
Sustainable Supply Chain Policy Guidelines



TOKYU CORPORATION

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Preface

1. Background and Purpose

Need for supply chain management

With the advance of economic globalization in recent years, the impact of corporate activities on the global environment and our lives has also increased. Meanwhile, many companies have prioritized profit over ethics, corporate governance, compliance, and human rights in supply chains. As a result, many social issues have emerged, including environmental degradation and resulting health issues, counterfeit products and services, and leaks involving customer information. These issues have had an enormous adverse impact on our lives. In particular, global companies from developed countries are expanding their business in developing countries, many cases of forced and child labor, as well as environmental degradation, have been reported. Global environmental issues, such as climate change and biodiversity loss, have been recognized as a problem with significant repercussions not only for the environment but for the economy and society as well. Against this backdrop, interest in human rights and the environment has been growing, and many countries have enacted mandatory and legislative measures in the areas of human rights and the environment. In Japan, the Corporate Governance Code has been revised to reflect the response to global environmental issues and respect for human rights, and companies are now expected by their stakeholders (consumers, workers, customers, business partners, local communities, shareholders, and other interested parties) to seriously address environmental and climate change issues and respect for human rights.

Tokyu Corporation's policy on supply chain management

Under the Group slogan "Toward a beautiful age," the Company and its consolidated subsidiaries actively practice sustainable management to create a beautiful living environment for our future and continuously solve social issues through business by addressing material sustainability themes (Materiality)^{*1}. As guidelines for implementing sustainable management, the Company has created a Sustainable Supply Chain Policy^{*2}. This policy aligns with international norms and is based on the Company's ESG policies^{*3}, including the Human Rights Policy, the Environmental Policy,

Environmental Vision 2030, and the Anti-corruption Policy.

Since their very earliest days, the Company and its consolidated subsidiaries have been working to help solve social issues through their businesses with a focus on urban development in areas surrounding their railways. In the process of developing wide-ranging businesses, the Company and its consolidated subsidiaries built a diverse supply chain with many business partners. In addition, as a responsible member of the global supply chain, the Company recognizes that it is required to pursue initiatives to address issues related to human rights and the environment not on its own but throughout the entire supply chain.

Under the Sustainable Supply Chain Policy, the Company and its consolidated subsidiaries will share its approach to human rights and environmental issues with their business partners, recognize environmental and social risks in the supply chain regarding transactions in general, including the procurement of raw materials and products, endeavor to ascertain related supply chain issues through its business activities, and engage in business activities that are suited to the realization of a sustainable society.

Through these efforts, the Company and its consolidated subsidiaries will share the Group's corporate mission statement of "We shall strive to create beautiful living environments, in which each person can pursue individual happiness in a harmonious society," and promote sustainable management with our business partners to realize a sustainable society.

***1 The Company's ESG policies**

Human Rights Policy, Environmental Policy, Environmental Vision 2030, Anti-corruption Policy, Basic Safety Policy, Tax Policy, etc.

***2 Material sustainability themes (Materiality)**

Six material themes: Safety & Security, Urban and Community Development, Quality of Living Environment, HR Development, Decarbonization and Recycling-based Society, Corporate Governance & Compliance

***3 Sustainable Supply Chain Policy**

https://s3-ap-northeast-1.amazonaws.com/sustainability-cms-tokyucorp-s3/pdf/Tokyu_Corporation_Sustainable_Supply_Chain_Policy.pdf?230622

2. Scope of Application of the Policy

This policy applies to the entire supply chain including direct and indirect business partners associated with all products, services and raw materials procured by or supplied to the Company and its consolidated subsidiaries.

3. Sustainable Supply Chain Policy's Compliance with Other Policies and Norms

This policy complies with the Company's ESG policies and international norms and applies to the supply chains of the Company and its consolidated subsidiaries.

- The Company's ESG policies
 - Human Rights Policy
 - Basic Safety Policy
 - Anti-corruption Policy
 - Environmental Policy, Environmental Vision 2030
 - Tax Policy, etc.
- International norms
 - UN Guiding Principles on Business and Human Rights
 - OECD Guidelines for Multinational Enterprises
 - The Ten Principles of the United Nations Global Compact on human rights, labor, the environment, and anti-corruption, etc.

4. Supply Chain Management

The Company and its consolidated subsidiaries are committed to adopting appropriate practices for supply chain management, as described below. These practices are based on international norms, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and the OECD Due Diligence Guidance for Responsible Business Conduct, which provides guidance on how to implement these standards.

DUE DILIGENCE PROCESS & SUPPORTING MEASURES



Due diligence process in a supply chain*

*From the OECD Due Diligence Guidance for Responsible Business Conduct

*Steps (i) to (vi) are explained below.

(i) Improvement of the environment

We integrate responsible business conduct into the company's policies and management systems.

As explained in 1. Background and Purpose section, the Company and its consolidated subsidiaries have created a Sustainable Supply Chain Policy.

To encourage our business partners to implement this policy with us, we will take steps to make this policy known to them.

(ii) Risk assessment

We will identify and assess actual or potential adverse effects of the operations, supply chains, and business relationships of the Company and its consolidated subsidiaries on human rights and the environment.

(iii) Risk countermeasures

We will eliminate any actual or potential adverse effects and take appropriate measures to prevent a recurrence. If we cannot prevent a recurrence, we will take measures to mitigate the adverse effects.

(iv) Assessment of effectiveness

We will assess the effectiveness of preventive or mitigation measures mentioned in (iii) in light of the Sustainable Supply Chain Policy and modify them as necessary.

(v) Information disclosure

We will disclose the actions for supply chain management mentioned in (i) to (iv) as appropriate.

(vi) Corrective actions

If we find that business partners have caused or fostered adverse effects, we will request their cooperation in taking corrective action or correcting the situation. We will also cooperate in providing mechanisms for negatively affected stakeholders to seek grievance redress.

5. Our Request to Business Partners

To work with business partners in fulfilling responsibilities to create a sustainable society as demanded by society, in this policy the Company and its consolidated subsidiaries respect international norms including the ten principles in the four areas (human rights, labor, the environment and anti-corruption) of the United Nations Global Compact of which the Company is a signatory, and have set forth the matters to be observed.

The Company and its consolidated subsidiaries request that the business partners associated with their businesses, products and services understand the purpose and contents of this policy and cooperate with putting it into practice.

1) Our expectations of business partners

The Company and its consolidated subsidiaries request that their business partners

agree on and comply with each provision of the Sustainable Supply Chain Policy.

The Company and its consolidated subsidiaries strongly expect their business partners to address human rights, environmental, and other issues in their own organization and supply chain.

2) Request for cooperation in the Company's supply chain management

We will pursue business dealings with business partners who can comply with the Sustainable Supply Chain Policy and who will work with us to fulfill the responsibilities that society expects of companies. In addition, we will regularly check the status of compliance with the above policy on the part of business partners who regularly do business with us. To this end, we will request business partners to communicate with us and conduct surveys, and we ask for their cooperation. We may ask business partners to make improvements depending on the outcome of checks.

Examples of requests

- Responding to surveys for business partners
- Accepting on-site inspections
- Holding dialogues
- Reporting the status of problem solving
- Other matters necessary for human rights and environmental due diligence

6. Guidelines

These guidelines provide explanations of the terms used in this policy, major laws, regulations, and international standards related to this policy, and best practices as practical guides for implementing this policy.

Sustainable Supply Chain Policy Guidelines

[Matters to be Observed]

1. Ensuring safety and improving services and quality

(1) Safety assurance

In all aspects from the planning and design of products and services to their provision and after-sales services, business partners shall always consider the safety and security of customers and ensure their health and safety

(Explanation)

Safety assurance

- When a company designs, manufactures, and sells products and services at its own risk, it needs to ensure that they meet the safety standards set out in laws and regulations of each country. The company also needs to consider the safety, reliability, legality, benefits, and convenience that products and services should normally have.

Relevant laws, regulations, etc.

- Japanese laws: Consumer Safety Act, Product Liability Act, Consumer Product Safety Act, Consumer Contract Act, Railway Operation Act, Railway Business Act, Road Transportation Act, Road Transport Vehicle Act, Building Standards Act, Housing Quality Assurance Act, Fire Service Act, Food Sanitation Act, Food Safety Basic Act, Hotel Business Act, Act on Social Welfare for the Elderly, Child Welfare Act, Act on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals and Medical Devices, etc.

*Safety standards are defined by detailed regulations of laws, the JIS (Japanese Industrial Standard), etc., and international safety standards such as UL, BSI, and CSA.

Practical guides

- To ensure safety and quality, it is helpful to promptly develop management systems, including policies, standards, and traceability (records of materials, parts, processes, etc.), and solve problems.

- The Company and its consolidated subsidiaries have formulated a Basic Safety Policy and conduct risk cause and background analyses in each stage of the value chain including the planning, providing, maintenance and upkeep of products and services, endeavor to mitigate those risks, and provide safe products and services as a result. We also request that our business partners conduct risk cause and background analyses for the products they deliver to ensure safety.

(2) Quality control and the creation of quality assurance systems

Business partners shall develop quality control systems, comply with design and quality standards for their products and services, and continually endeavor to improve quality.

In addition, the products, services or raw materials procured or provided must not be involved in armed conflict or criminal activities

(Explanation)

What is a quality management system?

- A quality management system means a general management framework for implementing product safety activities and quality assurance activities and covers the organizational structure, systematic activities, the division of responsibility, practices, procedures, processes and management resources. In this context, product safety activities and quality assurance activities means preparing a product safety policy and a quality policy, implementing and achieving measures in accordance with the product safety policy and quality policy, and reviewing and maintaining the quality management system; it means making continuous improvements in relation to product safety and quality assurance through the implementation of a so-called PDCA cycle. The ISO9000 series is the foremost international quality management standard.

What is complicity in conflict and crime?

- Complicity in conflict and crime means supporting the funding of armed forces or criminal organizations in conflict areas or procuring products or raw materials that

are based on serious violations of human rights, such as the spread of child labor, forced labor, human trafficking, and sexual violence.

- The relevant laws and regulations include the Dodd-Frank Act in the United States, the EU's draft conflict minerals regulation, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, which serves as a risk aversion guide.

(3) Disclosing necessary information concerning products and services

Business partners must comply with the relevant laws and regulations in describing their products and services, and provide explanations to gain understanding regarding important matters that influence the decisions of consumers and end users.

In addition, business partners must not provide false or exaggerated descriptions of their products or services (misleading representations, etc.), engage in advertising that is discriminatory or misleading, or engage in advertising that could have a harmful effect on children

(Explanation)

What is advertising that adversely affects children?

- Advertisements that negatively impact children include those that exploit their lack of experience and imagination, may undermine parental authority, or present children asking parents, etc. to buy products.
- Children are individuals under 18 years old, but the definition of children varies from country to country depending on laws, regulations, rules, and common sense in each country.

Relevant laws, regulations, etc.

- Japanese laws: Consumer Contract Act, Household Goods Quality Labeling Act, Act against Unjustifiable Premiums and Misleading Representations, and Food Labeling Act. The guidelines include the United Nations Guidelines for Consumer Protection, the Guidelines for Advertising and Marketing that Affect Children, and

the Consolidated ICC Code of Advertising and Marketing Communication Practice.

Practical guides

The following is examples of conditions for avoiding advertising that has a negative impact on children.

- Details about specifications, quality and handling methods for products and services are accurate.
- Information about substances contained in materials and parts used in products is accurate.

2. Legal Compliance

Business partners must comply with various laws, regulations and other requirements including the local laws of their own country and countries or regions in which they operate, and international law. Business partners must fully understand social norms and corporate ethics, and act with decency and responsibility.

(Explanation)

Laws, regulations, etc.

- Laws, regulations, and policies related to the environment, human rights, and bribery have been enacted and introduced in countries around the world. Companies need to understand and comply with these laws, regulations, and policies. Some laws and regulations are enforced not only in the countries where they are enacted but in other countries as well. With the globalization of supply chains and markets, companies and their supply chains need to comply with laws and regulations and respect international codes of conduct.

Relevant laws, regulations, etc.

- International norms: OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, ILO's (International Labour Organization) Multinational Enterprises Declaration, and the Guiding Principles on Business and Human Rights and SDGs (Sustainable Development Goals) of the

United Nations, etc.

Practical guides

- If a company operates in different countries, regions, and municipalities where different laws and regulations or different interpretations of them apply, meeting the most demanding requirements is the best approach.

3. Respect for human rights and consideration for work environments

(1) Respect for human rights

① Compliance with and respect for international standards on human rights and labor

Business partners shall support international standards* regarding human rights and labor, and conduct business activities that demonstrate respect for human rights.

*The United Nations (UN) International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, etc.

(Explanation)

- In addition to complying with relevant laws and regulations, companies need to refer to international human rights standards and respect workers' human rights. The international standards include the Ten Principles of the United Nations Global Compact.

Practical guides

- If laws in countries and regions where companies operate conflict with international standards, companies should follow the international standards.

② Prohibition of discrimination

Business partners shall eliminate discrimination on the basis of nationality, race, religion, thoughts and beliefs, gender, age, sexual orientation, gender identity, presence or absence of disability, and other such characteristics, and shall ensure that equal opportunity in hiring and employment is not undermined

(Explanation)

Discrimination

- Discrimination means the unfair treatment of people and unfair opportunities provided to people based on race, skin color, age, gender, sexual orientation, gender identity, sexual expression, ethnicity, nationality, disabilities, pregnancy, religion, political party affiliation, labor union affiliation, experience with military service, protected genetic information, and marital status. This can manifest in employment practices such as differences in wages, promotions, compensation, and education and training opportunities.

What is sexual orientation? What is gender identity?

- Sexual orientation indicates the gender with which a person is likely (or unlikely) to have a romantic or sexual relationship. The most common sexual orientation types include lesbian, gay, bisexual, and asexual (individuals who do not experience any romantic or sexual attraction towards anyone of either gender).
- Gender identity refers to an individual's sense of their own gender (psychological gender), regardless of their biological sex (physical sex). The term transgender refers to individuals whose psychological gender does not match their physical sex.
- SOGI, an acronym for sexual orientation and gender identity, is sometimes used. LGBTQ is an acronym that stands for lesbian, gay, bisexual, transgender and questioning.

Relevant laws, regulations, etc.

- Japanese laws: Equal Employment Act, Act on the Promotion of the Employment of Disabled Persons

- International conventions: ILO Discrimination (Employment and Occupation) Convention (No. 111), etc.

Practical guides

The following is examples of actions that can be taken to eliminate discriminatory practices.

- To establish company-wide policies and procedures to define employment, assignment, training, and promotion criteria (qualifications, skills, and experiences) for all positions. To provide employee training related to practices to eliminate discrimination
- To establish a procedure for handling discrimination complaints and ensure that employees are aware of available consultation services and processes. To handle complaints and requests when discrimination is revealed
- To avoid making pregnancy tests or contraception a requirement for hiring or continued employment, to use the results of medical examinations only if necessary for safety and health purposes, and to avoid asking female job applicants or employees whether they are pregnant or not
- To avoid discriminating against someone based on their religious affiliation when making decisions about hiring or a pay raise
- To avoid using expressions such as “salesman,” “waitress,” “Men are welcome,” or “a job for women” in job postings

③ Prohibition of harassment

Business partners shall not engage any forms of harassment including sexual harassment and power harassment, and shall not tolerate any such comments or behavior.

(Explanation)

What is harassment?

- Harassment is any action or utterance that causes discomfort, impairs dignity, or results in disadvantageous treatment, regardless of the intent of the person who has taken the action or made the utterance. It is possible for employees at a

company to harass colleagues. It is also possible for customers to harass employees and for employees to harass business partners.

What is sexual harassment?

- Sexual harassment includes sexual remarks or sexual acts that make the victim feel uncomfortable. It can result in disadvantageous treatment for the victim, such as dismissal and pay cuts, if the victim rejects it. It also makes the workplace environment worse.

What is power harassment?

- Power harassment is the act of creating mental or physical distress or otherwise worsening the workplace environment for someone, beyond what is appropriate for implementing one's job duties, using one's superiority in the workplace, such as one's job title or relationship.

Six types of power harassment

1. Physical attacks: violence and physical injury
2. Psychological attacks: threats, defamation, insults or verbal abuse
3. Exclusion from interpersonal relationships: isolation, exclusion or disregard
4. Imposition: imposing on a person a task that is clearly unnecessary for work or unachievable or interfering with a person's work
5. Making a low-level request: ordering a person to perform a low-level task that is far below the person's abilities and experience, without sound operational reason, or not assigning any task at all
6. Violation of individuality: excessively intruding into private affairs

Relevant laws and regulations

- Japanese laws: Equal Employment Act, Act on the Promotion of Women's Active Engagement in Professional Life, Act on Comprehensive Promotion of Labor Policies, Stability of Employment of Workers and Enhancement of Occupational Life (Labor Policies Comprehensive Promotion Act), etc.

Practical guides

The following is examples of actions that can be taken to prevent harassment.

- Actions should be taken to eliminate the harassment of victims. Procedures to address harassment should be established. It is desirable to create a whistleblower hotline to find and support harassed employees and to make the hotline known to all employees.
- In all countries and regions where the company operates, employees must respect the personalities of their colleagues and avoid acts that ignore colleagues' human rights, including harassment, slander, coercion, putting pressure to force them to do a job, and sexual remarks or acts that make them uncomfortable, taking advantage of their business positions or superiority in the workplace.

④ Respect for local residents and communities

Business partners shall respect the cultures, customs, local residents and communities of the regions in which they operate.

(Explanation)

Rights of local residents

- Corporate activities that violate the human rights of local residents include acquiring land that holds traditional significance for residents for use in business activities without engaging in legitimate discussions with the residents and business activities that result in water contamination, noise pollution, increased illegal parking, lack of sunshine caused by building, and stores' night lighting, which make residents' lives less safe and secure.

Practical guides

- To promote engagement with local communities (including dialogue and interactions to build relationships), hear and respond to as many community voices as possible, and gain their understanding and trust

⑤ **Respect for the rights of socially vulnerable persons and minorities**

Business partners shall respect the rights of socially vulnerable persons and minorities

(Explanation)

Who are socially vulnerable people?

- Socially vulnerable people generally refer to individuals and groups who are members of society but who are placed in disadvantageous positions compared to the majority in society, including women, disabled people, and children.

Who are social minorities?

- Social minorities refer to people who are at risk of disadvantageous treatment in society due to their social attributes and characteristics, including ethnic, cultural, and sexual and gender minorities (LGBT and SOGI people), and migrant workers. Compared to the majority in society, awareness of social minorities is low, and they are subject to stigma and discrimination.

Relevant laws, regulations, etc.

- Japanese laws: Equal Employment Act, Act on the Promotion of the Employment of Disabled Persons, Act on the Elimination of Disability Discrimination, etc.
- International conventions: ILO Discrimination (Employment and Occupation) Convention (No. 111), etc.

Practical guides

The following is examples of actions that can be taken to respect these people's rights.

- To ensure the safety and convenience of disabled employees, customers, and other visitors, the company takes reasonable measures* (e.g. offering portable ramps at a store with steps for people using wheelchairs, or assisting them in navigating steps, using sign language interpreters, subtitles, or abstract note-taking during lectures for people with hearing impairment).

*Reasonable measures: The reasonable measures required to remove social barriers vary depending on the characteristics of disabilities and the situations where they need to be removed. There are

many different measures that can be taken, and they are taken flexibly to a necessary and reasonable degree through constructive dialogue and mutual understanding.

- To consider using products manufactured at vocational facilities for disabled people
- To respect the rights of social minorities to the same extent as those of other people, considering their privacy according to their characteristics

(2) Ensuring healthy, safe and comfortable work environments

① Freedom of association and collective bargaining rights

Having complied with the local laws, regulations and other requirements of the country or region in which they operate, business partners shall respect workers' right to organize and right to collective bargaining as means to bring about labor-management discussions on working environment, wage levels, and so on.

(Explanation)

What is freedom of association?

- Freedom of association means employees' freedom to establish and join (or not to establish or join) labor unions at their discretion under the applicable laws and regulations.

What is collective bargaining?

- Collective bargaining refers to the right of employees and their representatives to communicate with management about their opinions and concerns related to working conditions and management practices through labor unions without disadvantageous treatment (interference, discrimination, retaliation, harassment, etc.).

Relevant laws, regulations, etc.

- Japanese laws: Article 21 of the Constitution of Japan, Article 28 of the Constitution of Japan, Labor Union Act
- International conventions: ILO Freedom of Association and Protection of the Right to Organise Convention, ILO Right to Organise and Collective Bargaining

Convention, etc.

Practical guides

The following is examples of actions that can be taken to respect freedom of association and collective bargaining.

- To uphold and ensure the employees' rights, the company will inform all employees of their right to join labor unions at their own discretion, without disadvantageous treatment. The company will not interfere with the formation, management, operation, or collective bargaining of labor unions in any way.
- If the government does not acknowledge and respect human rights (including those in the workplace) in any given country or region, or if it does not establish any suitable legal and institutional framework for labor-management relations and collective bargaining, then the confidentiality of information on labor unions and their leaders will be safeguarded.
- Company managers avoid acts such as suggesting that subordinates who are labor union members leave the labor union because it will be difficult to get promoted if they are members of the labor union.
- The company avoids acts that do not engage in substantial negotiations in good faith, such as responding only formally to collective bargaining and not responding to requests for materials related to working conditions, etc., without justifiable reasons (insincere group bargaining). The company avoids acts that do not allow non-Japanese workers to join labor unions.

② Prohibition of forced or compulsory labor

Forced labor must not be allowed. In addition, modern slavery in all its forms, including bonded labor or human trafficking, must not be tolerated.

(Explanation)

What is forced labor?

- Forced labor refers to when employees are forced to work under threat of punishment, or when their basic right to choose their jobs freely and work under their own free will are violated by all work that they have not offered to perform

voluntarily. Forced labor includes slavery, debt bondage, human trafficking involving abductions or kidnapping for exploitation, confinement in workplaces, deception about working conditions and types of work, and false promises. Provision of wages or other compensation does not exempt work from being forced labor.

Relevant laws, regulations, etc.

- Japanese laws: Labor Standards Act
- International conventions: ILO Forced Labour Convention and ILO Abolition of Forced Labour Convention, etc.

Practical guides

The following is examples of actions that can be taken to eliminate forced labor.

- To respect basic human rights and prevent any kind of forced labor in addition to complying with laws and regulations in countries and regions
- To take international standards into consideration if complying with local laws and regulations related to forced labor is not sufficient for eliminating forced labor
- To establish a clear policy that prohibits any involvement in or use of forced labor, or profit from forced labor and ensure all company officers have a good understanding of what forced labor is
- To ensure that all overtime work is voluntary, give all employees the right to refuse to work overtime, and make this right known to all employees
- To create employment contracts that include severance freedom and severance procedures in a way that is easy to understand for employees
- To check if raw materials or supply chains use forced labor, slave labor, or child labor in order to avoid involvement in forced labor

*Refer to 12) Protecting the rights of foreign nationals and migrant workers for information on infringement of the rights of foreign nationals and migrant workers.

③ Prohibition of child labor

Business partners must not allow child labor, and shall comply with statutory minimum working age rules that apply in the country or region in which they operate. In addition, business partners shall not require persons under the age of 18 to engage in hazardous work.

(Explanation)

What is child labor?

- Child labor refers to labor performed by children who are below the minimum working age as set forth in the applicable laws and regulations in various countries and regions. (In Japan, the generally accepted minimum working age is 16, while for labor that could potentially risk their health, safety, or morals, the minimum working age is 18.) Article 56, Paragraph 2 of the Labor Standards Act stipulates that children under the age of 13 may be employed in the production of motion pictures and theatrical performances. This is an exception to the general prohibition of child labor. Child actors who appear on television or in films are exempted from the prohibition. In this case, their work needs to be light work that does not harm the health and welfare of children.

Relevant laws, regulations, etc.

- Japanese laws: Labor Standards Act, Child Welfare Act
- International conventions: ILO Minimum Age Convention (No. 138), ILO Worst Forms of Child Labour Convention (No. 182), etc.

Practical guides

The following is examples of actions that can be taken to eliminate child labor.

- To abide by the laws and regulations in different countries and regions. To respect basic human rights and avoid using any kind of child labor
- To verify and record the ages of employees when they join the company by checking official documents (photo identification documents issued by the government or public organizations)
- To ensure that intermediaries have a similar process to verify the ages of employees if intermediaries are used to hire employees

- To prevent the employment of children under 18 in jobs that involve working at heights, or at places like construction sites or rooftop cleaning sites, carrying heavy objects, or serving alcoholic beverages. To prevent children from late-night work, working before 5 a.m. or working after 10 p.m.

④ **Payment of wages equal to or above the minimum wage**

Business partners shall comply with the laws, regulations and other requirements that apply in the country or region in which they operate by paying workers at or above minimum wage levels.

(Explanation)

What is a minimum wage?

- A minimum wage is the lowest amount of money employers are legally required to pay their employees under applicable laws and regulations in different countries or regions.

Relevant laws, regulations, etc.

- Japanese laws: Labor Standards Act, Minimum Wage Act
- International conventions: ILO Minimum Wage Fixing Convention (No. 131), ILO Protection of Wages Convention (No. 95), etc.

Practical guides

The following is examples of actions that can be taken to ensure that employees receive wages (including overtime pay and welfare payments) that are equal to or higher than the minimum wage.

- To comply with all applicable laws on wages, including those related to minimum wages, overtime, and legally required benefits in various countries and regions
- To provide at the appropriate time accurate and easy-to-understand pay slips that contain sufficient information about employees' compensation for the work done during the payment period
- To hire casual workers, temporary workers, and outsourced workers under local

laws

- To limit deductions from wages to those set out in laws and regulations, including social insurance premiums and taxes, to ensure that employees are paid at least the minimum wage

⑤ Prohibition of long working hours

Business partners shall comply with the laws, regulations and other requirements that apply in the country or region in which they operate by implementing appropriate management of working hours and not compelling workers to work illegally long hours.

(Explanation)

Long working hours, overwork

- Workers must not be made to work for more hours or days than is stipulated in laws and regulations in countries and regions where the business is operated.
Considering international standards, the company needs to appropriately manage workers' working hours and non-work days.
- In Japan, long working hours or overwork refers to having workers engage in overtime work beyond the upper limit stipulated in the Article 36 agreement (45 hours per month, 360 hours per year) in addition to working hours of 8 hours a day, 5 days a week, except when extraordinary special circumstances apply. It also refers to preventing workers from taking appropriate breaks.

Relevant laws, regulations, etc.

Japanese laws: Labor Standards Act

International conventions: ILO's Hours of Work (Industry) Convention (No. 1), Forty-Hour Week Convention (No. 47), Holidays with Pay Convention (Revised) (No. 132), Weekly Rest (Industry) Convention (No. 14), etc.

Practical guides

The following are examples of actions that can be taken to appropriately manage working hours.

- To enter into an agreement that specifies working hours within the legally mandated limits
- To allow employees to take days off under laws and regulations. If there are no applicable laws or regulations, employees must take at least one day off per week.
- To grant all employees the right to take annual paid leave as set forth in laws and regulations and allow them to take paid leave appropriately
- To allow employees to take breaks as required by the applicable laws and regulations
- To work to accurately track working hours to avoid claiming fewer working hours than actually worked and falsely claiming working hours
- To accurately record all working hours, including the working hours of piecework employees, and allow employees to check the recorded working hours

⑥ Workplace health and safety measures

Business partners shall conduct health and safety management in accordance with laws, regulations and other requirements regarding health and safety, prevent occupational accidents, and establish working environments and working conditions that are physically and mentally safe and healthy.

In addition, business partners shall take appropriate safety precautions regarding machinery and equipment, such as establishing workplace rules needed to ensure safety, and performing equipment inspections.

In addition, business partners shall provide workplace health and safety information, training and drills in the native language of workers, or in a language that is understandable to them.

(Explanation)

Occupational safety and health

- Companies need to identify and assess occupational safety and health risks, including the possibility of their materialization, and ensure safety and health through proper design, technology and management tools.

Relevant laws, regulations, etc.

- Japanese laws: Industrial Safety and Health Act
- International conventions: ILO's Occupational Safety and Health Convention (No. 155), Hygiene (Commerce and Offices) Convention (No. 120), etc.

Practical guides

The following is examples of actions that can be taken to ensure safety and health at workplaces.

- To comply with laws and regulations related to industrial safety and health and understand and comply with company policies and rules
- To implement risk assessment to identify various risks at workplaces, estimate their severity based on the gravity of industrial accidents that they are likely to cause, and take steps to mitigate them in order of their severity
- To identify and assess workplace risks, design a workplace environment for removing danger and conducting preventive maintenance, and adopt safety measures such as developing safe work procedures and providing education and training
- If any work that poses a risk to safety or health is found, it will be immediately stopped and reported to the supervisor and relevant departments. If any safety or health issue arises, or any safety or health risk is observed, it will be immediately reported to the supervisor or relevant departments.
- Employees will take care of their own health as well as that of their colleagues. If they suffer from some form of disorder, they will promptly address it.
- Employees are required to undergo medical checkups and take necessary actions, such as receiving thorough examinations, according to the results of the checkups to maintain their health. Employees are always conscious of their health. They do what is good for their health and incorporate healthful practices into their lives to maintain their physical and mental health and improve their vitality.

***Examples of practices at the workplace**

- To monitor temperature and humidity levels at the workplace and make it possible to drink water when workers work in a high temperature
- To take measures to avoid danger in connection with the use of machinery and

equipment and provide education to employees regularly and before using machinery and equipment. The company will keep records of the employee education.

- In the employee education, employees are informed about the risks associated with operations and operational procedures. They are also taught how to properly use tools, machines, workshops, and personal protective equipment. During employee education, languages that the employees can understand are used.
- When employees use machinery and equipment, they are provided with appropriate protective gear for free to prevent danger to their safety and health, and they wear it.

⑦ Preparation for emergency

Business partners shall implement safety measures in the event of fire, earthquake or other emergencies, and ensure safety through efforts such as conducting fire drills under normal circumstances.

(Explanation)

Preparation for emergency

- To ensure the safety of employees and their physical well-being, the company needs to identify and evaluate potential disasters, accidents, and other unforeseen events that may occur. The company must develop countermeasures, such as emergency plans and training programs, to respond to these situations. Additionally, the company must ensure that all employees are informed about these measures.

Relevant laws and regulations

- Japanese laws: Fire Service Act, Industrial Safety and Health Act, Building Standards Act
- International conventions: ILO Occupational Safety and Health Convention (No. 155), etc.

Practical guides

The following is examples of actions that can be taken to take safety measures.

- To develop a disaster response organizational structure, a plan and procedures in case of a disaster or other events and review them regularly
- In case of earthquakes and fires, the company will take measures to prevent fixtures from falling or overturning, inspect and maintain evacuation and fire extinguishing equipment, stockpile emergency kits and medical supplies, provide education and training in languages that employees can understand, prepare restoration tools, and take other necessary steps.
- To have effective fire-fighting licenses or permissions and obtain building permissions required by applicable laws and regulations
- To conduct emergency drills at least once a year or in accordance with local laws applicable to the company. The company must choose the more demanding requirement.

⑧ Prevention of occupational accidents, injury and illness

Business partners shall take appropriate measures to prevent occupational accidents or injury, and work-related illness, and take corrective action when an accident or trouble has occurred.

In addition, when doing so business partners shall also establish processes for employees to report hazards.

(Explanation)

Occupational accidents and diseases

- The company needs to establish and implement a procedure and scheme to prevent, manage, track, and report occupational accidents and illnesses.

What are appropriate measures?

- Appropriate measures refer to systems and policies that enable employees to facilitate reporting, classify and record accidents and illnesses, provide treatment as needed, investigate the causes of accidents and illnesses, implement corrective measures to eliminate their causes, and facilitate employees' return to work.

Enrollment in industrial accident insurance is also included in appropriate measures.

Relevant laws, regulations, etc.

- Japanese laws: Industrial Safety and Health Act
- International conventions: ILO Occupational Safety and Health Convention (No. 155), etc.

Practical guides

The following is examples of concrete actions.

- To take measures to prevent falls or injuries during work
- To avoid continuing to engage in transactions without requesting improvements while knowing that the working environment of business partners is poor

⑨ Industrial hygiene measures

Business partners shall engage in appropriate management of organisms or chemical substances, etc. that are harmful to the human body, and take measures when employees come into contact with them, such as the provision of training and protective equipment.

(Explanation)

Industrial hygiene

- The company needs to identify, assess, and appropriately manage biological, chemical, and physical effects that are harmful to employees' bodies.

What are chemical substances that are harmful to the human body?

- Soot, vapor, mist, and dust, as well as toxic chemicals, radiation, substances that cause chronic diseases (lead, asbestos, etc.), among other substances. Noise and offensive odors are also included in this section as factors that, if significant, are harmful to the human body.

What is appropriate management?

- Appropriate management involves identifying opportunities for direct contact with them, assessing the risks of these opportunities, establishing and operating control standards, and providing appropriate training and protective equipment to employees.

Relevant laws, regulations, etc.

- Japanese laws: Industrial Safety and Health Act
- International conventions: ILO's Working Environment (Air Pollution, Noise and Vibration) Convention (No. 148), Chemicals Convention (No. 170), etc.

Practical guides

The following is examples of concrete actions.

- Material Safety Data Sheets (MSDS) or Safety Data Sheets (SDS) for hazardous chemical substances used in a facility are prepared in languages that the employees can comprehend. These sheets are easily accessible to the employees working in the areas where hazardous chemical substances are used.
- The company stores chemical substances in containers made from suitable materials, which are resistant to damage and unlikely to leak. The containers are inspected regularly. Chemical substances are not stored in places that may be affected by weather. They are stored in a way prescribed by the manufacturer.
- Dangerous raw materials, and flammable chemical substances and raw materials are placed away from fire and heat sources. They are put in areas where fire extinguishers are readily available.

⑩ Measures to address physically demanding work

Business partners shall identify physically demanding work and work that is harmful to health, and take appropriate measures to prevent accidents, injury or illness.

(Explanation)

What is physically demanding work?

- Physically demanding work includes heavy labor, such as manual heavy lifting, as well as repetitive and continuous work over long periods of time, such as assembly

and data entry. The company needs to identify and evaluate physically demanding work and appropriately manage it in a way that it will not cause occupational accidents or illnesses.

What are appropriate measures?

- Appropriate measures include periodic short breaks, provision of work aids, and division of labor and cooperation among multiple workers.

Relevant laws, regulations, etc.

- Japanese laws: Industrial Safety and Health Act, etc.

⑪ Ensuring sanitary facilities and appropriate environments for eating and living

Business partners shall provide working environments with access to hygienic lavatories and clean drinking water.

In addition, when providing meals and housing, business partners shall maintain health and safety, and ensure appropriate environments at such facilities.

(Explanation)

What is an appropriate environment?

- An appropriate environment is one that is clean, hygienic, and equipped with clean restrooms, safe drinking water, fire-fighting equipment, proper ventilation, temperature control, emergency evacuation routes (exits), and safe personal belongings storage places.

Relevant laws, regulations, etc.

- Japanese laws: Industrial Safety and Health Act
- International conventions: ILO Hygiene (Commerce and Offices) Convention (No. 120), etc.

Practical guides

The following are examples of actions that can be taken to ensure an appropriate working environment.

- To carry out water quality inspections in accordance with applicable laws and regulations and ensure safe drinking water (including water servers)
- To provide an appropriate number of toilets for the number of employees, in accordance with laws and regulations. Restrooms are designed with gender, privacy, convenience, and hygiene in mind. The freedom to use restrooms is not restricted.
- To ensure that all employees have access to adequate lighting and ventilation and provide an environment where safe drinking water can be drunk freely.
- Homes provided to employees are in accordance with applicable laws and regulations in terms of fire-fighting, hygiene management, electricity, machinery, safety and health, including structural safety, and security. All necessary licenses and permissions have been obtained. Clean toilets and showers are available for use. All rooms are equipped with appropriate ventilation and standard thermal management equipment in the area where the homes are.
- If homes and other facilities are provided to foreign technical intern trainees, it is guaranteed that the facilities meet the standards set out in the Technical Intern Training Program Operation Guidelines Immigration Services Agency and Ministry of Health, Labour and Welfare Edition.

⑫ Protecting the rights of foreign nationals and migrant workers

Business partners shall engage in appropriate labor management in adherence to laws, regulations and other requirements related to foreign nationals and migrant workers (including technical intern trainees), avoid engaging in illegal or unreasonable practices such as the collection of passports, forced return to one's home country or the collection of security deposits, in addition to the nonpayment of wages and illegally long working hours. Moreover, working conditions must be presented to the workers concerned in a manner which is understandable to them.

(Explanation)

Infringements of the rights of foreign nationals and migrant workers

- The infringement of foreign nationals' rights refers to the treatment of foreign nationals in a discriminatory manner in terms of their wages, working hours and other working conditions simply because they are not Japanese.
- There have been many reports of violations of labor-related laws and regulations related to foreign technical intern trainees and violations of their human rights in Japan.
- These violations include dismissals of trainees because of their marriages or pregnancies and restraints placed on their private lives, such as the confiscation of their mobile phones and passports and the prohibition of interactions with the outside world. Additionally, trainees are sometimes not paid extra wages.

Relevant laws, regulations, etc.

- Japanese laws: Labor Standards Act, Act on Proper Technical Intern Training and Protection of Technical Intern Trainees, Immigration Control and Refugee Recognition Act
- International conventions: ILO Migration for Employment Convention (Revised) (No. 97), etc.

Practical guides

The following are examples of actions that can be taken to respect and protect the rights of foreign nationals and migrant workers (including technical intern trainees, workers with resident status due to specified skills, and foreign students).

- To determine the requirements for employing foreign nationals and migrant workers (including technical intern trainees, workers with resident status due to specified skills, and foreign students) set forth in the applicable laws and regulations of both the receiving country and the sending country and comply with the requirements
- To talk with intermediaries to ensure that employees are not burdened with unjust debts in the country from which they come (if any intermediaries are used to hire employees)
- Not to keep or control the personal identification documents (passports or photo

identification documents, identity certificates, travel documents, and other personal documents, etc.) of their employees when they are hired, deprive them of their freedom of movement, or force them to work

- To provide labour contracts and terms of employment to employees in a language that they can understand. If foreign nationals and migrant workers living outside Japan are going to be employed in Japan, these documents must be provided to them before they leave their home country.
- To pay foreign nationals and migrant workers at least the same wages as Japanese workers for the same work
- Not to impose penalties on foreign nationals and migrant workers for terminating their labour contracts early at their own initiative, provided that they have given reasonable notice as per the applicable laws and regulations of the receiving country
- To transfer money to a third party only at the initiative of foreign nationals and migrant workers and with their recognition and consent. If the company sends money on behalf of foreign nationals or migrant workers, it provides them with a receipt for the total amount sent.
- To inform foreign nationals and migrant workers about consultation services available in their native languages via phone or email. The company also provides information on emergency call numbers such as 110 (police) and 119 (fire department and ambulance) and how to call them.

4. Thoroughly ensuring fair trade

(1) Prevention of corrupt practices

In accordance with the anti-corruption policy established by the Company, business partners shall not engage in or tolerate corrupt practices of any nature, including bribery, conflict of interest, embezzlement, extortion of benefits, bid-rigging and other practices that involve the abuse of one's own or a third party's official power or position.

Business partners shall also implement initiatives aimed at preventing corrupt acts.

(Explanation)

Bribery

- Bribery refers to offering to or receiving from a person gifts, loan, reward, compensation, or other advantages as an incentive to draw fraudulent or illegal acts, aggravated breach of trust, etc. in the conduct of business beyond the limits of laws and regulations or the scope of social norms. So-called facilitation payments* if such payments are in violation of laws, regulations, etc., are not approved irrespective of the amount of payment.

*Small payments of money that are requested by public officials, etc. but are not required by any applicable laws or regulations to facilitate a process like customs clearance, passing through a checkpoint, immigration, visa issuance, or visa extension

Conflicts of interest

- A conflict of interest occurs when an individual promotes their own interests or those of a third party, such as close relatives and friends, taking advantage of their position within a company or its assets, or breaching their duties.
- A conflict of interest may arise in many different situations. If an individual or their close relatives or friends have close connections to their company's competitors or business partners, or they have significant financial interests with them, there may be a conflict of interest between the individual and their company.

Relevant laws, regulations, etc.

- Japanese laws: Penal Code (Articles 197 and 198), Unfair Competition Prevention Act, Political Funds Control Act, Antimonopoly Act, Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors, Companies Act, Financial Instruments and Exchange Act, etc.
- International conventions: OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, United Nations Convention against Corruption, etc.

Practical guides

The following are examples of actions that can be taken to prevent corruption.

- To refrain from giving or receiving gifts or entertainment, except that it complies

with laws and regulations and conforms to conventional wisdom

- To be committed to providing training regularly to raise awareness and deepen understanding of the prevention of corruption, including bribery
- If an individual's interests conflict, or are at risk of conflicting, with those of their company, they appropriately speak and report to their supervisor and relevant departments.
- If a company's work on behalf of a client conflicts with other operations of the company or work on behalf of other clients, the company will inform the client in advance about the possibility of a conflict of interest and take necessary steps to avoid trouble, such as making an agreement.

(2) Exclusion of organized crime

Business partners shall maintain no ties of any kind with organized crime, and shall take a firm stand against unreasonable demands.

(Explanation)

What are antisocial forces?

- Antisocial forces are groups or individuals that use violence, power, and fraud to pursue economic gain. Antisocial forces include gangs, gangsters, quasi-members of gangs, companies that have ties with gangs, and corporate racketeers.

Relevant laws, regulations, etc.

- Japanese laws: Organized Crime Exclusion Ordinance in local governments
- International conventions: United Nations Convention against Transnational Organized Crime, etc.

Practical guides

To sever ties with antisocial forces, the company must avoid isolating employees and deal with them in an organized manner. The following are examples of actions that can be taken to sever ties with them.

- To include provisions for elimination of interference from antisocial forces (antisocial forces elimination provision) in different contracts, etc.

- To ensure that business partners are not antisocial forces when dealing with them for the first time or renewing contracts
- If approached by antisocial forces, multiple individuals deal with them together if possible. If threatened or extorted, they report to their superiors promptly and also to the police or law enforcement authorities to get support.
- If individuals should unknowingly conduct transactions with antisocial forces or have any other relationships with them, they dissolve the relationships as soon as they notice them.

(3) Protection of intellectual property

Business partners shall protect intellectual property rights (patent rights, copyrights, design rights, etc.) and respect the intellectual property rights belonging to third parties.

(Explanation)

What are intellectual property rights?

- Intellectual property includes patent rights, copyrights, design rights, utility model rights, trademark rights, trade secrets, and technological expertise.

Protection of intellectual property

- The intellectual property of the company and a third party, including its customers and business partners, must be protected.

Practical guides

- No third party intellectual property rights must be obtained or used illegally. Before developing, producing, selling, and providing products and services, it is essential to conduct a thorough preliminary survey of third-party intellectual property, including that of customers and business partners, to avoid infringing on intellectual property rights.

(4) Establishment of whistleblowing and consultation systems and protection of whistleblowers

Business partners shall establish systems to field whistleblowing reports and consultations to ascertain and resolve issues. In addition, business partners shall treat the personal information of persons associated with whistleblowing reports or consultations in strict confidence, and take appropriate measures to ensure that those who have lodged whistleblowers or sought consultation are not subjected to retaliation or other disadvantageous treatment for having done so

(Explanation)

Reporting

- Reporting refers to making allegations of infringement actions (misconduct, human rights violations, environmental pollution, etc.) associated with corporate business activities at companies and in their supply chains and neighboring communities.

Whistleblower

- A whistleblower is an employee or an officer of a company, an individual or a group that has suffered damage, their agents, or other stakeholders that have noticed inappropriate behavior related to a company's business activities and report them.
- The confidentiality of reports from business partners and employees, etc. and the anonymity of whistleblowers must be ensured. Whistleblowers must be protected so that they will not receive disadvantageous treatment, including retaliation from companies or individuals due to whistleblowing.

Disadvantageous treatment

- Disadvantageous treatment refers to acts that harm the working environment, including harassment, and changes in working conditions such as unfair personnel evaluations, remuneration, dismissal or reassignment.

Relevant laws, regulations, etc.

- Japanese laws: Whistleblower Protection Act
- International guidelines: UN Guiding Principles on Business and Human Rights

Practical guides

Establishing independent internal and external systems that enable employees to make complaints under anonymity helps management identify problems early and prevent them. The following is examples of actions that can be taken to produce expected results by operating the systems effectively.

- To provide information about the systems' procedures (including the time required for implementing them and progress in handling reports and consultations) to a wide range of stakeholders, while ensuring transparency
- To maintain records of handling of reports and consultations, while regularly analyzing their frequency, patterns, and factors to identify necessary changes to initiatives, procedures, and practices and address potential problems
- To ensure that the confidentiality of personal information of all whistleblowers and individuals who have consulted is maintained. The organization should also ensure that these individuals are not subjected to disadvantageous treatment or retaliation.

5. Environmental considerations

(1) Responding to climate change

Not only in business activities but throughout the lifecycle of products and services, business partners shall promote the efficient use of energy and the use of renewable energy sources, and curb greenhouse gas emissions and their impact on climate change.

In addition, business partners shall ascertain their energy usage, emissions of carbon dioxide and other greenhouse gases, and the amount of environmental impact associated with the use of other resources, and endeavor to set reduction targets for these figures while appropriately disclosing environmental information.

(Explanation)

What is the life cycle of products and services?

- The life cycle is a series of stages that products and services go through from planning and design to resource collection, raw material production, production, distribution, consumption, disposal, and recycling.

What is efficient use of energy?

- Efficient use of energy involves minimizing energy consumption and associated greenhouse gas (GHG) emissions in Scope 1 and Scope 2 (energy savings). For this purpose, each facility or business site needs to keep a record of energy consumption and emissions. This involves monitoring data and documenting them in writing.

*Scope 1 emissions refer to greenhouse gas emitted directly from the business operator, while scope 2 emissions are greenhouse gas emitted indirectly through the use of electricity, heat and steam provided by other companies.

What is renewable energy?

- Renewable energy is energy that is replenished over time from natural resources. These resources include sunlight, wind, water, waves, tides, geothermal heat, and biomass. International renewable energy initiatives include RE100, where businesses commit to 100% renewable energy, and EV100, where they accelerate the transition to electric vehicles in their operations.

What are greenhouse gases?

- There are a variety of greenhouse gases, but this term refers specifically to the seven substance groups specified in the Kyoto Protocol: carbon dioxide, methane, nitrous oxide, HFCs, PFCs, SF₆, and NF₃.

What are determination of environmental impact, reduction target setting, and disclosure of environmental information?

- The company should set greenhouse gas emissions reduction targets across the entire organization, track and document energy consumption and greenhouse gas emissions, and disclose greenhouse gas emissions in relation to reduction targets.

The Company's Environmental Vision 2030

- The targets for a decarbonization society in Environmental Vision 2030, which the Company created in March 2022, include the following:
 - 46.2% reduction in CO₂ emissions in business activities (Scopes 1 and 2) compared with FY2019 levels and a renewable energy ratio of 50% in 2030, and

effectively zero CO₂ emissions and a renewable energy ratio of 100% in 2050
- 30% reduction in CO₂ emissions in Supply Chain of Business Activities (Scope 3)
compared with FY2019 levels in 2030

- CO₂ emissions in the Supply Chain of Business Activities (Scope 3) of the Company and its consolidated subsidiaries include emissions in the business activities of the business partners (Scopes 1 and 2) and emissions in upstream supply chains (Scope 3). We ask business partners to work to reduce CO₂ emissions in the Scope in which they are in to realize a decarbonation, recycling-based society throughout the supply chain.

Relevant laws, regulations, etc.

- Japanese laws: Basic Act on the Environment, Act on Promotion of Global Warming Countermeasures, Act on Rationalizing Energy Use
- International conventions: United Nations Framework Convention on Climate Change, etc.

Practical guides

The following is examples of actions that can be taken to address climate change.

- To establish an environmental management system* to minimize the impact on climate change and run the PDCA (plan-do-check-act) cycle repeatedly to continue making improvements. To track, document in writing, and disclose energy consumption and greenhouse gas emissions

*Major environmental management systems: international ISO14001, Japan's Eco-Action 21, etc.

- To gather information on a wide range of upstream supply chains and producers related to the products and services the Group supplies to determine methods to reduce energy consumption and curb greenhouse gas emissions

(2) Preservation of biodiversity

When engaging in the procurement of materials and business activities, business partners shall work to reduce the impact on the surrounding environment (both land and sea), biodiversity and ecosystems

(Explanation)

Biodiversity, reduction of impact on ecosystems

- Business activities benefit from ecosystem services provided by biodiversity and natural capital (such as soil, atmosphere, water, plants, and animals). It is necessary to identify the effects and benefits of business activities on ecosystems and conduct operations that take ecosystems into account. It is necessary to use materials that are produced and purchased in consideration of ecosystems (such as FSC certified materials) as far as possible.

Relevant laws, regulations, etc.

- Japanese laws: Basic Act on Biodiversity, Wildlife Protection and Hunting Act, Act on Conservation of Endangered Species of Wild Fauna and Flora, Act on the Prevention of Adverse Ecological Impacts Caused by Designated Invasive Alien Species
- International conventions: Convention on Biological Diversity, etc.

Practical guides

The following is examples of actions that can be taken to conserve biodiversity.

- To comply with all laws and regulations related to biodiversity conservation and restoration as well as infrastructure development in the region where the company operates. Additionally, the company should work to gather a wide range of information about upstream processes and producers of products and services it supplies to identify the risks of biodiversity loss related to the products and raw materials that the company purchases.
- To create an environmental management system and operate it properly to achieve ongoing improvements

(3) Prevention of pollution

Based on various environmental laws, regulations and other requirements in the countries or regions where they operate, business partners shall prevent pollution including air, water and soil pollution, manage chemical substances appropriately, prevent the release of pollutants, and work to reduce the use of materials that cause pollution.

(Explanation)

What is appropriate management of chemical substances?

- Appropriate management of chemical substances means not only controlling chemical substances that must not be contained in products and raw materials in the manufacturing stage, but also monitoring the amount of chemical substances discharged into the external environment, informing the government, and making efforts to reduce the amount of such substances discharged.

What are pollutants?

- Pollutants are substances that can harm human health if they are taken in constantly. They also cause pollution in air, soil, and water.

Relevant laws, regulations, etc.

Japanese laws: Air Pollution Control Act, Soil Contamination Countermeasures Act, Water Pollution Prevention Act, etc.

Practical guides

- Actions that can be taken to prevent pollution include implementing and properly managing an environmental management system to achieve ongoing improvements. To prevent the materialization of environmental pollution risks caused by pollutant releases, the company can take appropriate actions, including introducing equipment to curb pollution, modifying production processes, and regularly maintaining machinery. If pollution or accidents occur, the company must immediately take steps to mitigate their effects and report them promptly to the relevant authorities.

(4) Effective use of resources

Based on various environmental laws, regulations and other requirements in the countries or regions where they operate, business partners shall work to effectively utilize the resources used in their business and reduce waste.

(Explanation)

What is effective use of resources?

- Effective use of resources means reducing, reusing, recycling them, taking other actions, and monitoring their usage regularly to reduce the consumption of fossil fuels, hazardous substances, and natural resources.

Relevant laws, regulations, etc.

- Japanese laws: Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging, Act on Recycling of Construction Materials, Act on Recycling of Specified Home Appliances, Act on the Promotion of Recycling of Resources from Wasted Food, Act on the Promotion of Recycling of Plastics
- International conventions: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, etc.

Practical guides

- Effective use of resources can be achieved by altering production facilities, using alternate materials, reusing resources, and recycling. To comply with laws and regulations, it is necessary to set goals voluntarily and continue activities to achieve improvements. It is preferable that the user design products that allow for 3R (reducing, reusing, and recycling) in the design and development stage to use resources effectively.

(5) Appropriate use of water

Business partners shall strive to manage water resources appropriately and effectively use water resources, and consider the conservation of the water resources used in their business activities and the production of raw materials.

(Explanation)

What is appropriate water resources management?

- Appropriate water resources management entails adhering to all laws and regulations governing water usage and drainage in the region where the company operates, obtaining all necessary permissions, licenses, registrations, and regulatory approvals, keeping them valid or up-to-date, and preventing any illegal drainage activities.

What is efficient use?

- Efficient use involves optimizing or reducing water usage by managing water sources and usage, reusing or recycling wastewater, and leveraging technology to collect rainwater, reduce water intake, and pursue water-saving technology.

Relevant laws, regulations, etc.

- Japanese laws: Basic Act on the Environment, Water Pollution Prevention Act
- International conventions: International Convention for the Prevention of Pollution from Ships (MARPOL), etc.

Practical guides

- Water management involves monitoring water sources, usage, and discharge, reducing consumption, and managing contamination routes. Managing contamination routes involves ensuring that channels on the business site remain uncontaminated or are protected from contamination (e.g. no stagnant water or pools of fat near rainwater or drainage pipes) and that the business site is equipped with emergency equipment (e.g.

shutoff valves and stop-valves to prevent leakage from waterworks or sewerage systems or water from flowing out of them due to plant accidents or natural disasters; relying solely on rainwater tanks, sewage basins, and reservoirs is insufficient).

(6) Appropriate utilization of forest resources

Business partners shall preserve forests with high biodiversity and conservation value, respect local cultures, traditions and economies that coexist with forests, comply with the laws, regulations and other requirements of the countries or regions whose resources they use, and endeavor to utilize forest resources that have been produced with sustainable methods such as recycled wood and certified wood.

(Explanation)

What are forests with high conservation value?

- The FSC (Forest Stewardship Council) defines forests with high conservation value as those that possess one or more of the following attributes:
 - 1) Forests containing globally, regionally or nationally significant concentrations of biodiversity values,
 - 2) Globally, regionally or nationally significant large landscape level forests,
 - 3) Forest areas that are within or contain rare, threatened or endangered ecosystems,
 - 4) Forests that provide basic services of nature, such as watershed protection and erosion control, in critical situations,
 - 5) Forests fundamental to meeting basic needs of local communities (e.g. income and food), or
 - 6) Forest areas critical to local communities' traditional cultural identity.

What is certified timber?

- For example, timber certified by FSC^{*1}, PEFC^{*2}, and SGECC^{*3} was accepted as timber that meets the 2020 Tokyo Olympic and Paralympic Games

sustainable sourcing code.

*1: Forest Stewardship Council

*2: Programme for the Endorsement of Forest Certification schemes

*3: Sustainable Green Ecosystem Council

Relevant laws, regulations, etc.

- Japanese laws: Forest Act, Act on Promoting the Distribution and Use of Legally Harvested Wood and Wood Products (Clean Wood Act), Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Green Procurement Act), etc.

Practical guides

The company must comply with all forest protection laws and regulations in the countries and regions where they operate.

They are required to take the actions below to procure forest resources from sustainable forest management forests and avoid using or buying illegal timber.

- To make sure that the forest resources that will be procured are cut down appropriately in compliance with applicable laws and regulations in countries or regions where the logs are produced.
- To ensure that the forest resources being obtained are sourced from forests managed under medium to long-term plans or policies and not from forests intended to be converted to land for other uses such as agricultural land
- To ensure that ecosystem conservation is considered when the forest resources to be procured are cut down.
- To ensure that the rights of indigenous people and local residents are considered when the forest resources to be procured are cut down.

6. Appropriate information management

Business partners shall clearly recognize and understand information to be disclosed and information to be kept confidential, and engage in the timely and appropriate management of information in accordance with the relevant laws and regulations.

Business partners shall protect the information handled for business purposes including personal information, privacy information and confidential information, and also establish management systems and manage information systems appropriately to prevent information leaks.

(Explanation)

What is appropriate information management?

- Appropriate information management refers to establishing and operating a comprehensive framework for the management of confidential information and includes preparing a code or guidelines to be observed by workers, etc., drawing up plans accordingly, implementing measures, and carrying out audits and reviews.

What is personal information?

- Personal information is information containing names, dates of birth or other descriptions, etc., whereby a specific individual can be identified (including those which can be readily collated with other information and thereby identify a specific individual). Personal information must not be obtained, used, disclosed, or leaked unlawfully or unfairly.

What is privacy information?

- Privacy information refers to information and secrets about an individual's private life that they do not want others to know. Even if privacy information does not identify any specific individual unlike personal information, it may infringe the right of privacy.

What is confidential information?

- Confidential information refers to information which has been disclosed in

writing, etc. (includes magneto-optical recordings) and which is generally understood to be confidential and information which is disclosed orally with an explicit declaration of confidentiality.

What is information protection?

- Information protection refers to preventing the unlawful or unfair obtaining, use, disclosure, or leakage of any information handled in business, including personal, privacy, and confidential information.

Relevant laws, regulations, etc.

- Japanese laws: Act on the Protection of Personal Information
- EU: GDPR (General Data Protection Regulation)
- International guidelines: OECD Privacy Guidelines, etc.

Practical guides

- The company can take appropriate steps to improve information management and protection by strengthening information access control and establishing a system to prevent leakage. The management system includes developing codes and policies that employees should observe, making plans in accordance with them, implementing initiatives, setting information management levels, educating and training employees, and conducting audits and reviews.

7. Development of BCP

To prepare for disasters and other unforeseen circumstances, business partners shall establish business continuity plans (BCP).

(Explanation)

What are disasters and unforeseen circumstances?

- A disasters and unforeseen circumstance could include a large-scale natural disaster (for example, an earthquake, tidal wave, flood, heavy rainfall, heavy snowfall or tornado) and its aftermath including power

outages, water outages and traffic disruption, an accident (for example, a fire or explosion), the spread of a communicable disease, infectious disease or other disease over a wide area, an act of terror, or a riot.

What is a business continuity plan (BCP)?

- The BCP is a plan aimed at quickly resuming business activities in the event of large natural disasters and other disruptions that impact the company or its business partners, in order to fulfill its responsibility to supply products and services.
- The plan assesses the occurrence probability of emergencies and their effects on business operations. It describes plans to respond to anticipated emergencies based on scenarios for them. The plan aims to ensure the safety of employees and maintain business continuity.

Practical guides

- The company needs to create a business continuity plan (BCP) that identifies and evaluates any risks that could adversely affect business continuity, examines their impact on the business, and describes proactive measures that need be taken in the medium to long term and the progress of the implementation of these measures.
- Additionally, the company needs to develop a manual explaining prompt business resumption after suspension in accordance with the BCP and provide continual education and training for employees so that they can respond to disasters.

8. Contributing to local communities

Business partners shall respect the cultures, customs and other characteristics of the regions in which they conduct business activities, ascertain various social issues related to the local community through dialogue, and endeavor to implement business activities and social contribution activities that will lead to the resolution of those issues.

(Explanation)

What are social issues in communities?

- The social issues include declining birthrates and an aging population, security and disaster management measures, environmental issues, such as reducing CO₂ emissions, biodiversity, and conservation of water resources, resource preservation, and healthcare. It is preferable to listen and respond to stakeholders and communities as far as possible and work to gain their understanding and trust.

[Cooperation to Put the Compliance Items into Practice]

1. Understanding and instilment in the workplace and rollout to own business partners

To ensure compliance with this policy, business partners shall endeavor to instill understanding in the workplace and make ongoing improvements. In addition, business partners should encourage the understanding and instilment of this policy across the supply chain of their own business partners.

(Explanation)

What is supply chain?

- The supply chain refers to the entire process from sourcing materials to delivering finished products and services to consumers, including all business connections involved. Staffing agencies and contractors are also involved. Individual companies' roles are irrelevant.

Practical guides

- Each company must communicate the Policy to all employees and take necessary steps to achieve ongoing improvements. Moreover, the company must regularly assess the facilities and operating conditions of their subcontractors and secondary business partners to ensure that they comply with relevant laws and regulations and conduct their business activities in accordance with the Policy. The company should also

encourage these partners to address any identified non-compliance and nonconformity properly in a timely manner.

2 . Cooperation with monitoring and corrective action

When the monitoring of activity status and associated corrective action is implemented under this policy, business partners should cooperate with those activities.

(Explanation)

What is monitoring?

- Monitoring refers to surveys, on-site audits, and other activities conducted by the Company and its consolidated subsidiaries to examine the implementation of this Policy. Monitoring aims to improve the sustainability of the entire supply chain by identifying potential risks and continuing to hold dialogues, including sharing best practices.

Practical guides

- The entities involved in the supply chain shall properly maintain records of activities carried out in accordance with the Policy. If the Company and its consolidated subsidiaries require business partners to disclose and share their records to examine their implementation of the Policy, the Company and its consolidated subsidiaries or third parties authorized by them will visit the business partners' facilities, interview employees, and scrutinize relevant documents. The business partners are expected to cooperate with them.

[Response to Conduct That Contravenes This Policy]

In the event that conduct which violates this policy occurs or is discovered, a business partner should consult with the Company and work with it on efforts to correct the violation. However, if no cooperation for investigation or corrective action can be secured from a business partner, the Company may reconsider whether or not to continue doing business with the business partner concerned.

Annex

○ Initiatives towards sustainable management

(the Company's ESG policy, etc.)

- Initiatives for Sustainable Management <https://tokyu.disclosure.site/en>
- Material sustainability themes (Materiality) <https://tokyu.disclosure.site/en/93/>
- Human Rights Policy <https://tokyu.disclosure.site/en/214/>
- Environmental Policy and Vision <https://tokyu.disclosure.site/en/135/>
- Basic Safety Policy <https://tokyu.disclosure.site/en/108/>
- Anti-corruption Policy <https://tokyu.disclosure.site/en/310/>
- Tax policy <https://tokyu.disclosure.site/en/225/>

○The Ten Principles of the UN Global Compact

| | |
|--------------|--|
| Human Rights | Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights |
| | Principle 2: Make sure that they are not complicit in human rights abuses |
| Labour | Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining |
| | Principle 4 : The elimination of all forms of forced & compulsory labour |
| | Principle 5: the effective abolition of child labour |
| | Principle 6: The Elimination of discrimination in respect of |

| | |
|-----------------|---|
| | employment & occupation |
| Environment | Principle 7: Businesses should support a precautionary approach to environmental challenges |
| | Principle 8: undertake initiatives to promote greater environmental responsibility |
| | Principle 9: encourage the development and diffusion of environmentally friendly technologies |
| Anti-Corruption | Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery |

○ **Sustainable Supply Chain Policy**

https://s3-ap-northeast-1.amazonaws.com/sustainability-cms-tokyucorp-s3/pdf/Tokyu_Corporation_Sustainable_Supply_Chain_Policy.pdf?230622

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