

Tokyo Tatemono Group

Guidelines for Sustainable Procurement Standards

Introduction

We would like to take this opportunity to thank everyone for supporting our business activities over the years.

We have established a long-term vision in which we commit to becoming a next-generation developer by around 2030. Guided by this vision, we commit to sustainable corporate development, balancing engagement in socioenvironmental issues with business growth.

Since we work with numerous business partners in our business activities, we must also work with these partners in building a sustainable supply chain. In May 2021, we established Sustainable Procurement Standards and started engaging with our business partners in promoting sustainable procurement especially in terms of complying with laws and regulations, respecting human rights, ensuring occupational health and safety, preventing corruption, and protecting the environment.

We have published these guidelines so that every business partner may have a clear idea of the spirit and content of the Sustainable Procurement Standards. These guidelines describe the broader social context of why each standard of the Sustainable Procurement Standards must be applied. It also outlines specific examples of how the standard can be applied in practice. We hope that these guidelines will help you take the actions necessary for ensuring sustainable procurement.

September 2023
Tokyo Tatemono Co., Ltd.

Guidelines Structure

These guidelines provide the following information for each sustainable procurement standard:

Sustainable procurement standard
Explanation of the standard
Practical examples

“Explanation of the standard” provides the broader social context of why application of the standard in question is requested. “Practical examples” outlines specific examples of ways to apply the standard in practice. Remember, these examples are suggestive only. The actual actions you should take will depend on the nature of your business and how you operate, along with the societal trends of the time. Be sure to consider these factors when planning and implementing your actions.

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1. Observance of Laws and Regulations

1-1. We will comply with the laws and regulations of the countries and regions (including countries' regional laws and international laws) in which we engage in business activities.

Explanation of the standard

“Laws and regulations” include those that apply only in the territories where you operate. They also include generally applicable laws and regulations that are relevant to your business regardless of the country in which they usually apply. In conducting business, you must have identified and understood the relevant laws and regulations. Complying with relevant laws and regulations also means respecting local cultural practices and norms.

This standard requires that you must adopt specific measures for ensuring compliance with the relevant laws and regulations.

Practical examples

- Develop structures and procedures for preventing violations of relevant laws and regulations (such as providing manuals and checklists for confirming compliance with laws and regulations, or involving your legal team check in your internal decision-making process).

2. Respect for Human Rights

2-1. We will comply with and respect international standards concerning human rights and will respect basic human rights.

Explanation of the standard

A company's business activities can potentially affect human rights. Companies therefore have a responsibility to respect internationally recognized human rights in accordance with the UN's Guiding Principles on Business and Human Rights. This responsibility includes the responsibility to respect the rights set out in the International Bill of Human Rights(*1) as well as the principles concerning the fundamental rights set out in the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

The Guiding Principles on Business and Human Rights specifies measures that companies should take to ensure that they respect human rights. These include complying with international human rights standards, setting policies on human rights,(*2) carrying out human rights due diligence,(*3) having a grievance mechanism,(*4) and engaging in dialogue with relevant stakeholders over the company's human rights measures as a whole.

Tokyo Tatemono Group commits to such measures, as we are keenly aware of the importance of respecting the human rights of all our stakeholders and we believe that these measures should underpin all our business activities. We request you to do the same.

- *1 The International Bill of Human Rights comprises the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.
- *2 Setting policies for human rights means that the company commits, both to internal and external stakeholders, to uphold its responsibility to respect human rights.
- *3 Human rights due diligence is a process that includes identifying and assessing actual or potential negative impacts on human rights that may occur within business activities, preventing or mitigating these impacts, making decisions on the basis of impact evaluations, incorporating impact evaluations into work processes, evaluating the effectiveness of implemented measures, and explaining said initiatives to external stakeholders.
- *4 Companies are required to provide mechanisms for remedying the grievances of individuals or others who have been negatively impacted by the company's business activities. The grievance mechanisms should meet criteria for ensuring their effectiveness in practice, including standards of impartiality and transparency. Alternatively, companies can participate in external grievance mechanisms.

Practical examples

- Set policies regarding human rights through human rights policy.

- Uncover human rights risks so that you understand how your business activities may negatively affect human rights.
- Identify your human rights risks by evaluating the impact based on probability, importance, and other factors of each risk.
- Take the actions necessary to mitigate or prevent the negative impacts you have identified.
- To evaluate the effectiveness of these mitigating or preventive actions in practice, track their performance using metrics such as number of calls made through the hotline or hours of overtime worked, and survey or interview stakeholders that may be impacted. Based on the findings, make improvements as necessary.
- Assess the status in your supply chain by surveying or interviewing stakeholders who's human rights might be negatively impacted by business activities.
- Publicly disclose the above activities on your corporate website, sustainability reports, or other media.
- Provide a mechanism for remediating negative impacts on human rights (for example, provide a whistleblower hotline).
- Once an negative impact on human rights is confirmed, remediate the negative impacts on human rights.

2-2. We will not engage in discrimination or harassment on the basis of race, nationality, creed, gender, sexual orientation, age, social status, origin, etc.

Explanation of the standard

The Universal Declaration of Human Rights states that all human beings are born free and equal in dignity and rights. To discriminate or harass because of the person's race, nationality, creed, gender, sexual orientation, age, social status, or origin is to attack their individuality or inherent dignity, and as such must never be tolerated.

Tokyo Tatemono Group is toughening its actions for preventing discrimination and harassment, having identified this task as a human rights priority issue.

This standard requires that you never engage in, encourage, or abet discrimination and harassment in the course of your business activities, and that you adopt specific measures to ensure that the ban on discrimination and harassment is complied with.

Practical examples

- Set internal rules clarifying that you forbid discrimination and harassment.
- Provide employees with training for preventing discrimination and harassment.
- Provide a means by which employees and stakeholders involved in your business activities can report or raise concerns about discrimination or harassment (for example, provide a whistleblower hotline).

3. Assurance of Sound Labor Practices and Working Environments

3-1. We will assure freedom of association and collective bargaining rights.

Explanation of the standard

Working people have the right to form and join trade unions (freedom of association) and to negotiate contracts and terms of employment with their employers through their unions (right to collective bargaining), as well as the right not to do so. By exercising their freedom of association and right to collective bargaining, employees create opportunities for constructive dialogue with employers regarding the working environment and wage levels. One of the ILO's Core Labor Standards (*1) is "freedom of association and the effective recognition of the right to collective bargaining".

This standard requires you to assure your employees' freedom of association and right to collective bargaining so that appropriate dialogue can occur between employees and employer.

*1 The ILO's Core Labor Standards are the most fundamental standards among the international labor standards (conventions and recommendations regarding labor) adopted by the ILO (the International Labor Organization).

Practical examples

- Set internal rules clarifying that you assure freedom of association and the right to collective bargaining. Alternatively, publish a statement affirming that your company endorses the ILO's Core Labor Standards, or equivalent international norms, regarding these matters in a policy, etc.
- Provide opportunities for employer–employee dialogue about wages, other terms of employment, working environment, working practices, and similar topics.

3-2. We will prevent and eliminate forced labor and child labor.

Explanation of the standard

Forced labor

Forced labor refers to work or service which is exacted from any person under the *menace* of any penalty (*1) and for which the person has not offered himself or herself voluntarily. Forcing a person to work constitutes a violation of fundamental human rights in that it deprives that person of their free will to work and their ability to choose their occupation.

Child labor

Child labor refers to work performed by children younger than the minimum age for admission to employment or work.(*2) It also refers to work that requires young persons under 18 years of age to

work at night or to perform employment or work that is physically, mentally, or morally dangerous and harmful. Child labor interferes with the children's schooling opportunities and impedes their healthy development.

Both forced labor and child labor are banned internationally under two of the ILO's Core Labor Standards: the elimination of all forms of forced or compulsory labor, and the effective abolition of child labor.

This standard requires you to both eschew the use of forced labor and child labor and to avoid encouraging or abetting them. As part of your human rights due diligence, you should audit the products or materials you handle to make sure that no forced labor or child labor occurs in your procurement process.

- *1 "Menace of any penalty" can mean a menace of confinement, a menace of physical violence, a menace to harm family members, or withhold wages.
- *2 The ILO's Convention Concerning Minimum Age for Admission to Employment (No. 138) defines the minimum age as no less than the age of completion of compulsory schooling and, in any case, no less than 15 years (although an exception is provided for developing countries). In line with this convention, each country has specified in law a minimum age for admission to employment within its territory.

Practical examples

- Set internal rules regarding prevention and elimination of forced labor and child labor. Alternatively, publish a statement affirming that your company endorses the ILO's Core Labor Standards, or equivalent international norms, regarding these matters in a policy, etc.
- Never hold the original copy of an employee's personal ID, passport, or other official documentation.
- Do not constrain, to an unreasonable extent, employees' behavior outside of work hours.
- If any of your suppliers employ individuals under Technical Intern Training Program, audit these suppliers regularly to ascertain the terms of employment and working environment in which the interns work.
- To avoid child labor, check the candidate's official documentation to determine the person's age before hiring the person.
- When employing a young person under 18 years of age, safeguard each of those employees as appropriate in accordance with laws and regulations (for example, restrict their exposure to dangerous and harmful work and forbid them from working late night).

3-3. We will not engage in discrimination in labor conditions on the basis of race, nationality, creed, gender, sexual orientation, age, social status, origin, etc.

Explanation of the standard

“Discrimination in labor conditions” means disadvantaging an employee in terms of recruitment or hiring, redeployment or assignment of work, promotion or demotion, training, employee benefits, changes to job role or form of employment, encouragement to resign, mandatory retirement age, layoff, employment contract renewal, or other matters, on the grounds of the employee’s race, nationality, creed, gender, sexual orientation, age, social status, origin, or any other attribute that has no bearing upon the work or service the employee is required to perform. Such discrimination is banned internationally under one of the ILO’s Core Labor Standards: the elimination of discrimination in respect of employment and occupation.

This standard requires that you never discriminate in labor conditions on reasons that have no bearing upon the work or service the employee is required to perform.

Practical examples

- Set internal rules clarifying that you forbid all forms of discrimination in labor conditions. Alternatively, publish a statement affirming that your company endorses the ILO’s Core Labor Standard, or equivalent international norm, regarding this matter in a policy, etc.
- Provide HR staff and department managers involved in recruitment, reassignment, and performance appraisal with training for preventing all forms of discrimination in labor conditions.

3-4. We will comply with laws and regulations that apply to minimum wages, overtime pay, employee benefits, etc.

Explanation of the standard

Minimum wage

Complying with laws and regulations concerning minimum wage is necessary to ensure that employees enjoy the security of a living wage. Regarding minimum wage, because of the ILO’s Convention Concerning Minimum Wage Fixing, with Special Reference to Developing Countries (No. 131), an international labor standard, it has become internationally standard to establish a system whereby minimum wages can be fixed and adjusted from time to time; minimum wages specified in each country’s law must be obeyed. Japan’s Minimum Wage Act specifies regionally specific minimum wages.

Overtime pay

Unpaid overtime (known in Japanese English as “service overtime”) is a hotbed for long working hours and overwork, so companies should keep track of employees’ work hours, days off, and late-night work and ensure that overtime is compensated. It goes without saying that you must

compensate employees for the hours they work in excess of the working hours specified in your employment rules. Besides this, you must pay extra compensation to employees whose work hours exceed the mandatory limit specified by labor laws.

Employee benefits

A system of mandatory employee benefits (known as “legal welfare” in Japan) is crucial in ensuring a sound working environment and keeping employees working with peace of mind. Employers are required employers to provide employees with health insurance, welfare pension insurance, worker’s accident insurance, nursing care insurance, and child and childcare contributions.

This standard requires that you provide your employees with an adequate workplace in compliance with laws and regulations.

Practical examples

- Set internal rules clarifying the details about employees’ wages, overtime pay, and employee benefits, and make sure employees understand them.
- Check the minimum wage for your region and confirm that the wages you pay your employees are no less than this amount.
- Conduct an internal audit or other means to confirm that employees are being compensated properly (including for overtime).

3-5. We will not allow long working hours or overwork in violation of law.

Explanation of the standard

When employees work too long or too hard, they can become exhausted and damage their physical and mental health. Fatigue makes employees less productive in their work. It also increases the risk for occupational accidents and other dangers.

Japan’s Labor Standards Act specifies a limit on working hours, prohibiting work hours from exceeding this limit. It also requires employers to provide adequate rest times in proportion to working hours.

This standard requires that you never let your employees work in excess of the legal limit for their country or region and that you provide adequate rest times. It also requires that you manage your employees’ working time and rest time properly and provide employees with paid leave as required under the law applicable in their country to provide measures to prevent adverse health effects from overwork and care for employees’ mental health, etc.

Practical examples

- Set internal rules clarifying the details about employees’ working time and leave.

- Provide a system for precise and accurate monitoring of employees' work time (for example, equip your office with an access control system that automatically records work time, use a login/logout monitoring for work computers, or use a time card system).
- Use login/logout monitoring program for work computers to issue alerts when an employee has exceeded their weekly working time limit (the alerts should be issued to the employee in question and to his or her manager) or take similar actions to prevent employees from working too long or too hard.
- Provide HR staff and department managers involved in managing employees' working time with training for preventing employees working too long or too hard.
- Depending on the size of the company, make it a requirement that employees who have worked in excess of the specified working time limit must see an occupational physician.
- Continuously communicate to employees the importance of taking paid leave in order to cultivate a climate in which employees feel uninhibited about taking paid leave.

3-6. We will strive to create a physically and mentally safe and healthy working environment for employees.

Explanation of the standard

Employees constitute a vital type of capital for a company. Employees are more likely to stay physically and mentally healthy and fulfill their potential if the company creates a physically and mentally safe and healthy working environment.

ILO's Core Labor Standards ask for "a safe and healthy working environment". Japan's Industrial Safety and Health Act stipulates that employers have a duty to provide a physically and mentally safe and healthy working environment and to provide employee health screenings.

This standard requires that you create a physically and mentally safe and healthy working environment in compliance with laws and regulations related to occupational health and safety.

Practical examples

- Set internal rules clarifying that your organization provides a physically and mentally safe and healthy working environment. Alternatively, publish a statement affirming that your company endorses the ILO's Core Labor Standard, or an equivalent international norm, regarding this matter in a policy, etc.
- Appoint a health and safety supervisor in accordance with the Industrial Safety and Health Act.
- Adopt an occupational health and safety management system verified to standards such as ISO 45001, COHSMS, or OSHMS>(*1) or adopt your own health and safety management system.
- Use a risk assessment(*2) to guide your efforts to provide a healthy and safe working environment in your offices and construction sites.
- Alert employees to the dangers and hazards identified in your risk assessment and to your risk mitigation measures.

- Require all employees to attend health screenings and notify employees of the results of these screenings.

- *1 An occupational health and safety management system refers to voluntarily established system for integrating legislation on occupational safety and safety into business practices. This system uses a PDCA cycle to ensure that the legislation is integrated in a systematic manner, with continuous improvement.
- *2 A risk assessment involves a series of processes. First, you identify dangers and hazards in your offices or construction sites. You then evaluate the risk of occupational accidents and arrange these risks in order of priority. Finally, you develop and implement actions for mitigating the identified risks.

4. Fair Business Activities

4-1. We will not engage in bribery or other acts of corruption.

Explanation of the standard

It is unacceptable to bribe public officials or other, in the expectation of gaining an unfair business advantage. It is also unacceptable to give or receive hospitality or gifts in excess of what is considered sound business practice or what is broadly accepted, regardless of whether the other party represents a public-sector organization or private-sector organization. Such actions prevent the continuation of fair business activities, impede free competition, and betray the expectations and trust of consumers.

Combating bribery and other forms of corruption falls under one of the four areas of the UN Global Compact (these areas are human rights, labor, environment, and anti-corruption). Companies are therefore expected to make sustained efforts to prevent corruption.

Japan's Penal Code criminalizes the act of bribing public officials or other, in the expectation of gaining an unfair business advantage. Japan's Unfair Competition Prevention Act bans the bribing of foreign public officials or other. Japan's Political Funds Control Act imposes restrictions on political donations. Besides this, many companies, as part of their corporate governance, have set rules prohibiting the giving and receiving of hospitality and gifts in excess of what is considered sound business practice or what is broadly accepted, regardless of whether the other party represents a public-sector organization or private-sector organization.

This standard requires that you adopt specific measures to ensure that you never engage in bribery or other forms of corruption, and that you never encourage or abet such practices.

Practical examples

- Set internal rules clarifying that you forbid bribery and other forms of corruption.
- Develop structures and procedures for preventing bribery and other forms of corruption (for example, as part of your internal decision-making process, manage expenditure on hospitality and gifts for public officials).
- Provide employees with training for preventing bribery and other forms of corruption.

4-2. We will comply with antimonopoly law and subcontracting law, and will not engage in unfair or anticompetitive business.

Explanation of the standard

Companies compete with one another in developing and marketing innovative products and services to attract customers. Customers, for their part, choose the products and services that meet their needs in order to feel satisfied or to make a profit. Fair and free competition in such a market

fosters a sound market system. By contrast, when companies engage in, or when they participate or encourage unfair or anti-competitive business practices, they hinder the market system from operating effectively.

In Japan, legislation such as the Antimonopoly Act and The Subcontract Act prohibit private monopoly, unfair trade restrictions (such as engaging in cartels or bid-rigging), and illicit trading practices (such as dumping and abusing of a dominant bargaining position).

This standard requires that you adopt specific measures to prevent unfair or anti-competitive business.

Practical examples

- Set internal rules clarifying that you forbid unfair or anti-competitive business practices.
- Develop structures and procedures for preventing unfair or anti-competitive business practices (for example, involve your legal team in your internal decision-making process).
- Provide employees with training for preventing unfair or anti-competitive business practices.

4-3. We will take a firm stance against antisocial influences and will never respond to illegal demands.

Explanation of the standard

Organized crime groups or other, known in Japan as “antisocial influences” (or antisocial forces), threaten public safety and public order. They also impede the healthy development of commerce by engaging in activities such as extorting companies or employees of the targeted companies. If your company has any ties, direct or indirect, with antisocial forces, you might be deemed to be part of that antisocial force or to be complicit in their activities.

In Japan, local governments have established ordinances requiring civic and private organizations to affirm that they shun all ties with antisocial influences. At a national level, the Act on Prevention of Transfer of Criminal Proceeds stipulates the prevention of involvement in money laundering by companies dealing financial instruments or real estate, etc.

This standard requires that you adopt specific measures to shun all ties with antisocial influences.

Practical examples

- Set internal rules clarifying that you shun all ties with antisocial forces.
- Develop structures and procedures for shunning all ties with antisocial influences (for example, as part of your internal decision-making process, you should ensure that the party you will potentially trade with does not represent an antisocial influence).
- Include a clause in your contractual terms and contract templates for business activities stipulating the requirement to shun all ties with antisocial influences(*1).
- Provide employees with training for shunning all ties with antisocial influences.

- *1 Clause stipulating the requirement to shun all ties with antisocial influences. This means a clause whereby the counterparty affirms that it does not represent and has no ties with an antisocial influence, and whereby the contract may be canceled if the counterparty is found to have violated the clause.

4-4. We will not commit infringement of the intellectual property rights (patent rights, copyrights, design rights, etc.) or the trade secrets of third parties.

Explanation of the standard

Intellectual property rights (including patent rights, copyrights, and design rights) and trade secrets are rights or property belonging to the creator or acquirer. Using or acquiring them without the proper authorization would therefore constitute an infringement of the party's rights or property.

In Japan, intellectual property rights such as patent rights, copyrights, and design rights are protected by legislation such as the Patent Act, Copyright Act, and Design Act. Trade secrets are protected by legislation such as the Unfair Competition Prevention Act.

This standard requires that you adopt specific measures to avoid any action that infringes intellectual property rights or trade secrets of third parties.

Practical examples

- Set internal rules clarifying that you forbid any action that infringes intellectual property rights or trade secrets of third parties.
- Develop structures and procedures for preventing any action that infringes intellectual property rights or trade secrets of third parties (for example, as part of your internal decision-making process, confirm that the business activity in question would never infringe intellectual property rights, and create a department dedicated to managing risks related to intellectual property rights and trade secrets).
- Provide employees with training designed to prevent any action that infringes intellectual property rights or trade secrets of third parties.

4-5. We will comply with laws concerning personal information, will properly handle personal information, and will perform appropriate management to ensure that confidential information obtained in the course of business is not leaked outside the company.

Explanation of the standard

Customers' personal information and business partners' confidential information can provide valuable insights for guiding business activities. However, data breaches can violate the rights and interests of the customer or business partner in question; the individual or company might be

exposed to danger or sustain damage as a result of the breach. When customers provide their personal information, or when business partners provide their confidential information, they are trusting the company to adequately safeguard that information. A company that fails to do so will lose the trust of the customer or business partner.

In Japan, the use and handling of personal information is provided for in the Act on the Protection of Personal Information.

The standard requires that you adopt specific measures to safeguard personal information and confidential information obtained in the course of business and prevent data breaches in compliance with the Act on the Protection of Personal Information.

Practical examples

- Develop structures and procedures for preventing breaches of personal information and confidential information. For example, create a department dedicated to managing information security.
- Set internal rules clarifying the proper procedures for obtaining and handling personal information and confidential information.
- Develop structures and procedures for regularly monitoring whether personal information and confidential information is being obtained and handled properly (for example, include management of personal information and confidential information in the scope of internal audits).
- Provide employees with training to inform them of the Act on the Protection of Personal Information and ensure that they obtain and handle personal information and confidential information properly.

4-6. We will protect the confidentiality of information related to whistleblower reports, will protect the anonymity of whistleblowers, and will eliminate any retaliation against whistleblowers.

Explanation of the standard

Corporate misconduct (illegal acts, human rights violations, discrimination or harassment, bribery or other forms of corruption), as well as damaging the company's credibility, can also endanger customers and threaten their psychological security. To ensure that misconduct is detected early or prevent it from happening in the first place, companies should provide employees with a whistleblowing system through which they can report suspected misconduct to internal or external contacts. Companies should also ensure that employees feel uninhibited about using the system.

In Japan, the Whistleblower Protection Act requires companies employing at least 301 employees to provide an internal whistleblowing hotline, and companies employing fewer than 301 employees to pursue efforts to provide one.

This standard requires that you adopt specific measures for the prevention or early detection of legal violations and other misconduct, including providing an internal whistleblower hotline that

employees can use with the assurance that their anonymity will be safeguarded.

Practical examples

- Provide an internal whistleblowing hotline that employees can use to report suspected misconduct in the company or to raise concerns or seek advice and inform employees about the system.
- Set internal rules clarifying that the information employees share on the hotline will be treated in confidence, that whistleblowers' anonymity will be safeguarded, and there will never be retribution for whistleblowing.

5. Assurance and Improvement of Safety and Quality

5-1. We will establish appropriate quality control and quality assurance systems for the products and services that we provide to customers, will endeavor to ensure and improve quality, and will disclose accurate information without falsehood.

5-2. Putting the standpoint of customers first, we will respond with sincerity to requests and complaints regarding the products and services we provide.

Explanation of the standard

Companies should always strive to ensure the safety and quality of their products and services and to improve their quality standards, so that customers have the choice to choose a better product or service in confidence. Companies should also be able to communicate accurate information about their products and services when necessary, and handle customer inquiries and grievances sincerely. If companies neglect to do so, customers may lose confidence in the product or service in question or in the company itself, or even sustain unexpected damage.

Tokyo Tatemono Group strives to communicate accurate information about its products and services. To improve customer satisfaction, we have introduced procedures for incorporating customer feedback into our business activities and we continually strive to raise the bar on quality from a customer standpoint.

This standard requires you to adopt specific measures to maintain or improve quality standards, to ensure that the information you communicate is accurate (free of any false or inaccurate information), and to handle all customer inquiries and complaints sincerely.

Practical examples

- Adopt a quality management system verified to standards such as ISO 9001, or adopt your own quality management system.
- Provide a means by a customer contact system whereby customers can bring inquiries or complaints about a product or service.
- Regularly monitor customer evaluations of products and services and incorporate the findings into your business activities.
- Educate and train employees in maintaining and improving the safety and quality of products and services, in disclose accurate information, and in handling customer inquiries and complaints sincerely.

6. Environmental Considerations

6-1. We will promote energy conservation and will work to reduce emissions of greenhouse gases.

Explanation of the standard

Business activities are energy-intensive, and as such emit high levels of greenhouse gases. Greenhouse gases cause global warming. Global warming increases the frequency and intensity of abnormal weather, severely impacting people's lives and the business activities of companies. To combat global warming, companies must make sustained efforts to reduce their greenhouse gas emissions, such as saving energy and switching to renewable sources of energy.

International agreements have specified targets for reducing greenhouse gas emissions based on national and international commitments. These include the Paris Agreement adopted at the 2015 UN Climate Change Conference (COP21), (*1) the Glasgow Climate Pact adopted at the 2021 UN Climate Change Conference (COP26), (*2) and Japan's 2050 carbon neutrality pledge. (*3)

As with other industries, the real-estate industry also has a responsibility to reduce greenhouse gas emissions from its business activities. Tokyo Tatemono Group takes this responsibility seriously and prioritizes action to reduce its greenhouse gas emissions.

To reduce greenhouse gas emissions across our supply chain, we require you to adopt specific measures and make sustained efforts to save energy and reduce their greenhouse gas emissions.

- *1 The Paris Agreement adopted at the 2015 UN Climate Change Conference (COP21) is an international framework for combating climate change. The agreement committed to holding the increase in the global average temperature to well below 2° C above pre-industrial levels (the 2° C goal) and to pursuing efforts to limit the temperature increase to 1.5° C above pre-industrial levels.
- *2 The Glasgow Climate Pact is the final document adopted by at the 2021 UN Climate Change Conference (COP26). The agreement committed the parties to making additional efforts to limit temperature increase to 1.5° C.
- *3 In 2020, the Government of Japan announced its 2050 Carbon Neutral Goal, committing to achieve carbon neutrality (net-zero greenhouse gas emissions) by 2050. In 2021, the Government of Japan has also set a medium-term emissions target for the year ending March 2031. By that year, it aims to have reduced greenhouse gas emissions by 46% from the level in the year ended March 2014. The government subsequently committed to an even higher target of a 50% reduction.

Practical examples

- Adopt specific measures to reduce your greenhouse gas emissions (for example, equip your workplaces with energy-efficient equipment and switch to renewable energy sources).
- Regularly monitor greenhouse gas emissions from sources you own or control (Scopes 1 and

2).(*1)

- Regularly monitor greenhouse gas emissions from your supply chain (Scope 3).(*1)
- Set medium-term targets for reducing your greenhouse gas emissions from sources you own or control (Scopes 1 and 2).
- Set medium-term targets for reducing greenhouse gas emissions at all three scopes (i.e. from your supply chain as well as from sources you own or control).
- Commit to achieving net-zero emissions at all three scopes by 2050 (this will be your long-term target).
- As a means to minimize your negative environmental impact, adopt an environmental management system verified to standards such as ISO 14001 or adopt your own environmental management system and make continuous improvement through a PDCA cycle.

*1 Scope 1 emissions are greenhouse gas emissions generated by fuel consumption in assets you own or control. Scope 2 emissions are those generated by consuming purchased electricity, or heat at assets you own or control. Scope 3 emissions are those generated in assets that you do not own or control but that you indirectly affect.

6-2. We will promote the 3Rs (Reduce, Reuse, Recycle), will work to effectively use natural resources such as water and raw materials, and will strive to reduce, reuse, and recycle wastes.

Explanation of the standard

Resources used in business activities are limited and are exhaustible. Under a linear economy, one that is based on mass production, mass consumption, and mass disposal, such resources may eventually run out. It is therefore essential to transition from a linear economy to a circular economy, one that practices the 3Rs (Reduce, Reuse, Recycle) to reduce wasteful use of resources and ensure that the limited resources are used effectively.

Tokyo Tatemono Group places priority on integrating the 3Rs across the building lifecycle, from planning and design to construction, operation, management, and demolition, and on using water, materials, and other natural resources effectively.

We require you to integrate the 3Rs in your business activities—to reduce waste, reuse and recycle resources, and use natural resources effectively.

Practical examples

- Promote the 3Rs in your business activities (for example, consider the 3Rs as part of your criteria when purchasing products and developing your own products and services).
- Save water and use recycled water.
- Quantify the amount of waste you generate, the amount of waste you recycle, the amount of water you use, and the amount of water you recycle in business activities.

- Set quantitative targets for reducing waste generated by business activities and recycling waste.
- Set quantitative targets for reducing water used in business activities and using recycled water.

6-3. We will prevent atmospheric, water, soil, and other pollution, and will properly manage and treat chemical substances (including those contained in our products).

Explanation of the standard

When business activities pollute the air, water, or soil, or generate hazardous chemicals, they can endanger human health, living environments, and ecosystems. Under Japan's Basic Act on the Environment, the government sets environmental quality standards that should be satisfied in order to safeguard human health and living environments. Japan also has a range of legislation designed to prevent atmospheric, water, and soil pollution, and to limit the generation of hazardous chemicals and ensure that such chemicals are managed and treated properly.

Tokyo Tatemono Group recognizes the need to prevent atmospheric, water, and soil pollution, and to restrict the generation of, and ensure the proper management and treatment of, hazardous chemicals across the building lifecycle, from planning and design to construction, operation, management, and demolition.

We require you to adopt specific measures to prevent atmospheric, water, and soil pollution, to restrict the generation of hazardous chemicals, and to ensure that such chemicals are properly managed and treated.

Practical examples

- Set internal rules clarifying the need to prevent atmospheric, water, and soil pollution in your business activities.
- Identify contaminants that you may generate in your business activities, quantify the amounts that are generated, and restrict their generation.
- Set internal rules clarifying how to properly manage and treat hazardous chemicals (including chemicals in products).
- Identify all of the hazardous chemicals generated in your business activities (including chemicals in products), quantify the category-specific amounts, and restrict their generation.

6-4. We will work toward the conservation of biodiversity and the reduction of impact on ecosystems.

Explanation of the standard

Business activities can affect biodiversity and ecosystems. The impacts can occur around offices, plants, and the sites of development projects. They can also occur in the process of procuring

materials and transporting them. When biodiversity and ecosystems are lost, we can no longer enjoy the benefits they brought us (such as providing sources of food, materials, and fuel, regulating climate, and mitigating natural disasters).

Tokyo Tatemono Group's property development activities are closely interwoven with local ecosystems and habitats. As such, we place importance on monitoring the direct impacts around our offices, plants, and the sites of our development projects, monitoring the indirect impacts from procurement and transportation of materials, and taking the necessary action to protect biodiversity and reduce our impacts on ecosystems.

We require you to pursue efforts to avoid or mitigate the negative impacts of their business activities on biodiversity and ecosystems.

Practical examples

- Think about how you can contribute, through your business activities, to the protection of biodiversity and ecosystems, and then put your ideas into action.
- Evaluate the negative impacts of your business activities upon biodiversity and ecosystems and incorporate the findings into your business activities.
- Endorse or join initiatives for protecting biodiversity and ecosystems (such as the Declaration of Biodiversity by Keidanren and the Taskforce on Nature-related Financial Disclosures) and take action aligned with these initiatives.

6-5. In the procurement of raw materials, we will strive to eliminate those that are collected or produced through illegal means.

Explanation of the standard

When companies use raw materials that were made with forced or child labor or that were extracted or produced by illegal means, they are abetting human rights violations and may also be contributing to environmental destruction such as deforestation or depletion of other natural resources.

Tokyo Tatemono Group recognizes the importance of preventing human rights violation and of reducing negative environmental impacts. As such, we use materials that have been certified by a certifying body (for example, timber certified by the Forest Stewardship Council) and use recycled materials.

We want to prevent human rights violations in the procurement of raw materials and reduce negative environmental impacts right across our entire supply chain. To that end, we require you to avoid the use of raw materials extracted or produced by illegal means and to be conscious of traceability in your business activities.

Practical examples

- In your procurement activities, give preference to environmentally-friendly raw materials such as

materials that have been certified by a certifying body (for example, timber certified by the Forest Stewardship Council) and recycled materials.

- Ensure the traceability of the raw materials you use.
- Place a rule to include in your specifications and contract template stipulations on the non-use of raw materials that were extracted or produced by illegal means.

7. Co-existing with Local Communities

7-1. We will strive to build, maintain, and improve positive relationships with local communities.

7-2. We will work to fully understand and respect the cultures and customs of local communities, and will strive for coexistence and mutual prosperity with local communities.

Explanation of the standard

A company can only conduct business with the cooperation and understanding of communities affected by business activities, including those around offices, plants, and project sites. If companies want to contribute to local economic development and increase the value of a local community, they must communicate with local stakeholders in an effort to understand the community's cultural values and customs the needs specific to the area, and must conduct business in a way that is respectful toward the same.

Tokyo Tatemono Group, as a member of the local communities in which we operate, works with local residents, NPOs, public officials, and other stakeholders to contribute toward creating a prosperous community.

We require you to work toward mutual prosperity with local stakeholders by building mutual understanding and good relationship with local communities affected by your business activities and by adopting specific measures to aid local development and improve the value of the area.

Practical examples

- Evaluate how your business activities might be negatively affecting local communities (negative environmental impacts, noise, vibration, destruction or loss of scenic vistas, destruction of cultures and communities, increase in traffic, increase in crime) and take necessary action to address these impacts.
- In order to incorporate the feedback into your business activities, provide opportunities for dialogue with local communities, government administration, NPOs, NGOs, and research institutes, or provide a means for local communities to communicate their opinions or grievances to gather feedback from local communities.
- Conduct activities in collaboration with local communities or participate in community-led activities.

8. Formulation and Creation of BCP

8-1. In preparation for disasters and unforeseen circumstances, we will formulate a business continuity plan (BCP) and will work to create systems for its execution.

Explanation of the standard

Unforeseen emergencies such as natural hazards, mega-disasters, and terror attacks can severely affect a company's assets and labor force. Companies should prepare, in advance of any emergency, a business continuity plan (BCP) outlining emergency protocols and other actions to take when an emergency does occur in order to minimize damage to company assets and labor force and enable the continuity or early recovery of its core business operations. To ensure the BCP works effectively, companies should conduct regular emergency drills and continuously improve the BCP.

Tokyo Tatemono Group, as a real-estate company, provides services that are closely interwoven with the businesses and lives of numerous customers. As such, we have an important responsibility to build strong disaster readiness and disaster resilience across our supply chain.

This standard requires you to formulate a BCP and take measures to ensure business continuity in case of disaster or an unexpected emergency.

Practical examples

- Formulate a BCP in preparation for unexpected emergencies.
- Conduct regular drills based on your BCP.
- Evaluate your BCP based on drill performance and other factors and make improvements as necessary.

9. Collaboration in the Supply Chain

9-1. We will encourage our suppliers to understand and comply with the aims of these procurement standards, and will urge necessary improvements so that business activities are carried out in compliance with these procurement standards.

Explanation of the standard

In conducting their business, companies work with numerous business partners. Both the company and its business partners create socio-economic impacts through their business activities. Though the company might comply with its sustainable procurement standards, if any of its business partners fail to do so, activities of the company could be adversely affected. For example, business activities might be discontinued or suspended, or negatively affect the reputation of products or services.

Tokyo Tatemono Group recognizes the need to build a sustainable supply chain. We work to ensure sustainable procurement, especially in terms of complying with laws and regulations, respecting human rights, ensuring occupational health and safety, preventing corruption, and protecting the environment.

We want our sustainable procurement standards to be observed across our supply chain. To that end, we require you to communicate and engage with your own business partners so they understand and comply with the standards.

Practical examples

- Engage with your suppliers as necessary to ensure that they understand and comply with these standards.
- Identify issues in your suppliers' sustainability initiatives and, if necessary, take action to improve them.
- Applying the above initiative to your tier 2 suppliers and downstream.