

Mitsui Fudosan Group
Sustainable Procurement
Standards
Manual (Ver. 1)

Mitsui Fudosan Co., Ltd.

February 2022

Introduction

We would like to express our sincere appreciation for your continued support.

The Mitsui Fudosan Group recognizes its responsibility to fulfill social responsibilities at an even higher level as a corporate group that supports the infrastructure for daily life, including offices and housing. We believe that, to achieve this, we must work throughout the supply chain to promote sustainable procurement that addresses environmental, social and governance-related (ESG) issues. Therefore, in 2018 we formulated the Mitsui Fudosan Group Sustainable Procurement Standards to summarize the basic guidelines.

In order to promote initiatives throughout the supply chain in more active cooperation with our suppliers and contractors, we recently revised the Sustainable Procurement Standards in light of changes in social conditions. We prepared this document, the Mitsui Fudosan Group Sustainable Procurement Standards Manual, to help our suppliers and contractors better understand the contents of the standards.

This manual provides explanations and examples of specific initiatives that we hope our suppliers and contractors will take. We hope you will make use of its content in your efforts to address ESG issues and cooperate with the Group's sustainable procurement practices.

Mitsui Fudosan Co., Ltd.
February 2022

Items Covered by the Sustainable Procurement Standards

The Mitsui Fudosan Group Sustainable Procurement Standards cover the items shown in the following table. This manual provides an explanation for each of the following items.

Category	Item
1. Compliance with Laws and Regulations	
2. Respect for Human Rights in Business Activities	2.1 Prohibition of unjust discrimination and human rights violations in business activities
	2.2 Respect for the rights of socially vulnerable and minority groups
	2.3 Universal design
3. Respect for Human Rights Related to Labor	3.1 Freedom of association and right to collective bargaining
	3.2 Prohibition of forced labor
	3.3 Prohibition of child labor and consideration for young workers
	3.4 Prohibition of discrimination in employment
	3.5 Prohibition of abuse and harassment
	3.6 Adequate wages and allowances
	3.7 Appropriate working hours, holidays, and leave
4. Safe and Healthy Working Environment	4.1 Management of employee health
	4.2 Occupational health and safety
	4.3 Consideration for physically demanding work
	4.4 Safety measures for machinery and equipment
	4.5 Healthy, safe facilities
	4.6 Response in the event of occupational accidents or diseases
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5. Establishment of Business Ethics	5.1 Prevention of bribery and other forms of corruption
	5.2 Avoiding interactions with organized criminal groups
	5.3 Promotion of fair business activities
	5.4 Prohibition of abuse of dominant position
	5.5 Protection of intellectual property rights
	5.6 Appropriate disclosure of information
	5.7 Establishment of grievance mechanism and

	protection of whistleblowers
	5.8 Responsible procurement of raw materials
6. Ensuring Quality	6.1 Consideration for security, safety, and health in urban development
	6.2 Quality management and quality assurance
	6.3 Provision of accurate information on products and services
7. Consideration for the Environment	7.1 Addressing climate change
	7.2 Efficient use of resources and waste management and reduction
	7.3 Prevention of pollution and management of chemical substances
	7.4 Reduction of water usage
	7.5 Conservation of biodiversity
	7.6 Provision of environmentally friendly products and services
8. Information Security	8.1 Information security and cyber security
	8.2 Protection of personal information
9. Crisis Management and Business Continuity Plan	9.1 Crisis management
	9.2 Business continuity plan (BCP)
Request for Cooperation in Implementation of the Sustainable Procurement Standards	A. Establishment of management system
	B. Working with suppliers and subcontractors
	C. Cooperation with monitoring and corrective measures

Definition of Terms

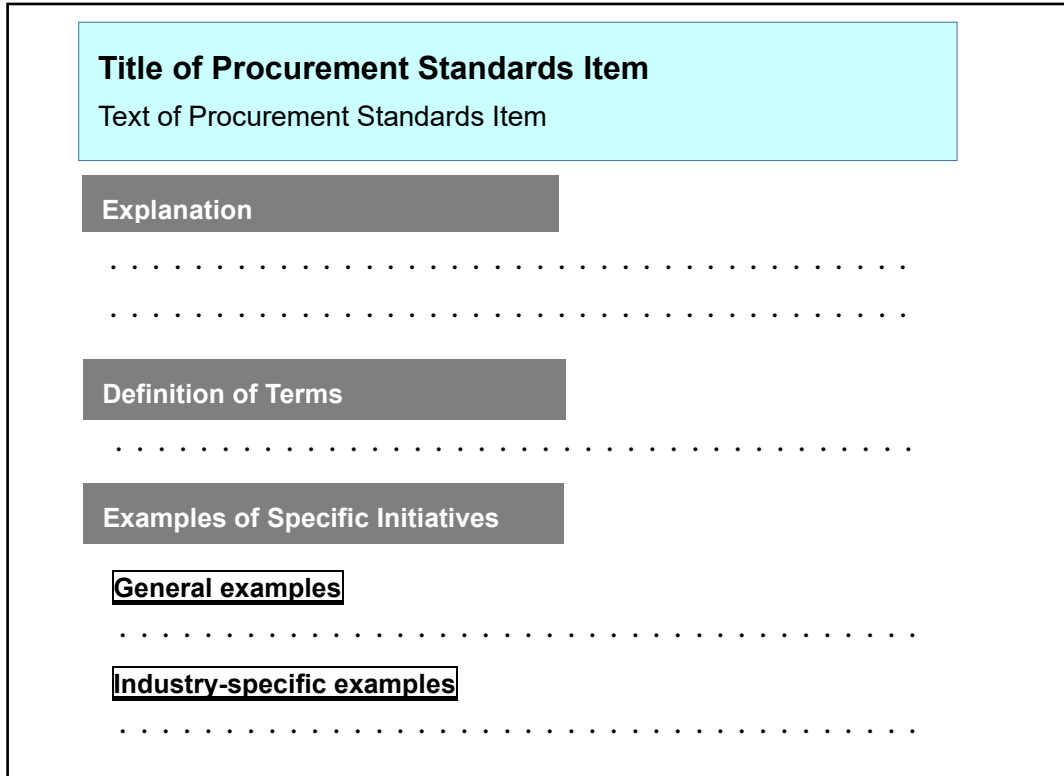
Definitions of the technical and other terms that appear in the items covered by the Mitsui Fudosan Group Sustainable Procurement Standards are provided in the “Definition of Terms” for each item, as necessary.

The two similar terms “employee” and “worker” appear throughout the text. They are used with the following definitions.

- **Employee** refers to a person who has an employment relationship with the company and is paid a salary and/or other compensation. (Includes contract employees, part-time employees, etc.)
- **Worker** refers to a person who works at the company’s business site, and not only includes employees but also temporary workers who do not have a direct employment relationship with the company.

Structure of This Manual

The manual is generally structured as shown below, for each item in the Procurement Standards.



With regard to "Examples of Specific Initiatives," in addition to general examples that apply to suppliers and contractors in all industries, the sections for some items include industry-specific examples, with headings such as "XX-related" (e.g., "construction-related"). Our suppliers and contractors include companies engaged in a wide range of different businesses, which can be classified by industry as shown below.

Industry classification	Examples of supplier business
Construction-related	Construction company, repair company
Facility management-related	Property management company, facilities company, security company, cleaning company
Distribution-related	Transportation company, logistics and cargo handling company
Sales and order-related	Sales agency
Brokerage-related	Brokerage company
Advertising-related	Advertising company, media company

1. Compliance with Laws and Regulations

Companies doing business with the Mitsui Fudosan Group (hereinafter, “companies”) shall not only comply with the applicable laws and regulations in their home countries and the countries and regions where they conduct business, but shall also respect internationally recognized standards of conduct.

Explanation

In recent years, various laws, regulations, and policies related to the environment, human rights, and bribery have been enacted and introduced in various countries. Companies need to understand and comply with these. Some laws and regulations apply not only to the home country, but also to countries outside the region. In addition, with the globalization of supply chains and markets, companies are required not only to comply with laws and regulations themselves, but also to ensure compliance throughout their supply chains, as well as to respect internationally recognized standards of conduct.

Definition of Terms

Internationally recognized standards of conduct refers to expectations of the behavior of a socially responsible organization, guided by principles, guidelines, declarations, and other standards set forth by international organizations such as the United Nations, as well as intergovernmental agreements (including treaties and conventions). For example, these include documents such as the Guiding Principles on Business and Human Rights and Sustainable Development Goals (SDGs) of the United Nations and the conventions and recommendations of the International Labour Organization (ILO).

Supply chain refers to the entire series of processes involved in the provision of products and services to the end user/consumer, as conducted by all the involved companies and suppliers with mutual business relationships.

2. Respect for Human Rights in Business Activities

In order to ensure the implementation of business activities with consideration for human rights, companies shall identify in advance the potential adverse impact of their business activities on the human rights of various people, including foreign populations and indigenous peoples, and take preventive measures and/or remediation measures, making reference to international human rights norms such as the Universal Declaration of Human Rights.

Explanation

Human rights refers to the inborn, inalienable rights of human beings to live happily and with dignity, regardless of race, gender, nationality, origin, beliefs, political opinions, and other differences.

Human rights are the sum of individual rights* that are protected by law (constitution, laws, etc.) and, in principle, cannot be ceded to others, nor can they be taken away by the state or others.

Companies have a responsibility to respect the human rights of all people involved in their business activities. To this end, they must identify the (potential) negative impact on human rights caused by their business activities as much as possible, and take measures to prevent human rights violations and remediate any found to occur.

* Individual rights include the rights to life, freedom of thought, and freedom of expression, the right to a fair trial, the right to pursue a life worthy of a human being, the right to work while being valued as a person, the right to education, and many other rights beyond those given as examples here.

Definition of Terms

The Universal Declaration of Human Rights is a declaration of the fundamental human rights to be guaranteed by all peoples and all nations, adopted by the United Nations General Assembly on December 10, 1948. The declaration forms the basis for subsequent human rights treaties concluded by the United Nations, and is of the most fundamental significance among global standards on human rights.

2.1 Prohibition of unjust discrimination and human rights violations in business activities

Companies shall not engage in acts of unjust discrimination or be complicit in it in their business activities. In addition, companies shall ensure that their business activities do not cause nor are complicit in human rights violations.

Explanation

Companies should take into consideration the human rights of all workers involved in their business regardless of their employment status (including contract employees, temporary employees, part-time employees, etc., as well as full-time employees). In addition, companies must respect the human rights of all people involved in their business activities, including employees of business partners, customers, consumers, and residents of the

communities where their business activities take place, and must prevent human rights violations.

In addition to preventing human rights violations through their own activities, companies must also ensure that they do not facilitate human rights violations by other organizations. In addition, companies must be vigilant throughout their supply chain to avoid ties with organizations that cause human rights violations, since they may be regarded as being “complicit in human rights violations.”

Definition of Terms

Complicity in human rights violations includes cases where the company itself does not cause human rights violations but facilitates or allows them, and cases where organizations with which it has business relations, or those related to the company’s business, products or services, cause human rights violations.

Examples of Specific Initiatives

General examples

- The company provides education and training on human rights to employees.
- The company has established a human rights consultation desk.
- When conducting business overseas, the company identifies the social situation regarding human rights violations in the country (e.g., forced labor using minority groups), and takes measures to avoid being involved in human rights violations.

Brokerage-related

- The company ensures internal awareness and education about not conducting surveys on whether land in transactions is in areas associated with a history of social discrimination.
- The company ensures internal awareness and education to prevent discrimination against the elderly, persons with disabilities, single-parent families, people from areas with a history of social discrimination, foreigners, patients with diseases, LGBTQ+ persons, and others.

Advertising-related

- The company ensures internal awareness and education so that expressions encouraging discrimination (e.g., expressions that promote fixed gender roles, etc.) are not used.

Facility management-related (security company)

- The company provides education and training so that facility security and security guards (security for shoplifting and bag stealing at commercial facilities) respect the human rights of suspicious persons and suspects.

2.2 Respect for the rights of socially vulnerable and minority groups

In the provision of products and services, companies shall ensure that the basic needs of socially vulnerable and minority groups are met.

Explanation

In general, people who are considered to be socially vulnerable or members of minority groups can often feel inconvenienced when using corporate products and services. In some cases, this may lead to a situation where the basic needs for living, such as food, clothing, housing, medical care, and education, are not met. Therefore, companies are expected to give consideration to the socially vulnerable and members of minority groups so that products and services can be used without any inconvenience.

Definition of Terms

Socially vulnerable refers to people who live in a disadvantaged position in society. This includes, but is not limited to, the elderly, persons with disabilities, children, women, LGBTQ+ persons, the unemployed, ethnic minorities, refugees and immigrants, the poor, people affected by HIV and other infectious and communicable diseases, people with limited access to transportation (people who have difficulty shopping), people who are vulnerable in disasters, and people with limited access to information.

Minority groups refers to individuals or members of groups who belong to a minority in society, in terms of race, ethnicity, religion, language, sexual orientation, gender identity, or other attributes.

Examples of Specific Initiatives

General examples

- In providing human rights education for employees, the company promotes understanding of respect for the rights of the socially vulnerable and members of minority groups.

Facility management-related

- To ensure that visitors with disabilities can use facilities and services without difficulty, the company provides in-house training on reasonable accommodations (e.g.,

wheelchair support, guidance for the visually impaired, support for people with assistance dogs, and communication according to the nature of the disability, etc.).

Sales and order-related, brokerage-related

- In real estate transactions with the elderly, the company makes sure that the person has the capacity to sign the contract, and takes care to ensure adequate communication, such as having relatives present or having more than one person in charge.

2.3 Universal design

In the provision of products and services, companies shall strive to offer universal design and services that are considerate of diverse situations, in order to ensure the convenience and comfort of all people.

Explanation

Companies are expected to design and provide products, services, living environments and mobility access that can be used by a diverse range of people regardless of differences in their age, gender, disability, culture, language, or other attributes (universal design).

Examples of Specific Initiatives

General examples

- The company strives to provide products and services that are easy for everyone to use, including the elderly, persons with disabilities, foreigners, etc.
- The company has internal guidelines for designing and providing products and services that are easy for everyone to use, including the elderly, persons with disabilities, foreigners, etc.

Construction-related

- The company promotes research and development and proposals for facilities and buildings that are easy for everyone to use, including the elderly, persons with disabilities, foreigners, etc.
- The company has internal guidelines for designing and providing facilities and buildings that are easy for everyone to use, including the elderly, persons with disabilities, foreigners, etc.

3. Respect for Human Rights Related to Labor

Companies shall respect the human rights of workers, in line with international human rights standards, including the core labor standards established by the International Labour Organization (ILO), while also complying with relevant laws and regulations.

Explanation

Companies must provide working conditions and working environments that take into account the human rights of workers. The term “worker” includes anyone who works in any form of employment or work, including full-time employees, temporary employees, migrant workers, students, contract employees, and temporary workers.

In addition to confirming and complying with applicable labor-related laws and regulations, companies are required to develop better systems for ensuring proper working conditions and work environments.

Definition of Terms

Core labor standards refers to the bare minimum standards for labor and consist of four areas, namely freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labor, the abolition of child labor, and the elimination of discrimination in respect of employment and occupation. These standards are set out by the International Labour Organization (ILO), a specialized agency of the United Nations concerned with labor issues.

3.1 Freedom of association and right to collective bargaining

In compliance with local laws and regulations, companies shall respect the rights of employees to organize and bargain collectively as a means of participating in labor-management negotiations on working environment and wage conditions.

Explanation

Companies must respect the right of employees to form or join a trade union of their choice in order to engage in dialogue on an equal footing with the company regarding their working environment and treatment. At the same time, the right of employees not to participate in such activities or to refrain from such activities must also be respected.

In addition, employees, or their representatives, shall be able to bargain collectively to communicate publicly with management regarding their views and concerns about working conditions and management practices without fear of discrimination, retaliation, intimidation, or harassment.

Examples of Specific Initiatives

General examples

- There are regular opportunities for labor unions representing a majority of employees in the workplace or persons representing a majority of employees to discuss working conditions with the company.
- The company obtains opinions from labor unions representing a majority of employees in the workplace or from persons representing a majority of employees when creating or changing employment rules or changing working conditions.
- In cases where employees are automatically enrolled in a labor union upon employment, the agreement of the workers is obtained in advance.
- The company has established committees or other bodies to discuss matters related to worker safety and health in the workplace with employees.

3.2 Prohibition of forced labor

Companies shall not use forced labor obtained through coercion, bondage, inhumane prison labor, slavery, human trafficking, or other such means. In addition, companies shall not force employees to work against their will and shall protect the right of employees to leave or terminate their employment of their own accord.

Explanation

In recent years, there have been many reports in the news of forced labor involving foreign workers, particularly migrant workers and technical intern trainees, an issue which requires attention.

Definition of Terms

Forced labor refers to involuntary labor a person is compelled to do by means of punishment and other threats. Examples of what can be considered forced labor include the following.

- Employment contracts not in the native language of migrant workers
- Employment/labor conditions not explained correctly or replaced during the employment process
- Having workers work in locations that are difficult to access or communicate with from the outside
- Penalizing workers for workplace complaints
- Demanding that workers pay a fine when terminating employment
- Delaying wage payments or forcibly storing or putting aside part of wages
- Workers having debt in order to pay off high recruitment fee

- Making workers work overtime in excess of what is allowed by the law or the labor-management agreement
- Restrictions on movement not based on a reason such as health and safety or information security
- Physical or psychological abuse such as violence, yelling, or sexual harassment
- Withholding of passports/ID cards by the employer

Bonded labor refers to labor that workers cannot voluntarily terminate. This includes debt bondage where workers are forced to incur debt in order to pay high recruitment fees and cannot leave until that debt is paid.

Inhumane prison labor refers to conditions in which prisoners are forced to work for a profit-making entity and not paid a fair wage.

Slavery (modern slavery) means exploitative practices including forced labor, human trafficking for sexual exploitation, and other situations, where vulnerable people are unfairly exploited under compulsory conditions.

Examples of Specific Initiatives

General examples

- The company explains conditions and procedures for employment and terminating employment to workers.
- If an employee requests to terminate their employment with the notice period specified by laws or regulations, the employee may terminate their employment voluntarily after the notice period.
- The company does not keep the originals of the worker's official ID, passport, work permit, etc.
- The company ensures that staffing agencies and employment agencies do not extort illegal commissions or deposits from prospective employees.
- The company does not restrict the free movement of workers outside of working hours.
- In cases where technical intern trainees are used, the company conducts fact-finding surveys on the employment conditions and working environment of the technical intern trainees.

Construction-related (prime contractor)

- The prime contractor confirms the following when technical intern trainees are accepted on site.

- Does the subcontractor (host company) have technical instructors on site at all times to provide support to trainees?
- Is the language ability of trainees adequate to ensure safety (understanding of signs, etc.)?
- Do trainees have the appropriate residence status?
- Is it within the approved timeframe for the training?
- Is the number of trainees at each subcontractor appropriate?

3.3 Prohibition of child labor and consideration for young workers

Companies shall not allow children under the minimum working age to work. In addition, companies shall not allow young workers under the age of 18 to engage in hazardous work that may jeopardize their health and safety, such as night shifts and overtime work.

Definition of Terms

Child labor refers to any kind of activity or work, which by its nature or the circumstances under which it is carried out, is harmful to the intellectual, physical, social and moral development of young people, and undermines their education or their sound development by making it impossible for them to attend school, forcing them to drop out of school, or requesting them to work and study at the same time.

Minimum working age: As a general rule, work is prohibited before a person reaches the age of 15. The age at which employment is allowed also differs according to the nature of the work. The minimum working age for hazardous work as well as night work, overtime, and holiday work must be 18.

For example, in the construction industry, where it is relatively common for people who just graduated from junior high school to be employed or work part-time as day laborers, care must be taken to ensure that people under the age of 18 do not engage in hazardous work.

Hazardous work refers to the following.

- Work which exposes children to physical, psychological or sexual abuse;
- Work underground, under water, at dangerous heights or in confined spaces;
- Work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
- Work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health;
- Work under particularly difficult conditions such as work for long hours or during the

night or work where the child is unreasonably confined to the premises of the employer.

(Source: Worst Forms of Child Labour Recommendation, 1999 (No. 190))

Examples of Specific Initiatives

General examples

- Children under the minimum working age are not allowed to work.
- Company policy and the statements of management clearly provide the company stance on prohibiting child labor.
- The company uses official documents to verify the age of employees when hiring them.
- Health, safety, and moral considerations are taken into account when employing young workers under the age of 18, and legally-mandated protections are in place (Restriction of hazardous work, prohibition of night work, etc.).

3.4 Prohibition of discrimination in employment

Companies shall not engage in any form of unfair discrimination, including unfair discriminatory treatments based on grounds such as race, nationality, ethnicity, skin color, age, gender, sexual orientation, gender identity, religion, beliefs, disability, marital status, pregnancy, political affiliation, or union membership, in any employment practice, including wages, promotion, compensation, and retirement.

Explanation

When hiring employees, decisions should be made based on their abilities and aptitudes, and there must be no attempt to keep an applicant out on the basis of unfair prejudice or to obtain information unrelated to the applicant's abilities.

In all employment practices, including wages, promotion, compensation, and retirement, there should be no unfair discrimination; all hiring decisions must be based on the applicant's abilities.

Supplementary explanation (1): Principle of equal wages for men and women

An employer shall not engage in discriminatory treatment of a woman as compared with a man with respect to wages by reason of the worker being a woman. This principle applies to all remuneration, directly or indirectly paid, in cash or in kind.

Supplementary explanation (2): Reasonable accommodation for persons with disabilities

Discrimination on the basis of disability is prohibited in all aspects of employment, including recruitment, hiring, wages, placement, promotion, and education and training.

In addition, in order for persons with disabilities to have the same employment opportunities and treatment as others, “reasonable accommodation” in the workplace is necessary at the time of recruitment and hiring, as well as after hiring, depending on individual circumstances. The details of reasonable accommodation need to be determined on a case-by-case basis through dialogue and consensus building with the person with disabilities.

Supplementary explanation (3): Consideration for LGBTQ+ persons

It is necessary to create a work environment in which everyone can work comfortably, including LGBTQ+ persons (people who identify with a diverse range of sexual orientations and gender identities). It is necessary to clarify corporate policies for achieving this, provide internal education, and develop a consultation system, as well as giving consideration to the people concerned during recruitment and hiring as well as after hiring.

Definition of Terms

Sexual orientation refers to that aspect of a person’s identity related to the gender or genders to which they are sexually attracted.

Gender identity refers to a person’s internal and personal perception of what their own gender is.

Examples of Specific Initiatives

General examples

- There are company policies and management statements on eliminating discrimination.
- The company’s internal mechanisms and procedures for eliminating discrimination are explained to all employees.
- There are mechanisms for employees to report acts of discrimination to the company when they discover them.
- Consideration is given to people with disabilities during recruitment and hiring, as well as after hiring, according to individual circumstances such as the nature of the disability.
- The company provides internal education and a consultation system in order to create a working environment in which LGBTQ+ persons can work comfortably.

3.5 Prohibition of abuse and harassment

Companies shall respect the human rights of workers and shall not subject workers to inhumane treatment, including psychological or physical abuse, coercion, harassment, or any other potentially inhumane acts.

Explanation

Inhumane treatment, such as harassment and verbal abuse, can become serious without being noticed by bystanders. In addition to formulating disciplinary policies and response procedures, it is necessary to have an internal reporting system (grievance mechanism) in place and operate it to identify the facts of any inhumane treatment, and to inform employees of the system.

Definition of Terms

Psychological abuse refers to causing mental or emotional harm through psychological violence to others by means, for example, of inhumane speech or harassment, neglect, or words that damage one's self-esteem.

Physical abuse refers to violence or work in harsh conditions.

Harassment refers to the act of making others feel uncomfortable due to pestering or bullying. Harassment can take various forms, but it refers to any words or behavior by a person that makes the other person feel uncomfortable, harms their dignity, disadvantages them, or threatens them, regardless of the intention. Sexual harassment, abuse of power, and maternity harassment, for example, are forms of harassment.

Examples of Specific Initiatives

General examples

- There are company policies and statements by management on prohibition of harassment.
- The company makes internal efforts to prevent harassment, including education for employees and management.
- All employees are informed of the company's internal mechanisms and procedures for prohibiting harassment.
- There are mechanisms for employees to report harassment to the company when they discover it.
- The company has established disciplinary procedures for harassment.

3.6 Adequate wages and allowances

Companies shall comply with all applicable laws and regulations regarding compensation paid to employees (including minimum wages, overtime pay, and legally mandated allowances and deductions) and social security.

Furthermore, companies shall strive to pay wages at a level that allows workers to support their basic needs (a living wage).

Explanation

Employers must pay employees wages at or above the minimum wage which is stipulated by wage-related law in the country where the company is operating. In addition to the legally-mandated minimum wage, it is also desirable that companies voluntarily consider a living wage estimated to be sufficient to maintain a decent standard of living.

Overtime pay (remuneration for overtime work) must be paid to employees at a rate higher than the regular hourly wage rate, in accordance with local laws and regulations. When remuneration is paid, it is also necessary to provide a pay slip containing information to confirm the payment details are appropriate.

Unlawful payroll deductions that violate labor-related laws and regulations are not allowed. For example, deducting the cost of uniforms, personal protective equipment required for work, and the cost of cleaning uniforms are unlawful payroll deductions. However, this does not include non-payment for time not worked due to tardiness or absenteeism.

Social security includes social insurance such as medical insurance and pensions, which are designed to address issues such as the livelihood insecurity and poverty of employees, and labor insurance such as employment insurance and worker's accident compensation insurance. Companies must pay the cost of insurance premiums and other expenses required for these social security programs appropriately in accordance with laws and regulations.

Examples of Specific Initiatives

General examples

- The method for calculating wages is stipulated, and the company has informed employees about it.
- The company has confirmed that actual wages are at or above the minimum wage stipulated by laws and regulations.
- The company has prepared a wages ledger and enters each wage payment without omission.
- The company distributes pay slips for wages to employees without fail.
- The company engages in appropriate withholding of taxes for social insurance and

other purposes.

3.7 Appropriate working hours, holidays, and leave

Companies shall not allow workers to work in excess of the maximum working hours set by local laws and regulations, shall appropriately manage working hours and days off in consideration of internationally recognized standards, and shall grant annual paid leave in compliance with local laws and regulations.

Explanation

Companies are required to assign work hours and grant leave and rest periods based on applicable laws and regulations. They should also consider internationally recognized standards. For example, the ILO Hours of Work (Industry) Convention, 1919 (No. 1) and Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) stipulate that weekly work hours should not exceed 48 hours, including overtime, except in emergency or unusual situations.

In contrast to these conventions, Japanese law allows for an upper limit exceeding 48 hours per week to be set by executing a labor-management agreement on overtime work pursuant to Article 36 of the Labor Standards Act (an “Article 36 agreement”). The Japanese government has not ratified the conventions as they do not match the said situation. However, Japan’s issues with long working hours and death due to overwork are attracting international attention and require attention.

Examples of Specific Initiatives

General examples

- The company manages employees’ working hours accurately (objectively).
- There is a system in place to manage working hours, including overtime hours, so that they do not exceed the legal limit or the working hours set by labor-management agreement.
- Employees have the right to annual paid leave, maternity leave, and childcare leave as stipulated by laws and regulations.
- The company provides rest periods as stipulated by laws and regulations.
- The company provides physical and mental health checks to protect the health of workers.

4. Safe and Healthy Working Environment

In addition to complying with the relevant laws and regulations, companies shall also pay due attention to domestic and international guidelines on worker safety and health, and make efforts to provide a safe and healthy working environment that minimizes work-related injuries and physical and mental illness.

Explanation

Ensuring a safe, healthy working environment minimizes work-related injury and illness and also leads to better quality of products and services, consistency of operation, worker retention, and morale. Moreover, it is essential for companies to solicit worker input and provide workers with training in order to identify and address safety and health issues in the workplace.

Referring to the ILO Guidelines on occupational safety and health management systems (ILO-OSH 2001) and recognized management systems such as ISO45001 and OSHMS may provide additional useful information.

4.1 Management of employee health

Companies shall provide appropriate health management for all employees.

Explanation

Appropriate health management refers to conducting health checks at least at the level stipulated by laws and regulations in an effort to prevent or facilitate early detection of worker illness. It is also necessary to adequately consider treatment such as mental healthcare and the prevention of health problems due to overwork. Companies are also required to make efforts to combat infectious diseases.

Examples of Specific Initiatives

General examples

- The company provides the health checks stipulated by laws and regulations, and informs the individual of the results.
- A system is in place to allow employees to consult with specialists regarding their physical or mental health as needed.
- Employees who work more than 80 hours of overtime per month are required to undergo an interview with an industrial physician, whether or not the employee requests it.
- The company prohibits smoking in all indoor areas of the workplace or completely separates indoor smoking by establishing a smoking room.
- The company has formulated an infection control manual to prepare for the spread of

emerging infectious diseases.

- There are systems in place that allow for flexible work styles (telecommuting, staggered working hours, shift work, etc.) as needed.

4.2 Occupational health and safety

Companies shall identify and assess risks to occupational safety and ensure safety through appropriate design, engineering and administrative controls.

Companies shall also identify and assess the risk of worker exposure to biological, chemical, and physical hazards in the workplace, and implement appropriate management.

Explanation

The ISO 45001 occupational safety and health management system standard and other standards are helpful in determining methods for identifying and assessing risks pertaining to occupational safety.

Definition of Terms

Risks pertaining to occupational safety refers to the potential risk of accidents and health problems that occur during work, due to factors such as electricity or other energy, fire, machinery, vehicles or moving objects, floors that are slippery or prone to cause tripping, falling objects, and work at height.

Proper design, engineering, and administrative controls typically include the following.

1. Elimination of risk factors or substitution with safer options
2. Engineering control (e.g., shutting down power source of machinery and equipment during maintenance [lock out])
3. Operative control (e.g., installation of signs that warn against restarting equipment while the power source is shut down [tag out])
4. Providing personal protective equipment (e.g., protective goggles, helmets, and gloves)

Biological, chemical, and physical hazards include substances that are poisonous, radioactive, or cause chronic illness (such as lead or asbestos). These substances may exist in smoke, steam, mist, or dust form. Noise and odors may be deemed hazardous to the human body if they are significant.

In order to manage risks pertaining to these hazards appropriately, it is necessary, for example, to establish and operate management standards for various substances, etc., and to provide personal protective equipment.

Examples of Specific Initiatives

General examples

- The company has appointed safety managers and health managers in accordance with laws and regulations.
- The company provides training for employees to prevent accidents and health problems.
- The company has prepared and implements plans and targets for managing employee safety and health.
- The company investigates risks and hazards in the workplace and implements the necessary measures (risk assessment).

Construction-related

- The company has implemented measures to prevent falls.
- The company has implemented measures to prevent electric shock from electrical equipment.
- The company has implemented measures to prevent health problems due to dust, organic solvents, asbestos, and vibration, etc.
- The company raises awareness of safety by displaying banners and posters.

Distribution-related

- The company has appointed work supervisors for cargo handling and transportation operations.
- The company formulates work plans for cargo handling and transportation operations.
- The company takes measures to prevent tipping over during work.
- The company has established managers and plans to prevent traffic-related occupational accidents.

4.3 Consideration for physically demanding work

Companies shall identify and evaluate physically demanding work and implement appropriate management to prevent occupational accidents and illnesses.

Definition of Terms

Physically demanding work includes heavy labor such as the manual handling of raw materials and manual transport of heavy objects, assembly work that causes physical exertion, long hours of repetitive or continuous work such as data entry, and long hours of work in an unnatural position.

Appropriate management includes providing working circumstances based on human engineering, regular breaks, providing supportive tools, and ensuring work sharing and cooperation among multiple workers. (It is also effective to consider maintaining a work environment that allows people to move around properly and efficiently, in order to reduce accidents and mistakes.)

Human engineering is a field of applied science concerned with designing things and environments so that people can use them most naturally and ergonomically. (This also includes the reduction of accidents and mistakes by maintaining work environments that allow people to move around correctly and efficiently.)

Examples of Specific Initiatives

General examples

- The company provides an appropriate working environment in the workplace and health counseling to prevent eye strain, back pain, stiff shoulders, and tendinitis caused by office work with information devices.

Construction-related

- Appropriate controls are in place to reduce physical strain and prevent accidents and disasters due to physically demanding work, such as handling heavy objects at construction sites.

Distribution-related

- Appropriate controls are in place to reduce physical strain and prevent accidents and disasters due to physically demanding work, such as long hours of vehicle operation and cargo handling.

4.4 Safety measures for machinery and equipment

Companies shall evaluate the machinery and equipment used by workers in their work for safety risks and implement appropriate safeguarding measures.

Explanation

Appropriate safety measures for machinery and equipment include, for example, the adoption of safety mechanisms called fail-safe, foolproof, and interlocks; the installation of safety devices and protective barriers; and the implementation of regular inspection and maintenance of machinery and equipment.

Definition of Terms

Failsafe refers to the concept of designing products, machines, and systems based on an assumption that failure or mishandling can happen and in such a way that problems due to such failure or mishandling do not lead to fatal accidents or damage. For example, this includes a mechanism where if a person accidentally enters an off-limits area, it is detected and the crane or heavy equipment is stopped.

Foolproof refers to the concept of designing a product, machine, or system based on an assumption that operators tend to make mistakes and so that such mistakes cannot occur. For example, this includes designing the shape of the levers of heavy machinery in such a way as to prevent operational errors even in emergency situations.

Interlock refers to the concept of a safety device or mechanism that prevents actions from being taken unless certain conditions are met.

Examples of Specific Initiatives

Construction-related

- The company has implemented appropriate safety measures for construction machinery, cranes, elevators, etc., at work sites to prevent accidents during use.

Distribution-related

- The company has implemented appropriate safety measures for cargo handling equipment (forklifts, cranes, etc.) to prevent accidents during use.

4.5 Healthy, safe facilities

Companies shall ensure that the facilities provided for workers' lives (dormitories, cafeterias, toilets, rest areas, etc.) support adequate health and safety.

In addition, dormitories shall have appropriate emergency exits for emergencies.

Examples of Specific Initiatives

General examples

- There is an adequate supply of water for workers to drink with safe water quality ensured by water supply facilities that comply with laws and regulations or by testing.
- The company implements hygiene management related to meals provided to workers, including medical checks for cooks, pest control, proper temperature control of food, and obtaining certification for cafeteria business.

- An adequate number of clean toilet facilities and toilet paper are provided for the number of workers.
- The company ensures fire prevention, emergency evacuation routes, safe storage facilities for personal belongings (provision of lockers with locks), adequate room size, ventilation, temperature control, and appropriate lighting in dormitories.

4.6 Response in the event of occupational accidents or diseases

Companies shall record and report occupational accidents and diseases, and take appropriate measures and corrective actions.

Explanation

Companies must record occupational accidents and diseases, provide the necessary medical treatment, investigate cases, identify and eliminate causes, implement corrective actions, including implementing preventive measures and reporting.

It is also necessary to take measures to promote the worker's return to work.

Examples of Specific Initiatives

General examples

- The company investigates the causes and implements countermeasures in the event of occupational accidents and diseases.
- The company takes measures to promote the worker's return to work.

4.7 Promotion of communication

Companies shall provide education and training on the appropriate health and safety information for the various occupational hazards that workers may be exposed to on the job, in the workers' native language or in a language and manners that workers can understand.

In addition, companies shall operate a system for workers to provide feedback on safety-related issues.

Examples of Specific Initiatives

General examples

- The company provides workers with information and education related to safety and health to prevent accidents and health problems in the workplace.
- Safety and health information is provided in a location that is easily visible for workers and in a language that workers understand.
- Safety and health education is provided at the time of hiring and at the time of changes

in work description, and special training is provided to managers.

- There is a system in place that allows workers to give their opinions and raise issues related to safety and health.

5. Establishment of Business Ethics

Companies shall conduct business activities based on high ethical standards in addition to compliance with the law.

Explanation

Companies must comply with the laws and regulations not only of Japan but also of all the countries where they engage in business. Furthermore, all employees must conduct business with the highest standards of integrity and obtain trust from all stakeholders, with senior management setting an example.

5.1 Prevention of bribery and other forms of corruption

Companies shall not engage in bribery, corruption, extortion, or embezzlement of any kind. In addition, companies shall not offer or condone promises, offers or permits as a means of obtaining bribes or other illicit or inappropriate benefits.

Explanation

1. Prohibition of bribery (of public officials, etc.)

Employees shall not provide, promise, offer, or permit provision of monetary or any other benefits or advantages to public officials, etc. (including employees of government-affiliated companies and international organizations) for the purpose of obtaining business benefits.

2. Prohibition of bribery (other than of public officials, etc.)

Employees shall not provide, promise, offer, or permit provision of monetary and other considerations to persons other than public officials, etc., in return for improper business conduct, for the purpose of obtaining business benefits.

3. Prohibition on accepting bribes

It goes without saying that employees must not themselves perform or cause a third party to perform any improper business conduct on behalf of another person, but must not demand or accept any money and other considerations in connection with such acts.

Supplementary explanation (1): Receipt of monetary and other considerations through a

third party

It is prohibited to give or receive monetary and other considerations, not only directly through the company, but also indirectly through a third party (such as an agent or a relative).

Supplementary explanation (2): Facilitation payments

In some countries and regions, public officials may require small payments that are not based on applicable laws and regulations for customs clearance, checkpoints, issuance or extension of entry or residence visas, water, sewerage, or telephone installation (“facilitation payments”). Such facilitation payments are also prohibited as bribery of public officials, etc.

Definition of Terms

Monetary and other considerations include the following.

- Money, coupons, gift certificates, private equity, loans, collateral, guarantees
- Gifts, food and drink, and invitations (e.g., to watch a sporting event, play, or travel)
- Donations, contributions, and sponsorship fees
- Gratuities, rebates, promotional expenses, discounts
- Opportunities for employment, education, medical care, etc.
- Sexual favors, etc.

Examples of Specific Initiatives

General examples

- The company has formulated a corporate policy prohibiting bribery and made it known to employees.
- The company provides employees with education and training on preventing bribery.
- The company has established internal regulations on preventing bribery and confirms compliance through internal audits.
- The company has a help desk and a system for receiving consultations and reports from employees on matters related to bribery.
- Accounting records for all transactions and asset disposals are prepared in a timely and accurate manner, and are retained for the period specified by internal rules.

5.2 Avoiding interactions with organized criminal groups

Companies shall avoid all interaction with organized criminal groups and other “antisocial forces” that threaten the order and safety of civil society.

Explanation

Companies must never engage in backroom dealings with organized criminal groups or concealment of facts because it increases the harm caused by them and can threaten corporate survival.

It is most dangerous when the officers and employees responding to the unreasonable demands of organized criminal groups are isolated. Consequently, it is necessary to assign personnel to a response desk so that more than one person can respond at all times, and to establish a company-wide system to address issues quickly and systematically.

Definition of Terms

Organized criminal groups refer to groups or individuals who pursue economic benefits through unreasonable demands using violence, force, or fraudulent methods. It is widely used to refer to criminal organizations and their collaborators, such as organized crime groups and their affiliated companies, *sokaiya* corporate extortionists, and gangs.

Examples of Specific Initiatives

General examples

- In addition to setting up a multi-person response desk, the company has appointed a person in charge of reporting to the police and other related authorities.
- The company has introduced organized criminal group exclusion clauses in contracts and terms and conditions of transactions.
- The company has established a manual on responding to organized criminal groups and made it known to employees.
- Contact staff participate in external seminars on dealing with organized criminal groups in order to maintain and improve their ability to respond.

5.3 Promotion of fair business activities

Companies shall promote fair business activities and refrain from acts that impede fair and free competition and acts of unfair competition.

Explanation

Acts that impede fair and free competition and acts of unfair competition are prohibited by laws and regulations from the perspective of consumers' interests in being able to choose better products and services, as well as fair business activities among businesses and the resulting sound development of the economy as a whole.

Definition of Terms

Acts that impede fair and free competition include cartels, for example. A cartel is an association of businesses or members of an industry association that come together to jointly control the price, sales and/or production volume, etc., of a product or service, when that would normally be decided by each business on its own initiative. It is strictly regulated in countries around the world.

In addition to cartels, unfair trade practices, such as unreasonably interfering with transactions between other companies in a competitive relationship and their counterparties, tie-in sales, and abuse of a dominant position, are also prohibited.

Acts of unfair competition include, for example, the use of trademarks or trade names that are identical or similar to those of other companies, the provision of products copied from those of other companies, and the acquisition or use of trade secrets by unfair means.

Examples of Specific Initiatives

General examples

- There are company policies and management statements regarding the prohibition of cartels and unfair trade practices.
- The company provides employees with education on the prohibition of cartels and unfair trade practices.
- The company has established internal manuals on the prohibition of cartels and unfair trade practices.
- The company has a help desk and a system for receiving consultations and reports from employees on matters related to cartels and unfair trade practices.

5.4 Prohibition of abuse of dominant position

Companies shall not use their dominant position to unilaterally determine transactions in their own favor or to the detriment of their business partners.

Explanation

When Company B is forced to accept a significantly unfavorable request from Company A because it would otherwise result in a major hindrance to its business management if business with Company A were to be discontinued, Company A has a dominant position over Company B.

Examples of acts that could constitute abuse of dominant position

- **Coercion to purchase or use:** Forcing the other party to purchase goods, etc., that

the other party does not need by suggesting that it will affect future transactions.

- **Requests for sponsorship money, etc.:** Requesting sponsorship money, etc., for an event that does not directly contribute to the other party's sales promotion, etc., and having the other party bear the cost.
- **Request for dispatch of employees, etc.:** Having employees dispatched to work that does not contribute to the interests of the other party without paying for the personnel costs
- **Request for provision of economic benefits:** Having the other party provide free goods and services, etc., that are not part of the original contract (different from the transaction in question).
- **Delay or reduction of payment:** Delaying or reducing payment for the convenience of the payer.
- **Refusal to accept:** Refusing to accept goods or services that have already been ordered, for the convenience of the receiver.

Examples of Specific Initiatives

General examples

- There are company policies and management statements regarding the prohibition of abuse of dominant position over business partners.
- The company provides education for employees on the prohibition of abuse of dominant position over business partners.

5.5 Protection of intellectual property rights

Companies shall respect intellectual property rights, and the transfer of technology and know-how shall be done in a way that protects intellectual property. Companies shall also protect the intellectual property of third parties, such as customers and business partners.

Definition of Terms

Intellectual property rights are rights defined by law, and include patent rights, utility model rights, design rights, trademark rights, and copyrights.

Intellectual property includes trade secrets and technical know-how in addition to intellectual property rights.

Examples of Specific Initiatives

General examples

- There are company policies and management statements regarding the protection of

intellectual property rights.

- The company conducts the necessary preliminary investigations to ensure that product planning and research and development do not infringe on the intellectual property rights of third parties.
- The company provides education for employees on respecting intellectual property rights.

5.6 Appropriate disclosure of information

Companies shall appropriately disclose their financial and non-financial information in accordance with applicable laws and regulations as well as social norms and guidelines of industry associations. Falsification of records or disclosure of false information shall not be tolerated.

Definition of Terms

Non-financial information includes management policy, company profile, details of business activities, employment status of employees, and organizational structure, etc. In recent years, there has also been an emphasis on information related to the Sustainable Development Goals (SDGs), environmental, social, and governance-related (ESG) initiatives, and risk perception.

Social norms can include referencing the GRI Guidelines or the International Integrated Reporting Framework (IIRC Framework), which are international guidelines for disclosure of ESG information, in the case of large companies.

On the other hand, for small and medium-sized companies, the situation differs from country to country and region to region. In the case of Japan, the Intellectual Asset-Based Management Manual for Small and Medium Enterprises published by the Ministry of Economy, Trade and Industry, for example, can be used as a reference.

Guidelines of industry associations differ from industry to industry in terms of whether they exist and how they are formulated. In the case of the construction industry, for example, the Japan Federation of Construction Contractors has published Environmental Information Disclosure Guidelines.

Examples of Specific Initiatives

General examples

- There is a system to check that the necessary disclosures and notifications have been made for information that is required to be disclosed or reported by laws and

regulations.

- Information that includes management policy, company profile, details of business activities, employment status of employees, and organizational structure is disclosed on the company website, etc.
- The company discloses information on the SDGs and ESG as well as information on the management of intellectual property.

5.7 Establishment of grievance mechanism and protection of whistleblowers

Companies shall operate a grievance mechanism to investigate and respond to problems and allow employees and other whistleblowers to report them. Companies shall also protect the confidentiality of information and the anonymity of whistleblowers, and shall not retaliate in any way against whistleblowers.

Explanation

A grievance mechanism is a method of allowing stakeholders to report problematic acts, such as violations of laws and regulations or acts that are contrary to the requirements of the Sustainable Procurement Standards, and to promote corrective action. Methods of reporting include, for example, a suggestion box, telephone, e-mail, or a hotline managed by an external organization.

It is important that complaints can be reported anonymously. Whistleblowers must not be treated disadvantageously in the processing of grievances.

Examples of Specific Initiatives

General examples

- The company has established a reporting system that can be used by employees and others.
- The reporting system is available not only to full-time employees but also to non-full-time employees (contract employees, temporary employees, part-time employees, etc.).
- When an internal hotline is established, care is taken to protect the confidentiality of whistleblowers such as by setting up a dedicated room and using a dedicated telephone line for receiving reports.
- Anonymous reports are also accepted.
- The company informs employees of the existence of the reporting system and provides them with education on how to use it.
- The content of reports received through the reporting system and the status of subsequent actions are reported to top management on a regular basis.

5.8 Responsible procurement of raw materials

For raw materials used in business activities, companies shall avoid those produced by unlawful means (including illegally logged timber and conflict minerals) and strive to utilize those produced with consideration for the environment and society, such as recycled timber and certified timber.

Explanation

Companies are required to verify consideration for the environment and human rights (society) at each stage of the production, extraction, and mining of raw materials, and to ensure traceability through the supply chain in processes through to the final product.

Responsible procurement of raw materials is important mainly for agricultural, forestry, fishery, and mineral products. There are already certification schemes for some items, and using these schemes can be considered an effective method.

Reference: Examples of Certification Schemes

Item	Certification scheme
Timber and paper	FSC Certification (Governing organization: Forest Stewardship Council) PEFC Certification (Governing organization: Programme for the Endorsement of Forest Certification Schemes)
Palm oil	RSPO Certification (Governing organization: Roundtable on Sustainable Palm Oil)
Minerals (smelters)	Responsible Minerals Assurance Process (RMAP) (Governing organization: Responsible Minerals Initiative (RMI))

Examples of Specific Initiatives

General examples

- With regard to procurement of raw materials, the company has a policy on switching to certified timber or Japan-produced timber produced with consideration given to the environment and human rights.
- The company investigates whether environmental problems or human rights violations are involved in the raw material supply chain.

6. Ensuring Quality

Companies shall ensure and strive to enhance the safety and quality of the products and services they provide.

Explanation

The safety and quality of products and services may have a profound impact on not only customers but a wide variety of stakeholders through the supply chain. Companies must work to continuously improve the safety and quality of their products and services, as well as communicate and provide accurate information about their products and services to their stakeholders. Referring to recognized management systems, such as ISO 9001, may provide useful additional information.

6.1 Consideration for security, safety, and health in urban development

In designing, manufacturing, and selling products, companies shall fulfill their responsibilities as suppliers by ensuring sufficient product safety, such as by meeting the safety standards stipulated by the laws and regulations of each country.

In addition, when providing services, companies shall strive to engage in business activities with consideration for the safety and health of the people who use the services and other related parties.

Explanation

Companies must establish policies, goals, organizational structures, systems, rules, and standards related to the safety of products and services, implement appropriate initiatives and educational and awareness raising activities, and strive for continuous improvement.

In the unlikely event of an accident, management must display leadership in developing, maintaining, and improving an effective system to prevent the spread of damage.

Companies must make efforts to communicate with customers and business partners regarding information related to the prevention of accidents and the prevention of the spread of damage.

Examples of Specific Initiatives

Construction-related

- The company has its own technical standards for seismic and other safety measures (e.g., fire safety) for buildings that are adequate to ensure safety.
- The company has established its own technical standards of an adequate level to avoid the use of building materials that are harmful to health (e.g., formaldehyde, etc.).
- The company has established its own technical standards of an adequate level for

building insulation.

Facility management-related

- The company trains professional technicians through its own system of education, training and qualifications related to facility management.

Distribution-related

- Under the leadership of top management, the company has established and is operating a management system for transportation safety (consisting of basic policies, goals, priority measures, plans, training, internal audits, etc.).

6.2 Quality management and quality assurance

Companies shall comply with all applicable laws and regulations, their own quality standards, and customer requirements regarding the quality of products and services. In addition, companies shall have a system in place to receive and appropriately handle customer complaints and grievances.

Explanation

Companies must provide customers with products and services of a certain level of quality in compliance with all laws and regulations, their own quality standards, and customer requirements, and must continuously improve quality to enhance customer satisfaction. There must also be systems in place to deal with any quality issues that may arise.

Definition of Terms

Quality control refers to efforts to meet quality requirements (including laws, regulations, standards, etc.), or in a broader sense, to the governance system with respect to quality.

Quality assurance refers to the planned and systematic activities needed to provide customers with a sense of confidence that quality requirements (including laws, regulations, standards, etc.) are being met, and constitutes a part of quality control in a broader sense.

Examples of Specific Initiatives

General examples

- Company policies, rules, and standards for quality have been established.
- The company provides education for employees on quality control and quality assurance.
- The company formulates and implements targets and action plans related to quality.

- The company conducts internal audits related to quality control and quality assurance.
- A system has been established to properly receive and handle complaints and grievances from customers.
- Information on customer complaints and grievances is shared with top management in a timely manner.

6.3 Provision of accurate information on products and services

Companies shall provide accurate and non-misleading information about products and services to customers and consumers. They shall not provide false or falsified information.

Explanation

Companies must provide accurate and non-misleading information at the appropriate time so that customers and consumers can select products and services based on rational judgement.

Supplementary explanation: Misrepresentation to consumers

In general, consumers are less informed about products and services than companies, so they are more likely to be disadvantaged by misrepresentation, and particular care is needed.

Definition of Terms

Accurate information refers to the following, for example.

- Accurate information about the content of products and services, such as specifications, quality, and performance, as well as accurate information about transaction terms and conditions, such as price and quantity, etc.
- Accurate information on the substances contained in the materials and components used in products, etc.

Misrepresentation refers to any discrepancy between the stated and actual content of a product or service, such as its specifications, quality, or performance, and its terms and conditions, such as its price or quantity.

Examples of Specific Initiatives

General examples

- The company conducts internal audits to detect fraud such as falsification of quality data.
- The company provides education and training for relevant employees on preventing

misrepresentation to general consumers.

Sales and order-related, brokerage-related

- The company has a system in which the details of transactions in actual sales activities are checked by an internal third party to prevent neglect of explanations and notices of important matters in real estate transactions.

7. Consideration for the Environment

Companies shall proactively address global environmental issues such as resource depletion, climate change, and environmental pollution, while also considering local environmental issues to ensure the health and safety of the people in the communities involved.

Explanation

The responsibility to consider the environment refers to the promotion of measures for minimizing negative impacts on local communities, the environment, and natural resources, with a priority on maintaining the health and safety of not only workers but all people in the relevant community. Referring to recognized management systems, such as ISO 14001, may provide useful additional information.

7.1 Addressing climate change

Companies shall work continuously to reduce their energy consumption and greenhouse gas emissions by striving to improve energy efficiency and introduce renewable energy.

Explanation

Improving energy efficiency involves minimizing energy consumption and the related scope 1, scope 2, and scope 3 emissions of greenhouse gases (GHGs). It is necessary for companies to identify and reduce not only their own emissions but also emissions throughout the supply chain, including emissions of other companies related to the company's activities.

Suppliers and contractors are requested to cooperate in achieving the following targets set by the Mitsui Fudosan Group.

	Item	Objective
Short-term	Energy consumption per base unit	Annual 1% reduction

goal	CO ₂ emissions (Energy-derived CO ₂ emissions by large offices designated to undertake measures with regards to global warming by a Tokyo Metropolitan Government ordinance)	Reductions in energy consumption exceeding those mandated under the Tokyo Metropolitan Environmental Security Ordinance (Plan 1: 8%, Plan 2: 17%, Plan 3: 27%)
Medium-term goal	Reduction of greenhouse gas (GHG) emissions	40% by fiscal 2030 (compared to fiscal 2019)
Long-term goal	Reduction of greenhouse gas (GHG) emissions	Net zero greenhouse gas emissions by fiscal 2050
	RE100 (Proportion of electric power used in business activities derived from renewable energy)	100% by fiscal 2050

Definition of Terms

Scope 1 refers to direct emissions of greenhouse gases by a company.

Scope 2 refers to indirect emissions of greenhouse gases related to the use of electricity, heat, or steam provided by another company.

Scope 3 refers to the greenhouse gas emissions of other companies related to a company's activities, which are indirect emissions other than scope 2.

Examples of Specific Initiatives

General examples

- The company has a management policy on reducing greenhouse gas emissions.
- The company records greenhouse gas emissions and energy use at its business sites.
- The company sets voluntary targets, formulates plans, and implements initiatives to reduce energy consumption and greenhouse gas emissions.
- The company promotes the use of renewable energy.

Construction-related

- The company promotes the development of original specifications for energy conservation and renewable energy in design.
- The company promotes energy conservation, use of renewable energy, and decarbonization in construction (including transportation of materials and equipment and use of heavy machinery, etc.)

- The company proposes and provides original energy-saving equipment (air conditioning, lighting, and power supply, etc.)

Facility management-related

- The company proposes energy-saving equipment on occasions such as updating of facilities.
- The company proposes introduction of renewable energy at facilities.

Distribution-related

- The company promotes the introduction of fuel-efficient vehicles.
- The company promotes appropriate driving of vehicles (eco-driving activities, a stop to idling, etc.)
- The company promotes efficient operation of vehicles (joint deliveries, use of return deliveries, improvement of loading ratio, route setting, etc.)

7.2 Efficient use of resources and waste management and reduction

Companies shall comply with laws and regulations and engage in appropriate waste management. They shall also pursue reduction, reuse, and recycling in order to ensure resources are efficiently used and minimize the generation of waste.

Explanation

Companies must manage waste separately by type and dispose of it in an appropriate manner in accordance with laws and regulations, even when disposing of substances not identified to be particularly hazardous.

Companies must also promote reduction, reuse, and recycling in order to make efficient use of limited resources and minimize the generation of waste.

Definition of Terms

Reduction refers to efforts to decrease the volume of resources used and waste generated when making products. It also includes providing highly durable products and establishing maintenance systems to extend product life.

Reuse refers to efforts to use products and their components, etc., again. It also includes providing products that facilitate this, developing repair and diagnostic technologies, and collecting and reclaiming used products.

Recycling refers to efforts to efficiently utilize waste, etc., as a raw material. It also includes product design that facilitates this, collecting used products, and developing recycling technologies and equipment.

Examples of Specific Initiatives

General examples

- There are company policies and management statements regarding the efficient utilization of resources and reduction of waste.
- The company records the annual volume of waste, the volume recycled, etc.
- The company sets concrete reduction targets and implements initiatives aimed at reducing waste.
- The company has established a system and keeps records to confirm that illegal dumping is prevented and ensure proper treatment when outsourcing the collection, transportation, and treatment of industrial waste to contractors.

Construction-related

- The company proposes and promotes original long-life designs and technologies for new buildings.
- The company promotes the renewal and extension of the service life of aging buildings (e.g., Refining Architecture).

Facility management-related

- The company promotes extension of the service life of facilities (durability, ease of replacement of parts, extensive maintenance services, etc.).

Distribution-related

- The company promotes the reuse of packaging and other materials used in logistics.

7.3 Prevention of pollution and management of chemical substances

Companies shall comply with relevant laws and regulations and implement appropriate measures to reduce the release of hazardous substances into the air, water, soil, etc.

In addition, companies shall manage hazardous chemical substances in order to ensure that they are identified, labeled, handled safely, transported, stored, used, recycled or reused, and disposed of in compliance with laws and regulations.

Explanation

In accordance with laws and regulations, companies must identify hazardous substances

generated in the course of business, and implement management and treatment to prevent and control their discharge into the air, water, soil, etc., as well as confirm and monitor that the methods and equipment used to do this function properly.

Companies must also manage chemical substances used in business appropriately in accordance with laws and regulations to prevent pollution or accidents, etc., and make efforts to reduce the volume of chemical substances used.

Examples of Specific Initiatives

General examples

- The company has a system for obtaining the latest information on the enactment and revision of laws and regulations regarding pollution prevention and chemical substance management and reflecting it in operations.
- The company has a system for confirming compliance with laws and regulations related to prevention of pollution and the management of chemical substances.

Construction-related

- The company ensures thorough measures to prevent spills and dispersal of hazardous chemical substances used at construction sites (e.g., paint).
- The company promotes reduction in the volume of hazardous chemicals used at construction sites and substitution with biodegradable products.
- In addition to periodic voluntary inspections of construction equipment, the company conducts inspections at the start of construction and at other times to prevent increases in noise, vibration, and gas emissions due to poor maintenance.
- When demolishing buildings, the company has a system in place to ensure that asbestos removal and anti-dispersal measures are implemented at the site.

Facility management-related

- The company is switching to environmentally friendly products for cleaning agents and waxes used in cleaning.

7.4 Reduction of water usage

Companies shall comply with laws and regulations, monitor the sources, uses, and discharge of the water used, and conserve water.

Explanation

Companies must comply with the laws and regulations of the country or region in which they operate regarding use of water, such as restrictions on groundwater extraction.

In order to reduce water consumption, it is important to tally the amount of water used for each water source that the company takes in, such as tap water, industrial water, groundwater, rivers, and seawater, as well as the amount of discharged water. Companies must also work to reduce the use of water in business and in the facilities (washrooms, toilets, etc.) that are provided for workers' daily lives.

Examples of Specific Initiatives

General examples

- The company tallies the amount of water used for each water source (tap water, industrial water, groundwater, etc.) on a monthly or other basis.
- The company encourages its employees to conserve water.

Construction-related

- The company has installed and uses equipment for reusing the water used at construction sites, etc. (water for spraying road surfaces, etc.) and for washing construction machinery, etc.
- The company makes use of rainwater through the installation of rainwater storage tanks and facilities for using rainwater.

Distribution-related

- The company has introduced equipment for washing vehicles that contributes to water conservation, such as high-pressure washers.

7.5 Conservation of biodiversity

In order to conserve the natural environment and ecosystems where diverse organisms live, companies shall work to reduce negative impacts of their business activities on them.

Explanation

Industrial and corporate activities, such as land development and the mass extraction and use of raw materials and other resources, have damaged the natural environment and ecosystems in which diverse organisms live, and the diversity thereof. Therefore, companies must make efforts to conserve the natural environment, ecosystems, and biodiversity as part of their corporate social responsibility

Definition of Terms

Biodiversity refers to the rich variety among living organisms on the earth. It also refers to the biosocial groups (ecosystems) in which these organisms are interrelated through food chains and other relations.

Examples of Specific Initiatives

Construction-related

- The company uses certified timber produced with consideration for the natural environment as the timber for construction formwork.
- The company has a system for identifying the impact and risks for the surrounding natural environment prior to construction and to implement appropriate countermeasures.
- The company takes measures to prevent impacts due to non-native species in landscaping and planting.

7.6 Provision of environmentally friendly products and services

Companies shall be proactive in providing environmentally friendly products and services. They shall also comply with all laws and regulations and customer requirements regarding chemical substances contained in products.

Explanation

Companies must strive to procure raw materials and materials used in products and services in an environmentally friendly manner (green procurement). It is also expected that companies will promote Life Cycle Assessment (LCA) and environmentally friendly design to reduce the environmental impact of products throughout their life cycle (from procurement of raw materials, manufacturing, and use to disposal and recycling.)

With regard to chemical substances contained in products, in addition to not including chemical substances prohibited by laws and regulations, etc., in products, companies must also comply with the required labeling obligations, conduct the required testing and evaluation, and provide information on controlled chemicals contained in products.

Definition of Terms

Life Cycle Assessment (LCA) refers to a method for quantitatively calculating the environmental impact of a product or service over its entire life cycle, from procurement of raw materials, production and distribution to disposal and recycling.

Examples of Specific Initiatives

General examples

- The company promotes environmentally friendly procurement (green procurement) of raw materials, equipment, materials, and supplies used in products and services.

Construction-related

- The company promotes Life Cycle Assessment (LCA) and environmentally friendly design to reduce environmental impact throughout the life cycle of buildings.

8. Information Security

Companies shall prevent leaks of confidential information and personal information and work to strengthen information security.

Explanation

With the development of a world driven by advanced information technology in recent years, information management is becoming more and more important. Problems with information management such as the leakage of confidential information and personal information can have a profound effect on various stakeholders across the supply chain, in addition to the company itself and its customers.

Referring to recognized management systems, such as ISO 27001, may provide useful additional information.

8.1 Information security and cyber security

Companies shall not only appropriately manage and protect their own confidential information but also the confidential information received from customers and third parties. In addition, they shall take defensive measures against cyber-attacks and other threats to prevent damage to themselves and others.

Explanation

Companies must manage their own confidential information and confidential information received from third parties, and must not improperly or unfairly obtain, use, disclose, or leak confidential information.

Therefore, it is necessary to establish and operate appropriate mechanisms and management systems, including the creation of norms and policies to be observed by employees as well as planning, implementation of measures, and auditing and review in accordance with these norms and policies. This includes the education and training of employees.

In particular, in recent years, there has been an increase in the number of issues caused by cyber-attacks, such as leaks and falsification of information, and information system shutdowns, and it has become important to take countermeasures against these problems.

Definition of Terms

Confidential information generally refers to information disclosed in written or other formats (including digital information recorded magnetically or optically) that is covered by some form of consent to be kept confidential, or information disclosed orally upon notice that it must be kept confidential.

Cyber-attack refers to the illegal invasion of a computer system or network by a malicious attacker who steals or destroys data or executes malicious programs. The devices targeted by attacks have expanded to various devices that make up industrial systems due to the development of the Internet of Things (IoT) as well as personal computers and servers.

Examples of Specific Initiatives

General examples

- The company always keeps the operating systems of PCs and other information equipment and software, including anti-virus software, up to date.
- The company uses appropriate access restrictions for important information.
- The company takes measures for the safe use of wireless LAN, including establishing appropriate methods of encryption.
- The company stores backups safely in case of loss of important information due to virus infection, malfunction or mishandling of PCs or servers.
- The company has implemented theft prevention measures such as locking and storing laptops and equipment when leaving the office.
- The company provides education on information security for employees and shares information on new methods of cyber-attack internally in a timely manner.
- The company stipulates confidentiality clauses in contracts with business partners that involve the transfer of important information.
- The company has established its information security measures as rules and indicated them clearly to employees.

8.2 Protection of personal information

Companies shall comply with all relevant laws and regulations and appropriately manage and protect the personal information of all business partners, customers, employees, and others.

Explanation

Companies must collect, store, modify, transfer, share, and otherwise process personal information to the extent necessary to achieve the specified purpose of use, and must not obtain, use, disclose, or leak personal information in an unauthorized or improper manner.

Therefore, it is necessary to establish and operate appropriate mechanisms and management systems, including the creation of norms and policies to be observed by employees as well as planning, implementation of measures, and auditing and review in accordance with these norms and policies. This includes the education and training of employees.

Definition of Terms

Personal information refers to information regarding a living individual, which contains information that can be used to identify that particular individual, such as name, date of birth, or information on other personal attributes.

Examples of Specific Initiatives

General examples

- The company has established corporate policy and internal regulations on the handling of personal information.
- The company provides education for employees on the handling of personal information.
- The company conducts surveys and audits to examine whether personal information is managed and stored appropriately.

9. Crisis Management and Business Continuity Plan

Companies shall take appropriate measures to ensure the safety of their employees and other stakeholders, and to resume business activities as soon as possible, in the event of a natural disaster or accident.

Explanation

The occurrence of large-scale natural disasters such as earthquakes and typhoons as well as terrorism, riots, infectious diseases, and accidents may harm stakeholders, particularly

employees, and assets, and may cause a major impact on business continuity. Companies must make appropriate preparations for such events to ensure that business activities can quickly resume.

9.1 Crisis management

In order to minimize the damage to workers and assets caused by natural disasters, accidents, and other emergencies, as well as indirect damage to related parties and the public resulting from such damage, Companies shall establish action procedures for emergency measures, install the necessary equipment, and provide education and training to enable employees to take such action in the event of a disaster.

Explanation

In the event of an unexpected or greater-than-expected emergency, such as a natural disaster, cyber-attack, reputational damage, employee misconduct, or an accident caused by operational error, it is necessary to decide in advance who will be the head of the task force and who will be in charge of execution, including who will act in their absence, so that prompt decisions can be made and instructions given.

It is also important to determine in advance the route (to whom) for reporting any problems that occur, the method for responding, and how to confirm the safety of employees.

In addition, companies must prepare manuals and conduct drills based on these manuals in preparation for an emergency.

Examples of Specific Initiatives

General examples

- The company has established an organizational structure (head of emergency headquarters, person in charge of execution, etc.) for emergencies in advance.
- The company has established the internal reporting route for emergencies.
- The company has formulated a checklist specifying tasks to be performed in the event of an actual emergency based on the nature of the anticipated emergency.
- The company conducts education and drills for employees in preparation for an emergency.
- The company regularly checks the safety of buildings (measures against aging, earthquake resistance, etc.), evacuation routes, firefighting equipment, emergency supplies and stockpiles in workplaces in preparation for an emergency.

9.2 Business continuity plan (BCP)

Companies shall identify and assess risk factors that could impede business continuity, and formulate a business continuity plan (BCP) that includes a close examination of the impact on business, the necessary medium- and long-term measures, and the status of initiatives.

Explanation

Business continuity risks include large-scale natural disasters (such as earthquakes, tsunamis, floods, heavy rainfall, heavy snowfall, and tornadoes) as well as subsequent power outages, water outages, and traffic obstructions; accidents (such as fires or explosions); the spread of infectious diseases such as pandemics; and terrorism or riots.

The required advance countermeasures should include a recovery strategy on how to protect, mitigate damage thereof, and recover individual elements of business activities from estimated damage. It is also important to secure alternative methods of recovery from damage when it is expected to be prolonged.

Companies must develop a manual for quickly recovering business according to a business continuity plan (BCP) when there is an actual shutdown of business, and provide continuous training to employees so that they are able to act in the event of an actual disaster.

In addition, it is necessary to consider cases that include those in which damage to a company's business partners may interfere with the company's own supply responsibilities.

Examples of Specific Initiatives

General examples

- The company has identified the core business that should be prioritized for continuity and recovery in an emergency.
- The company has defined the target time for the recovery of core business in an emergency.
- The company has discussed the core business and the target recovery time in advance with customers and other business partners.
- The company has prepared alternative measures for business sites, production facilities, and procurement of purchased goods, etc.
- The company has informed and educated employees about the content of the BCP.