, rules regarding entertainment and gift-giving

5. CSR Vision

By putting our corporate philosophy into practice we’re contributing to the betterment of society. We take an honest approach to all our stakeholders. To this end, we will work specifically by raising three visions.

(1) We take compliance seriously, respect human rights, and transparently conduct business activities based on high ethical standards.

(2) We strive to protect the local environment while contributing to local revitalization through our businesses.

(3) By providing high value-added products and services, we are giving our customers security and laying the foundation for the future.