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TOKYU FUDOSAN HOLDINGS GROUP
Recovery Support Project

Great East Japan Earthquake



For smiling faces all over Japan

Management Structure



To continue to be a corporate group trusted by society, the Tokyu Fudosan Holdings Group has been increasing the transparency and efficiency of Group management, while enhancing its corporate governance and compliance.

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Anti-Corruption

Policy

The Tokyu Fudosan Holdings Group recognizes that corruption and bribery are serious risks that could considerably damage the trust and credibility of a company. We are committed to maintaining sound relationships with stakeholders and will never engage in business entertainment or gift-giving that elicits suspicion or mistrust from society. Specifically, we will thoroughly implement the following.

- (1) We will never engage or be complicit in any and all forms of bribery, including money laundering, embezzlement, or obstruction of justice, etc.
- (2) In fully understanding laws and regulations about relationships with public offices and other similar persons in Japan or other countries, we will never engage in business entertainment or gift-giving that elicits suspicion or mistrust from society and we will never provide monetary or other benefits to gain illicit profits.
- (3) We will not provide or receive business entertainment or gifts from business partners or other parties that deviates from sound business practices or social norms.
- (4) We will not use our position or authority to demand personal benefits from our business partners or other parties.

In addition, a code of conduct is stipulated in the code of ethics for executive officers approved by the Board of Directors Meeting to counteract all corruption activities including bribery.

Tokyu Fudosan Holdings

Management Structure

Whistleblower System

The Group has established the Compliance Helpline, as an outlet for all employees to report any violation of laws, company rules, and the Code of Conduct directly to the General Manager of the Group Legal Affairs Department or an outside lawyer. The Tokyu Fudosan Holdings Group Compliance Manual defines the Group's conduct based on five themes: 1) Compliance with Laws and Regulations and Fair Trading; 2) Ensuring Customer-oriented Awareness; 3) Suitable Execution of Duties; 4) Proper Management of Information; and 5) Ensuring Good Faith in Business Conduct. Particularly, number 5, which reads ensuring good faith in business conduct, further defines specific behavior guidelines, including 1) reasonable business entertaining and gift-giving, 2) prevention of corruption and bribery, 3) entertaining and gift-giving involving politicians and civil servants, and 4) code of behavior for deemed civil servants, in order to counteract all forms of corruption and not just bribery. More details about the Compliance Helpline can be found in the Tokyu Fudosan Holdings Group Compliance Manual.

Thorough dissemination of information to employees

The Tokyu Fudosan Holdings Group Compliance Manual defines the Group's code of conduct based on five themes: 1) Compliance with Laws and Regulations and Fair Trading; 2) Ensuring Customer-oriented Awareness; 3) Suitable Execution of Duties; 4) Proper Management of Information, and 5) Ensuring Good Faith in Business Conduct. More specifically, theme 5. Ensuring Good Faith in Business Conduct has further defined behavior guidelines, including 1) reasonable business entertaining and gift-giving, 2) prevention of corruption and bribery, 3) entertaining and gift-giving involving politicians and civil servants, 4) code of behavior for deemed civil servants, in order to counteract all forms of corruption and not just bribery. Employees can review this code of conduct on the Intranet at anytime.

Every year, e-learning on compliance is conducted targeting all employees. The learning program features questions related to laws and code of conduct, as well as refreshes employees' understanding of the Tokyu Fudosan Holdings Group Compliance Manual and Whistleblower System. Questions on elements of anti-

corruption, including bribery, are posed to promote well-spread recognition and understanding, as well as to encourage active communication between all employees.

Tokyu Fudosan Holdings

Practice and Implementation

Compliance training

The Group conducts various compliance seminars targeting employees on a regular basis. Until now, we have worked on socially demanding themes such as "insider trading regulation", "power harassment / sexual harassment prevention measures", "fraudulent accounting prevention". We have made an effort to hold timely and appropriate such as inviting external lawyers to lecturers. We held a seminar entitled "Points to Self-Check/Review of Internal Reporting System" for persons in charge of receiving internal reporting, and also held seminars on "harassment elimination in the workplace" and "Risks in using social media" for all employees in FY2019. In October, we held a "Compliance Management" seminar for executives of Group companies. In addition, about 20,000 employees were provided e-learning training every year with the goal of 100% attendance, and twice in FY2019.

Tokyu Fudosan Holdings

Political contribution

We are in compliance with the Political Funds Control Act or the Public Officers Election Act. We do not donate to individual politicians. When making donations to political parties or political funding organizations or purchasing political funding party tickets, we do it legally.

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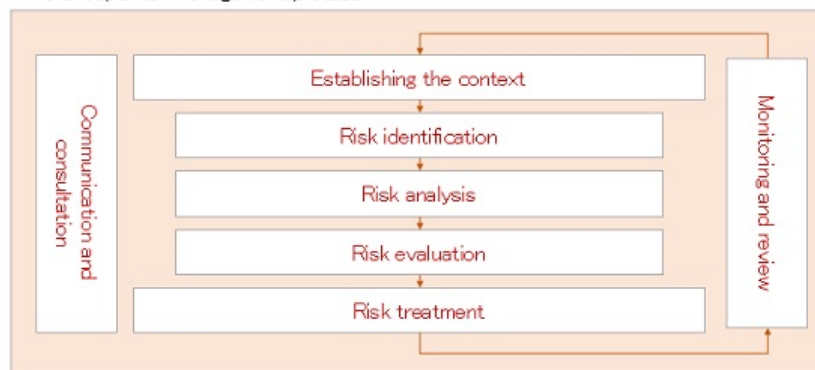
For smiling faces all over Japan

Risk Management

Policy

Tokyu Fudosan Holdings Corporation prepares and operates a risk management system based on the "Risk Management Basic Rules". This risk management system refers to ISO 31000 which is a representative risk management framework.

The Group's risk management process



The Company recognizes all internal and external factors that adversely affect its management, such as financial loss, loss of brand image, discontinuance or suspension of business continuity, as a risk. In order to comprehensively manage them, we are grasping the serious risks of the whole company and implementing countermeasures systematically and on a scheduled basis according to priority. In addition, each group company evaluates and analyzes the risk and manages it.

Management risks, business process risks and other risks that seriously affect management (such as crisis management response) are managed as "Major Risks". They are managed in the following individual risk unit.

《Major Risks》

- ① Investment risk
- ② Financial capital risk
- ③ Personnel labor risk
- ④ Legal compliance risk
- ⑤ IT strategy risk
- ⑥ Information leakage risk
- ⑦ Crisis management response

ESG risk is managed as a sub category of "major risks".

《Example of ESG risk》

- Climate change
- Biodiversity conservation
- Environmental pollution
- Waste reduction and appropriate treatment
- Resource utilization
- Water resources conservation
- Human rights protection
- Prevention of child labor
- Contribution to the community and society
- Employee health and safety
- Employee human rights
- Corruption, Bribery
- Corporate governance, etc

Risks that have a greater impact on business performance and financial status

- ① Investment risk
- ② Financial capital risk
- ③ Personnel labor risk
- ④ Climate change risk

<https://www.tokyu-fudosan-hd.co.jp/english/ir/mgtpolicy/risk/>

Management Structure

Risk Management System

The corporate Auditors audit the execution of risk management by the President and Representative Director, who is the head of risk management, based on the "Risk Management Basic Rules", and the Internal Audit Department of the Group audits risk management systems and risk management operations at each group company.

The Board of Directors has established the "Compliance Regulations" as guidelines for actions of executives and employees, and we supervise corporate activities in good faith and fairness and ensure the soundness of management based on self-discipline.



Risk management is managed through the Group Management Committee and the Board of Directors and The Risk Management Committee manages the risk management carried out by each group company in a comprehensive manner. We have established departments responsible for individual risk, and that department grasps, evaluates and analyzes the risk management structure and management situation of the group.



Dealing with serious ESG events and incidents

a) Scenario planning or stress test

- Selection of important risk (creation of risk map) or review and formulate measures (practical plan)
 - Investment · Financial Capital Risk Management (Business Risk Management)
 - Understanding total risks (Calculation of VaR value),
 - Market forecast (KRI setting, monitoring),
 - Individual investment management (Report progress on large-scale investment projects to the Group Management Council, Board of Directors)
- ⇒ The Risk Management Committee summarizes in the fiscal year and reports to the Board of Directors.

b) Response plan and emergency procedure

- In accordance with the role in the report route at the time of the crisis, appropriate crisis management is carried out based on the emergency response basic manual.

Tokyu Fudosan Holdings

Regular rotation and re-involvement of audit partners

Accordance with the regulations of the audit firm based on the Certified Public Accountant Act, etc., has been operating as follows.

- Audit partners cannot be involved in the auditing business of the Company for more than seven accounting periods, and the Senior audit partners for more than five accounting periods.
- Audit partners cannot be involved in the auditing business of the Company again for five accounting periods after the replacement, and the Senior audit partners again after the replacement.

Tokyu Fudosan Holdings

Reserve Fund for Legal Violations and Litigation

At the end of every fiscal year, Tokyu Fudosan Holdings estimates the amounts of penalties or legal settlements that are likely to occur in the future due to events from the current and previous fiscal years (if the loss of a court case is expected) and sets aside a reserve fund. We determine whether to disclose this amount or not (including in notes to financial statements) on a case by case basis in light of the materiality of the amount on the consolidated balance sheet. Over the previous three years, there have been no disclosures with regards to legal settlements or other matters. Future plans for disclosure are as follows.

- Disclosures as of December 31, 2019: None
- Disclosures until December 31, 2020: None planned

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Information Security

Policy

The Tokyu Fudosan Holdings Group formulated the "Information Management Basic Provisions" to ensure the appropriate treatment of information in its business operations. Based on the provisions, the company is fostering information sharing to increase business efficiency, preventing the leakage of secrets, and disclosing information in an appropriate manner. As for electronic information, the company has set the rules to be obeyed by directors and employees based on the "basic policy on information security", including the rules on the monitoring of employees' access to information by information managers and on the use of computer terminals.

Tokyu Fudosan Holdings

Management Structure, Practice and Implementation

Protection of personal information

Each Group company develops policies, regulations, and manuals concerning the protection of personal information to ensure compliance with the related laws and regulations. Training is also conducted with employees to increase their awareness of handling personal information.

Moreover, when outsourcing the handling of personal information, outsourcing partners are selected with due care and their treatment of information is monitored appropriately to ensure information security.

Tokyu Community Corporation, Tokyu Livable, Inc., and EWEL, Inc. have obtained approval to use the Privacy Mark, which provides a proof that these companies are safely managing and appropriately protecting personal information.

Tokyu Fudosan Holdings, TOKYU COMMUNITY CORP., TOKYU LIVABLE, INC., EWEL, Inc.