

Governance

Compliance

Policy and Concept

The Tokyo Tatemono Group defines compliance as complying not only with laws and regulations, but also with social norms and corporate ethics. This approach builds a long-lasting relationship of trust with society and allows us to continue sound corporate activities. We believe companies must respond sincerely to the needs of people in our surrounding environment, including our customers, local communities, employees, shareholders and investors, and business partners. In June 2009, the Group established a shared Compliance Charter for group companies. This charter is our pledge to society to promote corporate activities that are committed to unwavering compliance.

>> Compliance Charter

As we engage in corporate activities, we observe the Compliance Charter below:

- We adhere to laws, regulations, and other rules and engage in fair, sound corporate activities.
- We act faithfully by thinking from the customers' standpoint.
- We contribute to making society better through corporate activities.
- We respect the personalities and values of each other and maintain a comfortable working environment.

Established June 2009

System

The Tokyo Tatemono Group established an Internal Control Committee as part of our system to promote compliance. This committee discusses internal management risks, including group compliance, fraud, and anti-corruption, overseeing group

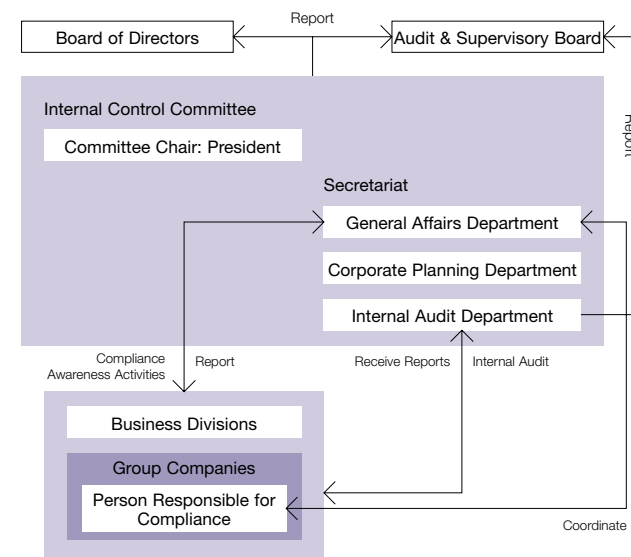
compliance activities.

The Tokyo Tatemono General Affairs Department supports and guides the compliance-related operations of group companies. This Department also aims to improve compliance functions throughout the Group through collaboration between and among group companies.

Responding to Compliance Violations

In the event that a matter is discovered that may be deemed to pose a compliance problem, the matter is reported to the Chairman of the Internal Control Committee and other relevant parties. An investigation team is set up to investigate the facts

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and promptly take the necessary measures to rectify the matter and prevent recurrence.

[\(Data\) Compliance Indicators and Results P.73](#)

■ Provisions for Violations of Laws and Regulations, Lawsuits, etc.

An amount is estimated at the end of the fiscal year for fines and settlements that are likely to arise from events that occurred prior to the current fiscal year, and provisions are made accordingly. No significant provisions were made at the end of fiscal 2020.

Formulation of a Compliance Manual

The Tokyo Tatemono Group created the Compliance Codes of Conduct and the Tokyo Tatemono Group Compliance Manual to ensure we put our Compliance Charter into practice.

We distribute the Compliance Manual to all employees engaged in work at group companies. In addition to the Compliance Charter, this document contains 15 standards of conduct, including the Compliance Action Guidelines, the Group Environmental Policy, and the Group Anti-Bribery Policy.

We distribute the Compliance Manual to all employees engaged in work at group companies. We may also post the manual in certain locations on an office-by-office basis.

Tokyo Tatemono has posted a collection of cases that are useful as references for the Compliance Manual



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on our corporate intranet, categorized by code of conduct. We strive to prevent corruption, bribery, and to prohibit discrimination by sharing case studies related to bribery and LGBT issues.

>> Compliance Codes of Conduct

- 1-1 Comply with laws and regulations
- 1-2 Maintain proper relationships with partners
- 1-3 Engage in fair competition
- 1-4 Maintain proper relationships with governments and administrations
- 1-5 Reject relationships with anti-social forces
- 1-6 Engage in proper management of information
- 1-7 Prohibit dishonest behavior
- 1-8 Respect corporate assets
- 2-1 Respond sincerely to customers
- 3-1 Exercise consideration for the environment
- 3-2 Engage in timely and appropriate disclosure, conduct appropriate tax reporting
- 3-3 Practice co-existence with local communities
- 4-1 Respect human rights and prohibit discrimination
- 4-2 Prohibit harassment
- 4-3 Provide a comfortable work environment

Preventing Corruption and Bribery

In our Compliance Charter, we declare our commitment to comply with laws and regulations, engaging in sound, fair corporate activities. We have in place Tokyo Tatemono Group Anti-Bribery Guidelines and prohibit the provision of economic benefits to public officials or deemed public officials. In addition, through training and other means, we are working to ensure that employees are fully aware of the Compliance Codes of Conduct regarding anti-corruption and Tokyo Tatemono Group

Anti-Bribery Guidelines.

We do not make donations related to political activities to individual politicians or organizations other than political parties or political fund organizations. When making donations related to political activities to political parties and political fund organizations, we take appropriate measures in accordance with the Political Funds Control Act, the Public Offices Election Act, and other related laws and regulations.

The Tokyo Tatemono Group was not assessed any fines or other penalties related to corruption in fiscal 2020. In addition, in fiscal 2020, the Internal Control Committee did not receive any reports of bribery nor any convictions or administrative actions for bribery. Accordingly, there were no employee disciplinary actions or dismissals resulting from violations of the Tokyo Tatemono Group Anti-Bribery Guidelines.

>> Relevant Compliance Codes of Conduct

- 1-1 Comply with laws and regulations
- 1-2 Maintain proper relationships with partners
- 1-3 Engage in fair competition
- 1-4 Maintain proper relationships with governments and administrations

Preventing Anti-Competitive Practices

Through training and other measures, we publicize and teach the content of our Compliance Manual, working to prevent anti-competitive practices (monopolies, etc.).

The Tokyo Tatemono Group was not assessed any fines or other penalties related to corruption in fiscal 2020.

>> Relevant Compliance Codes of Conduct

- 1-1 Comply with laws and regulations
- 1-2 Maintain proper relationships with partners
- 1-3 Engage in fair competition

Compliance Training

Every year, the Tokyo Tatemono Group conducts training via e-learning. During 2020, approximately 3,900 managers and employees across 15 companies participated in the training (a participation rate of 98.1%). The training provided employees with an opportunity to learn about a range of topics, while updating their knowledge about various revisions in laws and regulations. Training topics included: general compliance including anti-corruption; harassment prevention; information management including prevention of insider trading; and the Real Estate Brokerage Act and the Criminal Proceeds Transfer Prevention Act including prevention of money laundering. Other online training programs were provided that were specific to certain levels of employees, including anti-harassment training, training for directors and department heads, and training for newly appointed leaders.

To prevent corruption and bribery, we use the Tokyo Tatemono intranet to raise awareness about these issues throughout our organization by publishing a series of monthly compliance news articles that includes articles on preventing insider trading, fraud, and harassment.

On the subject of legal and tax matters of high importance to our business, we invite external experts as lecturers for seminars. These seminars cover the latest examples of trials,

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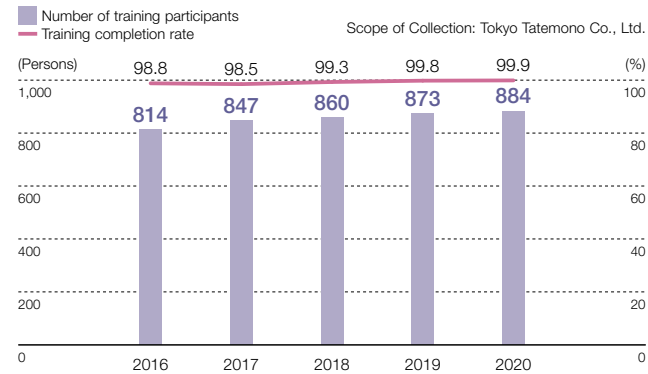
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tax reforms, and other information related to business activities throughout the Group.

Data Related to Compliance Training (E-learning)



Compliance Surveys

Since 2009, the Tokyo Tatemono Group has conducted an annual compliance survey to understand and verify the degree of compliance awareness and acceptance among group employees. In 2020, 8,660 employees from 18 group companies were surveyed—a response rate of 74.8%.

The results of the survey were analyzed to understand responses by group companies and for the Group as a whole. This analysis was then reported to the Internal Control Committee. We also share the survey results on the intranet and provide feedback to group companies as an aid in solving problems in advance, reflecting on compliance structure, and engaging in compliance awareness activities.

[\(Data\) Compliance Training and Return Rate of Compliance Surveys P.73](#)

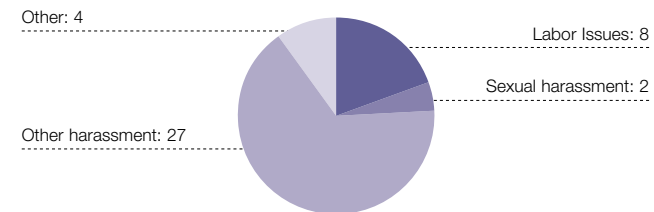
Establishment of a Helpline

The Tokyo Tatemono Group established the Tokyo Tatemono Group Helpline, a shared group resource. Using the Helpline, employees can report to and seek consultation with an external contact for matters such as harassment, to prevent legal issues or fraud, or to take early action in addressing such matters. All workers throughout the Group are entitled to use the helpline. The privacy of anyone who uses the helpline is protected.

The reports and consultations received through this system are reported to the Tokyo Tatemono Internal Audit Department (an organization that reports directly to the president). Depending on the case, the investigation and fact-checking is conducted by the Internal Audit Department, by the reporting desk at each Group company, or by the harassment response desk of each company. As a result of the investigations, we take appropriate measures to address actions that constitute compliance violations, such as promptly taking corrective measures and measures to prevent recurrence.

The Internal Control Committee convenes to consider responses to the most serious cases.

Number of Helpline Calls and Consultations (FY2020)



Data Collection Scope: Tokyo Tatemono Group

In the spirit of the Whistleblower Protection Act, we take appropriate measures to ensure the protection of whistleblowers.

[\(Data\) Reports and Consultations to the Helpline P.74](#)

Response to Anti-Social Forces

The Tokyo Tatemono Group created Exclusion of Anti-Social Forces Rules, which detail our rules to exclude any and all relationships with anti-social forces and establishes specific methods for conducting due diligence on organizations referencing the Anti-Social Forces Check Manual. We cooperate with external experts and organizations such as the police and lawyers as part of our resolute response to anti-social forces.

Tax Compliance

In accordance with the Compliance Charter, the Tokyo Tatemono Group pays taxes appropriately, in accordance with international standards as well as the laws, regulations, and social norms of each country and region.

We respond conscientiously to the tax authorities and strive to maintain good relationships with them. In all of our responses to questions from tax authorities, we have provided honest and accurate explanations of the facts as we understand them.

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