

Charter of Corporate Behavior

<Provisional Translation>

Keidanren (Japan Business Federation)

[Preface]
Toward the Establishment of Sustainable Capitalism

December 2022

Five years have passed since the Charter of Corporate Behavior was revised in 2017 with the primary aim of proactively delivering on the SDGs through the realization of Society 5.0. During this period, corporations that integrate SDGs into management have steadily increased, together with heightened awareness in financial and capital markets.

Meanwhile, the world has been facing various crises. In addition to worsening global environmental problems such as climate change and the destruction of ecosystems, COVID-19, which began to rage from 2020, has had structural impacts on the economy and society on a global scale. Every one of these crises hits particularly the most vulnerable in society and widened economic disparities that were running under excessive emphasis on shareholder capitalism. Moreover, Russia's invasion of Ukraine, which broke out in February 2022, poses a major threat to world peace and security, triggering a cascade of crisis, including food and energy.

To overcome these unforeseeable and complex crises, the business community needs to advance the conservation of the global environment, the realization of a fair and equitable society, a virtuous cycle of growth and distribution through enhancing industrial competitiveness, the formation of a substantial middle class, and preparations for emergency response, with the aim of establishing "sustainable capitalism." To these ends, corporate behavior should be practiced from the social point of view. Specifically, while respecting human rights, transforming work style and investing in people, corporations should aim to resolve social problems through green transformation (GX) and digital transformation (DX) and contribute to improving the wellbeing of society and individuals. At the same time, it is important to achieve sustainable growth through co-creation of new value with diverse stakeholders. Furthermore, corporations need to ensure sustainability and resilience and respond to the various crises occurring in the world, by encouraging behavioral changes not only within their own corporations but also in their group corporation and supply chains.

Recognizing that their development is founded on the realization of a sustainable society, member corporations will accelerate the transformation to "sustainable capitalism," and take greater action toward the achievement of SDGs through the realization of Society 5.0 by conducting their business in a manner that takes the environment, society, and governance (ESG) into consideration.

Member corporations hereby again pledge to comply with the spirit of the Charter of Corporate Behavior and to implement the Charter on their own initiative.

Charter of Corporate Behavior

- For the Realization of a Sustainable Society -

Keidanren (Japan Business Federation)

Charter established: Sept. 14, 1991

6th Revision: May 31, 2024

The role of a corporation is to take the lead in the realization of a sustainable society by creating added value that will benefit society and generating employment, through autonomous and responsible behavior, on the basis of fair and free competition. To this end, regardless of its location, a corporation is expected to comply with the letter and spirit of relevant laws and regulations and international rules and to fulfill their social responsibility with a strong sense of ethical values, by acting in line with the following ten principles.

(Sustainable economic growth and the resolution of social issues)

1. Develop and provide socially beneficial and safe goods and services through innovation, and strive for sustainable economic growth and the resolution of social issues.

(Fair business practices)

2. Engage in fair and free competition, appropriate transactions, and responsible procurement. In particular, strive to achieve coexistence and co-prosperity across the entire supply chain, in accordance with the Declaration of Partnership Building. Also, maintain a sound relationship with political bodies and government agencies.

(Fair disclosure of information and constructive dialogue with stakeholders)

3. Disclose corporate information actively, effectively, and fairly and engage in constructive dialogue with a wide range of stakeholders, with a purpose of enhancing corporate value.

(Respect for human rights)

4. Conduct business that respects the human rights of all persons.

(Relationships of trust with consumers and customers)

5. Provide consumers and customers with appropriate information about goods and services, communicate with them in good faith, and earn their satisfaction and trust.

(Reform of work practices and enhancement of workplace environments)

6. Realize work practices that will improve the capability of employees and that respect their diversity, character, and personality. Also, provide safe and healthy working environments.

(Engagement in environmental issues)

7. Act proactively to address environmental problems, with the understanding that efforts to solving them are the common issue of humanity and an essential

requirement of corporate existence and activities.

(Involvement in community and contribution to its development)

8. Actively engage in community involvement activities and contribute to community development as a good corporate citizen.

(Thorough crisis management)

9. Conduct thorough and organized crisis management in the face of actions by antisocial forces, terrorism, cyber-attacks, natural disasters, and other crises that pose a threat to civil society and corporate activity.

(Role of top management and implementation of this Charter)

10. Top management shall recognize that it is their role to realize the spirit of this Charter, build effective governance systems for the conduct of business, and strive to raise awareness of the Charter's spirit within the corporation and the entire corporate group to achieve its full compliance. Top management should also encourage behavior based on the principles of this Charter within the corporation's supply chain. In the event that the corporation violates the spirit of this Charter and loses the trust of society, top management shall proactively take responsibility to respond to the situation, including resolving the problem, investigating the causes, and preventing the problem from recurring.

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Keidanren supports the SDGs.

