



SUSTAINABILITY

Governance

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.

Corporate Governance



Anti-Corruption / Compliance



Risk Management



Information Security



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Corporate Governance

Anti-Corruption / Compliance

Risk Management

Information Security

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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.

Management Structure

Board audit on corporate ethics (corruption, money laundering, etc.)

Tokyu Fudosan Holdings regularly conducts anti-corruption audits on all businesses. We audit annually on compliance with anti-corruption code of conduct such as corruption and money laundering, and report the results to the Board of Directors.

Goals, Initiatives, and Achievements

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 Internal Reporting Desk or an outside lawyer.

The Tokyu Fudosan Holdings Group Compliance Manual defines the Group's conduct based on four themes: 1) Fulfilling Our Promises to Society; 2) Creating a Sound Work Environment; 3) Doing Business with Integrity; and 4) Safeguarding Company Assets.

Particularly, number 3, which reads Doing Business with Integrity, further defines specific behavior guidelines, including Moderation in Entertainment and Gifts, Prevention of Corruption and Bribery, Entertainment and Gifts for Politicians and Public Officials, and Acting as a deemed public officials, 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 four themes: 1) Fulfilling Our Promises to Society; 2) Creating a Sound Work Environment; 3) Doing Business with Integrity; and 4) Safeguarding Company Assets.

More specifically, theme 3. Doing Business with Integrity has further defined behavior guidelines, including Moderation in Entertainment and Gifts, Prevention of Corruption and Bribery, Entertainment and Gifts for Politicians and Public Officials, and Acting as a deemed public officials, in order to counteract all forms of corruption and not just bribery. Employees can review this code of conduct on the Intranet at anytime.

As part of our compliance training, e-learning on compliance is conducted targeting all employees every year. 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 and corruption, are posed to promote well-spread recognition and understanding, as well as to encourage active communication between all employees.

In addition, we regularly hold compliance seminars for our employees. The seminars are held in a timely and appropriate manner, covering themes that are highly demanded by society and inviting outside attorneys as lecturers.

Corruption risk assessment in business Covering anti-corruption comprehensively

Before starting any business, Tokyu Land Corporation always conducts corruption risk investigations on new business partners, intermediaries, and other parties. We comprehensively assess risks for corruption, bribery, embezzlement, fraud, labor violations, crimes, abuse/slavery, tax evasion, money laundering, extortion, human rights violations, etc., and work to prevent corruption. If the risk is judged to be particularly high, we will check the investigation results in detail and conduct additional investigations as necessary to reconsider and manage the situation.

Total amount of political contributions made

Tokyu Fudosan Holdings does not make donations to political activities as stipulated in Article 4, Paragraph 4 of the Political Funds Control Act. Please see below for past performance.

ESG data : Amount of political contributions —→

Employee Discipline, Dismissal, and Fines/Penalties Resulting due to non-compliance with anti-corruption policy/policies

ESG Data : Compliance —→

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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》

- ①Investment risk ②Financial capital risk ③Personnel labor risk ④Legal compliance risk
- ⑤IT strategy risk ⑥Digital strategy risk ⑦Information security risk ⑧Crisis 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

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

Management Structure

Risk Management System

In our group, 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. Corruption and bribery are centrally managed within the risk management system, regardless of the level of risk. Especially for high-risk businesses, 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. The results of the Risk Management Committee are reported to the Board of Directors and the risk management process is reviewed as necessary.



Goals, Initiatives, and Achievements

Dealing with serious ESG events and incidents

In our group, we address significant ESG events or incidents as follows:

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.

Corruption risk assessment in the business

Before commencing any business, Tokyu Land Corporation always conducts a corruption risk survey of its business partners, brokers, and other counterparties. We comprehensively assess risks related to corruption, bribery, embezzlement, fraud, labor violations, crime, abuse and slavery, tax evasion, money laundering, extortion, and human rights violations, and work to prevent corruption. In cases where we determine that there is a particularly high risk, we review the results of the investigation in detail and, if necessary, conduct additional investigations to reconsider and manage the situation.

Regular rotation and re-involvement of audit partners

At Tokyu Fudosan Holdings, 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.

Reporting Contact for External Stakeholders

Our Group have established a point of contact to receive comments and suggestions not only from our employees, but also from our customers and other external stakeholders. All reports and other information received will be kept confidential.

Reviews compliance with its Code of Conduct/Code of Ethics and identifies any non-compliance

In the event of a violation of laws, regulations, or internal rules, our group will investigate and respond to the violation in accordance with the Compliance Rules, including the parties involved, the history of the facts, the nature and details of the violation, the amount of damages, and the impact on interested parties, as well as report to the relevant government agencies, formulate measures to prevent recurrence, and take disciplinary action.

Reserve Fund for Legal Violations and Litigation

At the end of every fiscal year, our group estimates the amounts of penalties for ESG issues or legal settlements that are likely to occur in the future due to events (including corruption and bribery) 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.

ESG data : Provision for litigation 