

Table of Contents of Implementation Guidance on Charter of Corporate Behavior (Version 10)

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The “Implementation Guidance on Charter of Corporate Behavior” presents examples of initiatives and items that are considered necessary or conducive for Keidanren (Japan Business Federation) member corporations to voluntarily implement the spirit of “Charter of Corporate Behavior.”

Member corporations are expected to voluntarily implement the Charter toward the realization of a sustainable society, devising their own specific behaviors and using the items of the Guidance as a reference based on their respective industries, business categories, business characteristics, management philosophies, etc.

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.

- 1-1 Promote digital transformation for the realization of Society 5.0.
- 1-2 Ensure the quality and safety of products and services.
- 1-3 Strive for the development and maintenance of resilient, sustainable social infrastructure and deploy it proactively.
- 1-4 Strive to strengthen the industrial foundations of regional areas, taking into account the circumstances and characteristics of each region.
- 1-5 Promote digital transformation through data utilization, while protecting personal information.
- 1-6 Instill the importance of the protection of intellectual property rights and make appropriate use of intellectual property.
- 1-7 Promote active open innovation and engage in society-wide efforts to promote start-ups.

[Column] Realization of Society 5.0 through compliance with AI ethics

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.

- 2-1 Thoroughly enforce compliance with competition law within the corporation.
- 2-2 Thoroughly comply with appropriate trade practices based on the purport of the Declaration of Partnership Building, etc. and promote responsible procurement that will support the development of a sustainable society.
- 2-3 Do not give or accept bribes to obtain or retain improper advantage.
- 2-4 Build highly transparent relationships with political bodies and government agencies and support efforts to develop a policy-oriented political system.

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.

- 3-1 Disclose corporate information properly and engage in constructive dialogue with shareholders and investors through investor-relations activities and general shareholders meetings.
- 3-2 Make efforts to prevent insider trading.
- 3-3 Communicate information to a wide range of stakeholders in a timely and appropriate manner toward dialog and collaboration with stakeholders.
- 3-4 Build relationships of trust with a wide range of stakeholders through continual two-way dialogue.

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

[Column]Development of the UN “Guiding Principles on Business and Human Rights” and its three pillars of “Protect, Respect and Access to Remedy”.

- 4-1 Understand and respect internationally recognized human rights and fulfill corporate responsibility.
- 4-2 Set policies for respecting human rights and express commitment inside and outside the corporation.
- 4-3 Conduct appropriate human rights due diligence according to the nature of operations and the severity of the risk of adverse human rights impacts.
- 4-4 Prevent adverse human rights impacts, and provide for and cooperate in remediation if the corporation identifies that it has caused or contributed to an adverse human rights impact that has not been foreseen or been able to prevent.
- 4-5 Contribute to the creation of an inclusive society by supporting the independence of socially vulnerable people who are at greater risk of human rights violations, through collaboration with a diverse range of stakeholders.

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

- 5-1 Provide appropriate information on goods and services to consumers so that they can make independent choices and decisions.
- 5-2 Handle inquiries and other communications from consumers and customers in good faith and reflect their views in making improvements to existing products and services and in developing new goods and services.

[Column] Sustainable consumption and production

- 5-3 Provide goods and services with consideration of the diversity of consumers and customers.

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

- 6-1 Establish and enhance personnel management and remuneration systems that will encourage diverse personnel who work and participate actively in the workplace, and promote diversity, equity, and inclusion.
- 6-2 Promote personnel management and remuneration that are free from discrimination or unreasonable differences.
- 6-3 Strive for work style reform and promote work-life balance.
- 6-4 Respect the personality and autonomy of employees and support their efforts for career development, capacity building, and skill improvement.
- 6-5 Prevent occupational accidents and promote management that gives consideration to health.
- 6-6 Engage in constructive dialogue and consultations with employees or their representatives in good faith.

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.

[Column] Keidanren's proactive initiatives to address environmental problems

- 7-1 While working to enhance economic growth and industrial competitiveness, promote green transformation (GX), a transformation of the whole economy and society, with the aim of achieving carbon neutrality.
- 7-2 Strive to reduce environmental burden and enhance competitiveness through promoting the cyclical and efficient use of resources, and engage in the establishment of a sound material-cycle society and the achievement of a circular economy.
- 7-3 Take all possible measures against environmental risk.
- 7-4 Promote efforts for environmental protection and the conservation of biodiversity based on the understanding that these are essential as the foundation for business activities.

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

- 8-1 Collect information on domestic and global social issues and decide the objectives, fields, activity areas, specific activities, etc. of social contribution activities based on the corporate purpose (raison d'etre), management philosophy, and material issues concerning sustainability.
- 8-2 Select the management resources that can be devoted, an effective promotion system, and specific methods in accordance with the objectives of social contribution activities and social needs.

- 8-3 Collaborate with a wide range of stakeholders, including NPOs/NGOs, local communities, government agencies, international organizations, and other corporations, including startups and social entrepreneurs.
- 8-4 Promote and support the voluntary social participation of employees, who are one of important stakeholders.

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.

- 9-1 Establish organizational crisis management systems.
- 9-2 Establish clear basic policies and systems within the corporation to drive out antisocial forces and organizations.
- 9-3 Mobilize the entire corporation to act in accordance with the law and prevent antisocial forces and organizations from inflicting damage on the corporation, and work with organizations concerned to drive out antisocial forces and organizations.
- 9-4 Engage in crisis management and countermeasures against terrorist threats.
- 9-5 Strive to ensure cyber security.
- 9-6 Build systems for disaster preparedness and respond to disasters accordingly.
- 9-7 Engage in ensuring economic security.

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 chains. 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.

- 10-1 Top management shall express their commitment to realizing the spirit of the Charter of Corporate Behavior and incorporate sustainability into management.

[Column] Importance of impact evaluation

[Column] “SDG Impact” as a tool for impact evaluation

- 10-2 Strive to instill the spirit of the Charter of Corporate Behavior in the corporation and group companies.
- 10-3 Encourage corporations in the supply chains to act in accordance with the spirit of the Charter of Corporate Behavior to build sustainable and resilient supply chains.
- 10-4 Establish governance structures to ensure the soundness, efficiency, transparency, and efficacy of corporate management.

- 10-5 Build a company-wide system for addressing thorough compliance with corporate ethics and enhance its efficacy.
- 10-6 Set up and make use of a helpline (consultation service) on corporate ethics that is independent from the regular chain of command, which should lead to better corporate behavior.
- 10-7 When an emergency situation arises, promptly conduct an investigation under the leadership of top management, determine the facts and causes, and take measures to prevent a reoccurrence. Top management should promptly make full public disclosure, explain what has occurred, and, upon determining the source of competence and responsibility, impose strict disciplinary action against those held responsible, including top management itself.

