



**Tokyo 2020 Olympic and Paralympic Games
Sustainable Sourcing Code
(3rd edition)**

[Commentary]

TOKYO 2020

(Table of Contents)

Introduction

Commentaries according to the items of the Sourcing Code

- 1. Objectives**
- 2. Scope**
- 3. Principles of Tokyo 2020 Sustainable Sourcing**
- 4. Standards for Sustainability**
- 5. Verification Procedure**
- 6. Grievance Mechanism**
- 7. Individual Codes for Core Products/Services**
- 8. Others**

Column: The United Nations' Guiding Principles on Business and Human Rights and Human Rights Due Diligence

Model provisions concerning sustainability

Introduction

The Tokyo Organising Committee of the Olympic and Paralympic Games (hereinafter "Tokyo 2020") formulated the "Sustainable Sourcing Code (1st edition)" in March 2017. This is applied when Tokyo 2020 signs sourcing contracts for products and services, and a license contract for the preparation and operation of the Tokyo 2020 Games. Furthermore, in June 2018, the Sourcing Code was revised as "2nd edition" with the addition of individual codes for paper and palm. Again, it was revised to "3rd edition" due to an amendment of an individual code for timber in January 2019.

These commentaries are summaries of background information and ideas as well as concrete initiative examples of each item, so that business enterprises who are interested in Tokyo 2020's sourcing and sales of licensed products may deepen their understanding of the contents of the Sourcing Code.

We expect that business enterprises advance their efforts necessary to comply with the Sourcing Code, referring to and using these commentaries.

Commentaries according to the items of the Sourcing Code

1. Objectives

The Tokyo Organising Committee of the Olympic and Paralympic Games (hereinafter "Tokyo 2020"), will pursue a wide variety of initiatives concerning sustainability in environmental, social economic and other terms for the Tokyo 2020 Games, based on the Tokyo 2020 Sustainability Plan (Version 2) (formulated in June 2018).

To this end, Tokyo 2020 believes that, in the procuring process in the preparation and operational

phases of the Games, it should fulfill its social responsibilities through procurement with consideration for sustainability, as well as economic rationality, while concentrating its sourcing efforts on products and services really essential to the delivery of the Games. To clarify principles for elaborating specific procurement methods, Tokyo 2020 established the Fundamental Principles for the Sustainable Sourcing Code in January 2016.

Moreover, the Sustainable Development Goals (SDGs), adopted at the UN General Assembly in the meantime, include the goal of “ensuring sustainable consumption and production patterns.” Efforts in sustainable sourcing for the Tokyo 2020 Games will bequeath the legacy of the reform of consumption and production patterns in the entire society, including the introduction and promotion of sustainable practices in the private and public sectors.

Under the above-mentioned Fundamental Principles, the Sustainable Sourcing Code is aimed at defining standards and operational procedures for ensuring procurement with respect to international agreements and codes of conduct in relevant fields of sustainability (including the Sustainable Development Goals, Paris Agreement, Universal Declaration of Human Rights, ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, which includes ILO Core Labour Standards, United Nations Global Compact, OECD Guidelines for Multinational Enterprises, and United Nations Guiding Principles on Business and Human Rights), and in consideration of compliance with laws and regulations; environmental issues, including global warming and depletion of natural resources; human rights and labour issues; promotion of fair business practices; invigoration of regional economies; and positive contribution in other fields.

Tokyo 2020 will promote all stakeholders’ efforts to ensure the compliance with the Sustainable Sourcing Code in collaboration with parties involved, including suppliers, licensees and supply chains, and encourage expansion of initiatives similar to Sustainable Sourcing Code-based ones and widespread recognition of the importance of sustainability among various parties in the society, including delivery partners and suppliers, with the aim of creating a society that helps ensure sustainable consumption and production patterns, as SDGs advocate.

<<Commentary>>

“Sustainability” is a concept that appeared about 30 years ago. To put it simply, this means to aim for the development of a society in which three elements of “environment,” “society,” and “economy” are harmonized. Underlying this is a situation where poverty and the widening income gap had become more serious problems and global environmental problems had become aggravated since around 1970 along with the expansion of humans’ economic activities. Most recently, with the “Transforming our world: the 2030 Agenda for Sustainable Development” (in this agenda 17 “Sustainable Development Goals (SDGs)” were set.) adopted by the United Nations in 2015, the realization of a sustainable society has become a global common goal.

In such a situation, sustainability has come to be valued also in the Olympics with a clear stipulation of “include sustainability in all aspects of the Olympic Games” in the “Olympic Agenda 2020” of the International Olympic Committee (IOC). Meanwhile, the International Paralympic Committee (IPC) aims to “to make for a more inclusive society for people with an impairment through Para sport.” This overlaps

with the idea of sustainability based on a respect for human rights.

Based on such a trend, the preparation and operation of the Tokyo 2020 Games involved efforts for the consideration of sustainability from various aspects. These efforts are summarized into the “Tokyo 2020 Sustainability Plan,” and the tool to realize the plan from a procurement aspect is this Sustainable Sourcing Code.

This Sourcing Code stipulates the standards and operational procedures for sustainable sourcing, using international agreements and codes of conduct related to sustainability in each field as references. Tokyo 2020 seeks suppliers, etc. to observe this Sourcing Code in the procurement necessary for the preparation and operation of the Tokyo 2020 Games, and has also worked on Tokyo Metropolitan Government, national governmental bodies, and other related organisations to respect this Sourcing Code in the Games-related procurement.

To make efforts for sustainable sourcing for the Tokyo 2020 Games means to create situations where business enterprises in Japan actively take the initiatives for their CSRs that conform to this Sourcing Code, and disclose their initiatives, and where local governments, including Tokyo Metropolitan Government, and the national government consider sustainability in public procurement, using this Sourcing Code as a reference. These efforts can provide an opportunity for initiatives for sustainable consumption and production to be widespread in society as a whole even after the Games.

We believe that making efforts for the consideration of sustainability can not only lead to an opportunity for business enterprises to participate in the procurement for the Tokyo 2020 Games but also enhance their global competitiveness when there is a requirement to respond to sustainability in the future, and give them advantages that will contribute to their future business maintenance and development. Tokyo 2020 will work to disseminate and raise awareness of the significance of the Sourcing Code, including the perspective of the legacy of the Games, to be understood by wide range of people.

2. Scope

The Sourcing Code covers the entire range of products and services procured by Tokyo 2020 and licensed products (hereinafter “procured products, etc.”), including products and services procured from partner companies.

Tokyo 2020 requires all suppliers and licensees to comply with the Sourcing Code in producing and distributing procured products, etc. Furthermore, Tokyo 2020 requires suppliers and licensees to encourage their supply chains to comply with the Sourcing Code.

Suppliers and licensees shall follow the procedure provided in “5. Verification Procedure” in complying with the Sourcing Code and encouraging supply chains to do so.

<<Commentary>>

Tokyo 2020 shall require suppliers and licensees to comply with the Sourcing Code when they conclude their sourcing contracts and license contacts for procured products, etc. (For the definitions of suppliers and licensees in this Sourcing Code, please see the “Appendix 1: Glossary of terms”).

It is also important to make objectives and contents of the Sourcing Code known to not only suppliers

and licensees but also their supply chains and to ask them to observe the Sourcing Code in securing sustainability in the entire production and distribution processes of procured products, etc. For details as to how suppliers and licensees should encourage supply chains' efforts towards sustainability, please see “(5) Encouragement of supply chains' efforts towards sustainability of 5. Verification Procedure.”

3. Principles of Tokyo 2020 Sustainable Sourcing

To achieve sustainability in preparing and operating the Games, Tokyo 2020 implements sustainable sourcing practices according to the following four principles that imply the concept of transparency and due diligence.

« Four principles »

Tokyo 2020 places the utmost importance on:

- (1) how procured products, etc. are supplied;**
- (2) the origin of procured products, etc. and the resources they are made of;**
- (3) compliance with the Sourcing Code throughout the supply chains; and**
- (4) the effective use of resources.**

While striving to strain the amount of procurement, Tokyo 2020 makes sure that procured products, etc. are safe and hygienic for all people involved, including athletes, staff members and spectators, and are fully considerate of the religious and cultural diversity of these people, preventing discrimination and harassment.

<<Commentary>>

Tokyo 2020 has shown the basic idea of the Sourcing Code as four principles in the “Fundamental Principles for the Sustainable Sourcing Code,” which it announced in January 2016.

This Sourcing Code was prepared based on these principles through discussions in a working group comprised of experts of each field.

<<References>>

For the contents of the four principles, please see the document of the “Fundamental Principles for the Sustainable Sourcing Code” (January 2016) (<https://tokyo2020.jp/jp/games/sustainability/data/sus-principles-JP.pdf>).

4. Standards for Sustainability

Based on the above four principles, Tokyo 2020 has set the following standards for sustainability, which suppliers and licensees, and their supply chains (hereinafter “suppliers, etc.”), are required to meet concerning procured products, etc.

<<Commentary>>

This Article stipulates important matters in terms of consideration related to sustainability as the “Standards for Sustainability” regardless of the types of procured products, etc. These standards should be satisfied by not only suppliers and licensees but also their supply chains.

The standards are set according to the five fields: “General affairs,” “Environment,” “Human rights,” “Labour,” and “Economy.” In each type of standards, there are standards to be basically achieved, and ones whose achievement is not mandatory but positive discussions and actions for the achievement are encouraged. (there are cases where both of these elements are contained in a single standard.)

In the former type of standards, compliance with related laws and regulations is required through an expression of “shall do (or shall not do). . . .” These standards are for especially important social problems such as the elimination of discrimination and harassment, child labour and forced labour, and prevention of environmental pollution, in addition to compliance with related laws and regulations, and the minimum yardstick to the compliance with the Sourcing Code is to meet these standards. Also, when selecting suppliers and licensees, Tokyo 2020 will particularly confirm how business enterprises have made efforts to reduce risks related to these problems.

In the latter type of standards, initiatives which can contribute to creating a more favorable society beyond legal obligations are recommended in an expression of “should do. . . .” Since various contents can be expected for these initiatives, suppliers, licensees, and their supply chains are not required to meet these standards in a uniform fashion but are expected to make their best possible efforts based upon serious discussions on what they can do after understanding the objectives of these standards. Furthermore, when selecting suppliers and licensees, Tokyo 2020 will ask them to disclose and explain the states of and plan for their relevant efforts.

Although the commentary of each standard below contains initiative examples, this does not mean that suppliers, etc. must make the same efforts as the examples. As explained in the article of “5. Verification Procedure,” it is important to discuss effective efforts in accordance with their degrees of importance after considering what kind of risks are there in which steps. While possible detailed efforts of suppliers, etc. may be preparation of relevant policies and plans, establishment of relevant rules and systems to implement each initiative, notification and raising awareness of these rules and systems, and monitoring and reporting of implementation results of each initiative, it is important for the suppliers, etc. to constantly improve their efforts from a viewpoint of a PDCA cycle (plan-do-check-act cycle).

(1) General affairs

i. Compliance with laws and regulations

Suppliers, etc. shall comply with relevant national and international laws, regulations, etc., throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Complying with related laws and regulations (compliance) is the premise for business enterprises to

engage in their business activities and can be said to be an item that they should put as the basis of all of their enterprise behaviors.

Efforts to secure compliance with laws and regulations include understanding of laws and regulations to be applied to their own enterprises, establishment of internal rules and manuals, establishment of internal reporting and consultation counters, and awareness-raising and educational activities.

<<Examples of efforts>>

- Formulated a company-wide code of conduct that includes legitimate business execution in order to ensure thorough compliance.
- Will establish a mechanism of an internal control in order to ensure thorough compliance.
- Formulated internal rules to regulate a system and procedure for compliance.
- Have implemented periodic auditing and monitoring of compliance by establishing a department responsible for compliance.
- Established and have operated internal reporting and consultation counters on violation of laws and regulations.
- Organized related laws and regulations to be observed in doing business, and have fully made them known in related departments.
- Have sent staff members for participation in compliance training organized by industry groups.
- Have raised employees' awareness of compliance by distributing newsletters and by giving simple tests on compliance.

ii. Ban on retaliatory actions

Suppliers, etc. shall not take retaliatory actions against those who have reported violation of laws and ordinances, discrimination, infringement of the Sourcing Code, etc.

<<Commentary>>

Disadvantageous treatment, such as dismissal, to those who report such cases as violation of laws and regulations, and damage by discrimination and/or harassment to relevant types of reporting counters (including whistleblowing counters, internal reporting and consultation counters which were established by your own company, and Grievance Mechanism related to the Sourcing Code established by Tokyo 2020) shall not be given.

<<Examples of efforts>>

- Guarantee reporters in the internal reporting regulations that secrets related to reporting, including reporters' secret, and that they will not receive disadvantageous treatment in relation to personnel affairs by reporting.
- Disseminated the details of the internal reporting system among employees in addition to the guarantee of not receiving disadvantageous treatment by reporting.
- Have confirmed whether reporters are not exposed to retaliatory actions or disadvantageous treatment after a certain period of time from reporting.

<<References>>

The “Guidelines for Business Operators Regarding the Establishment, Maintenance and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act” (<http://www.caa.go.jp/planning/koueki/minkan/shikumi.html>) announced by the Consumer Affairs Agency also includes provisions to ensure a ban on disadvantageous treatment of reporters, and confidentiality regarding reporting.

(2) Environment

Amid ongoing development of environment-related laws, regulations, policies, guidelines and the like in Japan, Tokyo 2020 will implement its sourcing practices in accordance with the Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities (Act No. 100 of 2000) in principle, and will require procured products and services to meet the standards provided for in the policies that the Government of Japan, the Tokyo Metropolitan Government and other public parties have developed to reduce environmental burdens (e.g. the national government’s Basic Policy for the Promotion of Procurement of Eco-Friendly Goods and Services, the Tokyo Metropolitan Green Purchasing Guidelines and the Tokyo Metropolitan Procurement Policy for Eco-products (for public work)).

Tokyo 2020 will also set desired levels of environmental performance, etc. of individual products and services, considering the goals established in the Tokyo 2020 Sustainability Plan.

Additionally, due consideration should be given to reducing environmental burdens not only through the performance of products and services themselves but also throughout their production, distribution and other processes.

<<Commentary>>

With growing social concern about global environmental problems, it is required to reduce environmental loads as much as possible. As such, Tokyo 2020, as in the cases of the Government of Japan and the Tokyo Metropolitan Government, promotes “Green Purchasing.” In addition, Tokyo 2020 exemplifies important consideration toward reducing environmental loads in standards, such as for production and distribution.

It is important for business enterprises to review their business activities in order to reduce negative impacts after understanding the effects of their own companies’ business on the environment. In doing so, they are also encouraged to consider the reduction in environmental loads in the entire life cycle based on the LCA evaluation.

Meanwhile, for initiatives related to the environment, since there may be a wide variety of methods even when taking energy-saving cases as examples, such as to optimize air-conditioning temperature, to introduce energy-saving equipment, and to change transportation methods, business enterprises are required to make planned and effective efforts in line with their respective actual conditions. Also, it is important for them to set goals and frame a plan to make these efforts, and based on the results, to further

work on the improvement.

<<References>>

In the official website of the Eco-Action 21 by the Ministry of the Environment (<http://www.env.go.jp/policy/j-hiroba/04-5.html>), guidelines and self-check sheets related to the general environmental measures are provided for broad business enterprises, including small- and medium size business enterprises.

i. Energy savings

Suppliers, etc. should take measures to reduce energy consumption throughout the production, distribution and other processes of procured products, etc. Examples of possible measures include use of low carbon materials, introduction of highly energy-saving facilities and logistics systems, thermal insulation of buildings, and introduction of energy management systems.

<<Commentary>>

Energy-saving is an effort to reduce energy consumption through efficient use of energy. It leads to effective use of fuel resources such as petroleum and coal, and is also important to prevent global warming.

<<Examples of efforts>>

- Set an (ambitious) target for significant reduction in group-wide energy consumption.
- Have promoted the use of LED lighting equipment, improvement of efficiency of heat sources such as freezers, and introduction of air conditioning systems in manufacturing plants.
- Have promoted a significant enhancement of energy use efficiency at each business office, such as introduction of low environmental load-type office automation (OA) equipment, and changes of business vehicle types into hybrid vehicles as well as electric vehicles (EV) and fuel cell vehicles (FCV).
- Have worked on IT operation management of transport trucks in order to improve transport efficiency.
- Enhanced insulation of buildings with the use of multilayered glass and high-performance exteriors.
- Have promoted the development and introduction of low carbon-type concrete.
- Have managed and controlled electricity demand using a demand controller.
- Acquired ISO 50001 Certification, an international standard for energy management systems in manufacturing plants.

<<References>>

In the official websites of the Tokyo Metropolitan Center for Climate Change Actions (Cool Net Tokyo) (<https://www.tokyo-co2down.jp/>) and of the Tokyo Chamber of Commerce and Industry's "Guide for Energy Saving Diagnosis" (<http://eco-hint.tokyo-cci.or.jp/diagnosisguide>), texts and examples of energy saving measures are introduced which can be taken even by small- and medium-size business enterprises.

ii. Use of low carbon / carbon-free energy

Suppliers, etc. should use energy with low CO₂ emission factors throughout the production, distribution and other processes of procured products, etc. Examples of possible measures include use of electricity and heat generated from renewable energy sources or lower CO₂-emitting fuels, such as natural gas.

<<Commentary>>

It is essential for global warming countermeasures to shift to an energy source with lower emissions of greenhouse gases. For example, it is effective to convert fuel from coal to gas, and power generation based on renewable energies, such as solar power and wind power can significantly reduce CO₂ emissions compared to fossil fuel power generation. Furthermore, biomass has a property called “carbon neutrality,” which prevents the volume of CO₂ in the atmosphere from increasing.

<<Examples of efforts>>

- Formulated a plan to make at least 20% of power consumption in the plant derived from renewable energies by 2020.
- Have used solar energy for electricity by introducing a photovoltaic power generation system.
- Have consumed electricity generated by using sustainable fuel in one’s own company after establishing a biomass power generation facility.
- Have actively used natural gases after introducing a cogeneration system as a power source and heat source for the plant.
- Received a Renewable Energy Certificate from the Tokyo Metropolitan Government.
- Have procured electricity with low emission factors from retail electricity suppliers.
- Have covered electric consumption by purchasing and disabling Tradable Green Certificates and J-credits derived from renewable energies because it is difficult to directly procure renewable energies.

iii. Reduction of greenhouse gas emissions by other means

Suppliers, etc. should take measures to reduce greenhouse gas emissions throughout the production, distribution and other processes of procured products, etc. Examples of possible measures include replacement of fluorocarbon-based freezers and refrigerators with non-fluorocarbon ones (natural refrigerant-based ones), and use of carbon offset schemes.

<<Commentary>>

Other than efforts related to energy, there are several possible measures to reduce greenhouse gases. For instance, since the greenhouse effect of fluorocarbons to be used for refrigerant is extremely great compared to carbon dioxide, it is important to promote the reduction of the use of fluorocarbons by such measures as the introduction of non-fluorocarbon products (products using hydrocarbon, carbon dioxide and/or ammonia as its refrigerant).

In addition, even cases where suppliers, etc. are unable to directly implement activities to reduce

greenhouse gases such as CO₂, they can contribute to global warming countermeasures by using carbon offset schemes. In Japan, there is a system called “J-Credit System” with which an amount of greenhouse gas emissions reduced or absorbed is certified as a credit, which can be sold or purchased. Suppliers can appropriate credits that they disabled after purchasing them from credit providers or owners to the achievement of their companies’ greenhouse gas reduction plans.

<<Examples of efforts>>

- Set an (ambitious) target for significant reduction in the total emissions of greenhouse gases accompanying business activities.
- Have changed freezing-refrigerating apparatuses, water heaters, and other related equipment which are used in manufacturing, distribution, and sales processes and in facilities, into ones that use non-fluorocarbon refrigerant.
- Have taken proper measures to prevent leaks of fluorocarbon.
- Have made efforts to collect hydrofluorocarbon (HFC) and to make it harmless when disposing products for which HFC is used.
- Have purchased and disabled credits certified by the J-Credit System in order to offset greenhouse gases emitted from one’s own company’s plant.

<<References>>

For non-fluorocarbon products, please see the web page of “Promotion of the use of non-fluorocarbon products and technologies” by the Ministry of the Environment (<http://www.env.go.jp/earth/ozone/non-cfc.html>).

For the outline of the J-Credit System and the examples of efforts, please see the official website of the Secretariat of the J-Credit System (<https://japancredit.go.jp/>).

iv. Promotion of the 3 Rs (“Reduce, Reuse, and Recycle”)

Suppliers, etc. should ensure that procured products, etc. will be reusable and/or recyclable after the Games by using multipurpose parts/materials, and adopting easily detachable or dismountable structures.

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. should also use recycled parts/materials and raw materials including recycled resources, and take measures to use resources effectively by minimizing, reusing and/or recycling wastes, using energy recovery systems when resources cannot be reused or recycled, and other means.

<<Commentary>>

“Reduce” indicates efforts to control waste generation. To reduce environmental load, it is important to pursue the “Reduce” first through efficient use of raw materials, etc. After that, the possibility of “Reuse” of generated waste (which means to reuse the waste as it is, or as components, etc.) should be discussed. If this is difficult, suppliers, etc. can make cyclic use of resources by recycling generated waste (which means

to recycle generated waste as raw materials) and by actively using recycled raw materials.

Also, to consider easier decomposition after use from design and manufacturing stages leads to effective promotion of efforts for 3Rs.

<<Examples of efforts>>

- Declared that the company shall make efforts to maintain and conserve an favorable environment through effective use of resources and suppression and recycling of waste in own company's Course of Action.
- Formulated an environmental plan, and set a reduction target for the amount of generated waste.
- Have promoted the Design for Environment, and adopted designs for easier decomposition keeping recovery and recycling after use.
- Have advanced the introduction and use of recycled paper and recycled resin.
- Have controlled product loss and generation of waste water by reviewing the production process.
- Have ensured the separation of garbage through proper arrangement of waste boxes used for separated collection.
- Have engaged in reduction in waste by promoting recycling in the plant.

v. Reduced use of containers, packaging, etc.

Suppliers, etc. should take measures to minimize use of containers and packaging for individual products, and packing and shipping materials, including boxes and transport pallets, throughout the production, distribution and other processes of procured products, etc. They should also use reusable and/or recyclable containers and packaging, and packing and shipping materials.

<<Commentary>>

Several effects can be expected from reducing product containers and packing in the distribution process, such as a reduction in greenhouse gas emissions through effective use of resources and improvement of transportation efficiency. It is also important to adopt materials which can be repeatedly used for packing and transportation, and to select materials for containers, etc. in consideration of the ease of reusing and recycling.

<<Examples of efforts>>

- The own company's Environmental Action Plan stipulates that an effort to reduce environmental load should be made through the improvement of packing materials.
- Have reduced weight of and simplify containers and packaging of products.
- Have reduced the amount of packing materials to be used by introducing returnable boxes.
- Made containers easier to sort by simplifying them into ones made of plastic from conventional plastic-paper composite containers.

vi. Prevention of contamination, management of chemicals, and waste disposal

Suppliers, etc. shall prevent contamination of the air, water, soil, etc., appropriately manage chemicals (including chemicals contained in products), and appropriately dispose of wastes throughout the production, distribution and other processes of procured products, etc., based on relevant environmental laws, ordinances, etc. They also should take measures to avoid the creation of adverse impacts on the environment and human health throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Suppliers, etc. are required to comply with relevant laws and regulations such as emission standards related to soot & smoke and discharge water, so that they do not pollute the environment through their business activities. Furthermore, depending on the types of chemical substances, there are cases where reports on the control and indication of the content of chemical substances in products, and on the amount of chemical substances released and transferred to the outside are required. Waste generated accompanying business activities must also be properly disposed of based on related laws and regulations.

Furthermore, suppliers, etc. are expected to set voluntary standards or targets from a perspective of reducing risks to adversely affect the environment and human health as much as possible.

<<Examples of efforts>>

- Formulated mid-term objectives to reduce the impact on the environment, which carry provisions to substitute and reduce chemical substances with high environmental load.
- Have controlled the amount of discharged wastewater and generated harmful substances in business to be within the values in the standards after confirming the laws and regulations to be applied, establishing facilities conforming to the laws and regulations, and implementing legal inspections.
- Have monitored the influence by exhaust emissions and wastewater based on the related laws and regulations as well as agreements with municipalities around the company.
- Have worked on reducing the amount of chemical substances used such as painting materials by reviewing the manufacturing process.
- Adopted processes and equipment that cause less water pollution.
- Confirmed the toxicity of chemical substances in line with the related laws and ordinances, and have provided information such as information on hazardous properties, and precautions for handling and storing chemical substances as required.
- Have understood, recorded, and managed the types, amount used and stored, how to use, and where to use and store of harmful chemical substances
- Set voluntary management standards on air pollution stricter than related laws and regulations.

vii. Collection of raw materials with consideration for resource conservation

If suppliers, etc. use resources deriving from forests, oceans, etc. for procured products, etc., they shall not use resources illegally collected or cultivated. They also should use raw materials collected

or cultivated in consideration of resource conservation including the perspective of mitigating deforestation and forest degradation (the spread of efforts toward zero deforestation), for procured products, etc.

<<Commentary>>

To avoid the use of resources illegally collected from and cultivated in forests or the ocean, it is effective for resources for which risks have been pointed out, to adopt products certified by a third party and to confirm the legality of the resources through the supply chains after understanding the risks, using information such as on distribution channels and places of origin as references.

With regard to timber, based on the Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products (commonly known as “Clean Wood Act”), timber-related business enterprises are requested to confirm the legality of timber and related materials to be handled.

Also, in addition to securing the legality, suppliers, etc. are expected to use raw materials collected or cultivated based on an effort to conserve and sustainably use resources. As SDGs aims to, "By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally", efforts for mitigating deforestation and forest degradation are expected.

<<Examples of efforts>>

- Set an objective to purchase only raw materials which are traceable to their places of origin and in consideration of sustainability.
- Formulated procurement policies to eliminate illegal wood and fishery products, and have confirmed the state of response of the supply chains depending on risks.
- Have adopted certified paper under forest certification schemes and paper manufactured from environmentally-friendly raw materials.
- Have adopted products manufactured from raw materials which are regarded as recyclable materials and sustainable resources.
- Have used raw materials and products with an Eco Mark, a Green Mark, or a “Kanbatsuzai Mark (Thinnings Mark).”
- Have worked on reducing the amount of water used and reusing water, including water to be mixed into products.

viii. Conservation of biodiversity

Suppliers, etc. shall not use raw materials for procured products, etc. derived from endangered animal and plant species at which no measures to protect resources or to ensure the reproduction of species are aimed. Throughout the production, distribution and other processes of procured products, etc., including collection or cultivation of raw materials, suppliers, etc. should take measures to reduce burdens on biodiversity and the ecosystem by conserving rare animals and plants, adopting production methods that have little adverse impacts on organisms and their

habitats, and other means.

<<Commentary>>

Globally, the IUCN (International Union for Conservation of Nature) and in Japan the Ministry of the Environment and local governments assess the degrees of the risk of extinction according to wildlife species. Species that are threatened with extinction are classified as “endangered species.”

This Sourcing Code, from a perspective of the conservation of biodiversity, requires that animals and plants categorized into endangered species are not used, excluding ones for which measures to conserve resources and to ensure reproduction have been taken. It is also necessary to observe regulations on trading and other related matters based on treaties, such as the Washington Convention, as well as related laws and regulations.

For the cases where there is a possibility of using rare animals and plants, the risk of violating the Sourcing Code can be reduced through the confirmation of raw materials and their places of origin, related regulations, and the state of classifications, as well as by checking if there are measures to conserve resources and to ensure reproduction related to the relevant animals and plants.

Furthermore, regardless of endangered species or not, it is expected to consider reducing negative impact on animals and plants, because business activities may have an impact on various creatures and their habitats.

<<Examples of efforts>>

- The conservation of biodiversity is stipulated in the environmental policy.
- Have checked if there is no raw material used in one’s own company’s products that conflicts with international laws, such as the Washington Convention, or local laws and regulations.
- Have checked, in the case of using wildlife as raw materials, if the wildlife species do not fall under endangered species status.
- Have collected information to determine whether the production or mining of raw materials have not adversely affected local biodiversity, and reflected the information to procurement.
- Have checked, in the case where the production or mining of raw materials is conducted in wildlife protection areas (such as national parks and marine reserves), if the activity does not conflict with the purpose or reason for establishing the protection area.
- Have preserved green spaces in the premises suitable for the local ecosystem.
- Conducted surveys on the ecosystem around the place of business based on the Guidelines on Biodiversity formulated by one’s own company, and have engaged in conservation activities mainly for rare species.
- Have periodically provided education and training related to biodiversity for employees.

<<References>>

For information on endangered species, etc., please see the websites below.

The IUCN Red List of Threatened Species: <http://www.iucn.jp/redlist/protection/redlist/iucnredlist5>

Red List by the Ministry of the Environment: <http://www.env.go.jp/nature/kisho/hozen/redlist/index.html>

In the Ministry of the Environment’s “Guidelines for Private Sector Engagement in Biodiversity” (<http://www.env.go.jp/press/11485.html>), basic information and ideas necessary for business enterprises in broad areas to work on the conservation and sustainable use of biodiversity are organized.

(3) Human rights

Tokyo 2020 strongly supports one of the fundamental principles of the Olympic Charter: “The enjoyment of the rights and freedoms set forth in this Olympic Charter shall be secured without discrimination of any kind, such as race, colour, sex, sexual orientation, language, religion, political or other opinion, national or social origin, property, birth or other status.” It also places high priority on the perspectives of diversity and inclusion.

<<References>>

The Olympic Charter also appears in the official website of the Japanese Olympic Committee (JOC) (<http://www.joc.or.jp/olympism/charter/>).

i. Compliance with and respect for international human rights standards

Suppliers, etc. shall comply with and respect international standards concerning human rights (in particular, the Universal Declaration of Human Rights; International Convention on the Elimination of All Forms of Racial Discrimination; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment; Convention on the Elimination of All Forms of Discrimination against Women; Convention on the Rights of the Child; Convention on the Rights of Persons with Disabilities; International Convention for the Protection of All Persons from Enforced Disappearance; Convention for the Suppression of the Traffic in Persons and of the Exploitation of the Prostitution of Others; and United Nations Declaration on the Rights of Indigenous Peoples) regarding procured products, etc.

<<Commentary>>

Human rights are basic rights given to all people and are universal and inseparable rights. So far, many treaties and declarations have been established including the Universal Declaration of Human Rights, so that all people can equally enjoy fundamental human rights by preventing racial discrimination and inhumane treatment.

Suppliers, etc. are required to understand and respect the objectives of these treaties, etc. even in the case where the relevant countries have not ratified them (the case where corresponding national laws have not been established), to say nothing of observing the national laws of the related relevant countries.

Also, the “Guiding Principles on Business and Human Rights” of the United Nations provide the following matters to be worked on by companies:

- Commitment based on a policy to fulfill responsibilities for respecting human rights,

- Human Rights Due Diligence Process intended to identify, prevent, and mitigate the negative influence on human rights, and to take the responsibility for how to deal with that influence, and
- A process that can correct a negative impact on human rights which was triggered or facilitated by companies.

For the Human Rights Due Diligence please refer to the columns on pages 54 through 56 of these Commentaries.

<<Examples of efforts>> (Efforts to respect human rights as a whole)

- Have compliance policies to respect personalities and characters of all people, and to prevent unjustified discrimination and violation of human rights.
- Formulated human rights policies of the own company group that stipulate the ban on discrimination, the ban on child labour and forced labour, respect for freedom of association and the right of collective bargaining, and implementation of the Human Rights Due Diligence.
- Announced the top management’s commitment related to diversity and inclusion.
- Prepared a guidance on the Human Rights Due Diligence, and have discussed, based on the guidance, evaluation and prioritization of human rights risks in supply chains as well as measures to reduce risks.
- Distributed brochures and other handouts, and posted posters related to human rights awareness.
- Have conducted awareness-raising activities and training concerning human rights and diversity for employees.
- Have held training based on various international norms in order to deepen understanding of human rights required in the international community.

<<References>>

The official website of the Small and Medium Enterprise Agency (http://www.chusho.meti.go.jp/soudan/jinken_pamf/) carries brochures and other related materials to be used for human rights awareness.

The Japan Federation of Bar Association announced the “Guidance for Human Rights Due Diligence” a guide for the Human Rights Due Diligence for Japanese enterprises (https://www.nichibenren.or.jp/activity/document/opinion/year/2015/150107_2.html).

ii. Ban on discrimination and harassment

Suppliers, etc. shall eliminate any forms of discrimination and harassment based on race, nationality, religion, sex, sexual orientation, gender identity, level of ability, social status, etc., throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Discrimination and harassment based on race, nationality, religion, sex, sexual orientation, gender identity, level of ability, and social status, etc. are against the principles of the Olympic Charter, and are required to be eliminated in order to respect human rights of all people. In addition, discrimination and harassment cases include cases by reason of skin color, languages, political and other opinions, national or

social roots, and properties.

Internationally, the ban on discrimination is stipulated in the Convention on the Elimination of All Forms of Discrimination against Women; International Convention on the Elimination of All Forms of Racial Discrimination; International Covenant on Civil and Political Rights; International Covenant on Economic, Social and Cultural Rights; International Convention on the Elimination of All Forms of Racial Discrimination; and Convention on the Rights of Persons with Disabilities, etc. Japanese laws, such as the Equal Employment Opportunity Law, prohibit discrimination by reason of gender in recruitment & employment, assignment (including allocation of duties and grant of authority) & promotion, etc., and obligate business enterprises to take measures (to clarify the policies, to disseminate and raise awareness of the policies, and to establish a consultation counter, etc.) necessary for employment management in terms of sexual harassment at workplace, and harassment related to pregnancy, childbirth, childcare leave, and nursing care leave. Also, the Act to Advance the Elimination of Discrimination based on Handicap prohibits unfair discriminatory treatment of people with disabilities and requires business enterprises to give reasonable consideration regarding the removal of social barriers.

<<Examples of efforts>>

- Formulated a code of conduct that clearly stipulates the prohibition of unjustified discrimination by reason of race, religion, nationality, sex, sexual orientation, gender identity, age, and level of ability.
- Have held training on the Act to Advance the Elimination of Discrimination based on Handicap and the Act on Employment Promotion etc. of Persons with Disabilities in terms of discrimination by reason of disabilities for all employees.
- Formulated a code of conduct on compliance that includes intolerance of any types of harassment such as sexual, maternity, and power harassment.
- The Rules of Employment and other related rules clearly prohibit discrimination and harassment, and also provide to the effect that the offenders may be subject to disciplinary punishment, which has been known to all employees.
- Guidelines on the prevention of sexual harassment specifies that harassment related to sexual orientation and gender identity is also included in sexual harassment.
- Ensured by establishing a consultation counter on discrimination and harassment, and by formulating a manual for consultants for each place of business that the privacy is protected and that consultants and cooperators will not suffer any disadvantages.
- Have held training on the prevention of harassment for all employees.
- Have distributed leaflets and have posted posters regarding the prevention of harassment.

<<References>>

Guidelines necessary for business enterprises to properly respond to the ban on unfair discriminatory treatment by reason of disabilities, and the provision of reasonable consideration appear in the official website of the Cabinet Office (<http://www8.cao.go.jp/shougai/suishin/sabekai/taioshishin.html>).

Also, the following references on measures against harassment have been announced from the Ministry of Health, Labour and Welfare:

“For business enterprises who work on measures against sexual harassment”
(<http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/0000088194.html>)

“Manual for introducing measures against power harassment” (<http://www.no-pawahara.mhlw.go.jp/jinji/download/>).

“To take measures against harassment related to pregnancy, childbirth, childcare leave, and nursing care leave, etc. as well as measures against sexual harassment at workplace is an obligation of business operators!!” (<http://www.mhlw.go.jp/file/06-Seisakujouhou-11900000-Koyoukintoujidoukateikyoku/0000137179.pdf>)

iii. Ban on violation of the rights of local residents, etc.

Suppliers, etc. shall not illegally force local residents, etc. to leave their residences, or largely destroy the local living environment, throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

It is necessary to go through formalities in line with related laws in the case of acquiring and using land when doing business activities.

Meanwhile, regardless of being an obligation under laws and regulations, it is important to make an effort to obtain the understanding of local residents and indigenous peoples who will be under the influence of these business activities. For instance, the “Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples” also recommends obtaining voluntary and prior consent based on sufficient information (Free, Prior, Informed Consent: FPIC) from indigenous peoples who will be under the influence of the relevant business activities.

<<Examples of efforts>>

- The human rights policies provide that indigenous people’s rights should be respected.
- Ensured that responses and procedures in line with related laws are taken in cases that require the eviction of residents.
- Held significant orientations for local residents on each stage from planning to execution in the cases of the initiation of new business, construction of a plant, and the change of the mining area
- Established a point of contact with which local residents can make complaints and consultations regarding the business operation. The point of contact has a system to give sincere responses to local residents in the local language.
- Held training regarding FPIC (Free, Prior, Informed Consent) for related employees.

<<References>>

“Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples”
(https://www.unglobalcompact.org/docs/issues_doc/human_rights/IndigenousPeoples/BusinessGuide.pdf)

iv. Respect for women's rights

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. should respect women's rights and give due consideration to making good use of the capabilities of women as human resources and developing childcare leave systems from the perspective of women's empowerment, promotion of a gender-equal society, and reproductive health/rights.

<<Commentary>>

Promotion of women's empowerment, such as opening the offices to female employees so that women can participate in economic activities in all fields not only deepens understanding of women's human rights but also leads to sustainable development of society and companies.

Also in Japan, although gender equality has been steadily advanced thanks to the long years of efforts, there are circumstances in such fields as employment where active female participation cannot be said to have been fully promoted with a smaller rate of female employees in management and wage differences between male and female employees.

To promote active female participation, it is necessary to improve the environment where both men and women can take the balance between work and childcare / nursing care, etc., in addition to a complete ban on sex discrimination, and disadvantageous treatment by reason of sex, pregnancy, childcare, nursing care, and so on. To this end, it is also necessary to reduce long working hours, and to realize diverse and flexible working styles for all workers, as well as to urge men to reform their awareness of work, household chores, and childcare. Moreover, both companies and workers are required to fully recognize the viewpoint of reproductive health rights. Also, since sexual violence including domestic violence has large influence on working, development of consultation and other related systems is required including the perspective of safety and health.

<<Examples of efforts>>

- Formulated a Diversity and Inclusion Policy that includes support for female employees' active participation.
- Signed the Women's Empowerment Principles, which are international guidelines.
- In the case where the number of female executives is substantially small, numerical targets and an action plan have been set in order to ensure the appointment of female executives.
- Have promoted support for career formation of female employees and improvement of the workplace environment.
- Made criteria for evaluation and promotion transparent in order to eliminate discrimination against women and gender biases.
- Have worked on the correction of wage differences between male and female employees and affirmative action, such as the introduction of a quota system.
- Developed a greater work-life balance support system than those required by law in the fields such as extension of the shorter working time system, and childcare leave system for male and female employees.

- Have worked on the promotion of male employees to take childcare leave in order to prevent biased use of the work-life balance support system depending on gender.
- Have taken a greater measures against sexual and maternity harassment than those required by law.
- Have provided training workshops regarding the reproductive health right.
- Have provided technical support for local female groups in raw material-producing countries for women's empowerment through an increase in income opportunities.

<<References>>

“Women’s Empowerment Principles”

(http://www.gender.go.jp/international/int_un_kaigi/int_weps/index.html) shows what companies and groups that hope to promote women’s empowerment should work on as seven principles.

Also, the awareness material related to the promotion of opening the offices to women organized by the Gender Equality Bureau of the Cabinet Office

(http://www.gender.go.jp/policy/chihou_renkei/torikumi/bunya.html#josei) and the Ministry of Health, Labour and Welfare’s “‘Visualization’ Support Tool by Types of Business for Promoting Positive Actions” (<http://www.mhlw.go.jp/topics/koyoukintou/2012/03/13-01.html>) can also be used as references.

v. Respect for the rights of persons with disabilities

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. should respect the rights of persons with disabilities, and give due consideration to stimulating employment of persons with disabilities, creating a barrier-free workplace environment, and using products produced by persons with disabilities receiving vocational aid, in order to encourage them to participate in economic and social activities.

<<Commentary>>

There are various types of barriers for people with disabilities in their daily lives and social lives: “physical barriers” such as a shortage of wheelchair accessible toilets, “customary and institutional barriers” related to employment and lifestyles, “informational barriers” related to communications and obtaining information due to visual and hearing impairment, “mental barriers” including discrimination and prejudice derived from a lack of understanding of people with disabilities. With the “Social Model of Disability,” which explains that barriers created by such a society have hindered social participation of people with disabilities, reflected to the Convention on the Rights of Persons with Disabilities and the Act to Advance the Elimination of Discrimination based on Handicap, efforts based on such principles are required.

To eliminate these social barriers, and to promote the creation of a livable and equal society for all people including people with disabilities, active efforts by business enterprises are expected together with various measures by national and local governments.

<<Examples of efforts>>

- Formulated basic policies related to employment of people with disabilities.

- Set a higher target for the employment rate of people with disabilities than that required by law.
- Have made an effort to create a workplace environment friendly for employees with disabilities by remodeling offices and other places of business to have barrier-free designs, and by providing reasonable consideration such as reviewing operational procedures in accordance with characteristics of disabilities.
- Improved in-house systems and have provided training for employees so that employees with disabilities can ask their bosses and the business enterprise to make reasonable consideration.
- Have been certified by municipality as a business enterprise that supports employment of people with disabilities.
- Prepared guidelines for workplaces that have accepted employees with disabilities.
- Have held workshops intended to exchange opinions about working environments for employees with disabilities.
- Established a consultation system for employees with disabilities.
- Established a consultation counter for discrimination and harassment related to disabilities, and to have worked on effective complaint resolution.
- Adopted an easy-to-use universal design for anyone.
- Provided Braille and sound indications and information on products and services.

vi. Respect for children's rights

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. should respect children's rights, and give due consideration to ensuring safety in providing products and services for children, and supporting parents and guardians who take care of children, in addition to stopping child labour, in order to encourage children's healthy growth.

<<Commentary>>

Nearly one third of the world's population is made up of children aged under 18. Children are important stakeholders for companies also as consumers and future employees. Meanwhile, children are in socially vulnerable situations, and companies may irreversibly affect children for a long period of time. From such a standpoint, the "Children's Rights and Business Principles" was announced as a reference to be used by business enterprises. These principles show the possibility of business enterprises to respect children's rights, and to support the healthy development of children through their business by observing the 10 principles that include:

- Contribute to the elimination of child labour in all business activities and business relationships.
- Provide decent work for young workers, parents and caregivers of children.
- Ensure that products and services are safe, and strive to promote children's rights through them.
- Use marketing and advertising that respect and support children's rights.

Suppliers, etc. are expected to respect children's rights in diverse forms, and to explore the possibility to actively provide support for them.

<<Examples of efforts>>

- Formulated and announced policies to respect human rights including children's rights.
- Have required safety tests for products and facilities that are intended for use by children.
- Established a flexible work system for employees raising children.
- Have provided environmental education, etc. for children from a perspective of developing human resources who support the future.

<<References>>

The "Children's Rights and Business Principles" (<https://www.unicef.or.jp/csr/pdf/csr.pdf>) was formulated by UNICEF, the United Nations Global Compact, and Save the Children.

vii. Respect for the rights of social minorities

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. should respect the rights of social minorities, such as ethnic, cultural and sexual minorities (including LGBTs) and migrant workers, as fully as the rights of other people, and give due consideration to supporting these people to enjoy economic and social rights equal to the rights of other people, while taking into consideration the protection of privacy according to their characteristics.

<<Commentary>>

To realize a society with diversity and inclusion, it is necessary to eliminate prejudice and discrimination by recognizing diversities of ethnicity, culture, sexual orientation, gender identity, and nationality, etc., and to aim to become a society where minorities can enjoy the same rights as those of other people.

For example, with an increase in the number of cases where business enterprises, as part of measures related to sexual minorities such as LGBT (people with atypical sexual orientation and/or gender identity such as lesbians, gays, bisexuals, and transgenders), hold training for employees to deepen their understanding, and apply family allowance to employees with same-sex partners, similar efforts are expected to be further widespread. Since information regarding sexual orientation and gender identity requires strict response for privacy, it is necessary to share in training the principle that unwanted provision of private information to people around and outside the company should be refrained from.

<<Examples of efforts>>

- Formulated policies regarding diversity and inclusion that include support for active participation of diverse employees.
- Created a comfortable workplace environment for employees with various religious and cultural backgrounds by establishing a prayer space in a workplace.
- Established a consultation counter at which foreign employees, LGBT employees, and employees with disabilities can express their opinions and requests. The consultation counter was established in consideration of ensuring consultants' privacy.

- Provided LGBT worker-friendly workplace facilities such as allowing the use of toilets based on users' own gender identity (for people who feel uncomfortable, the use of unisex toilets are recommended), establishing unisex toilets and changing rooms, and consideration for medical checkups.
- Established a partnership system, which can be used regardless of gender.
- Have held training, study sessions, and seminars for each level of employees in the company in order to promote understanding of different cultures as well as sexual orientation, and gender identity.
- Established rules and manuals related to information management in order to protect privacy related to sexual orientation and gender identity.

<<References>>

The General Incorporated Association Social Inclusion Support Center released “Guidelines on Support Manual for Solving Difficulties of Gender Identity and Sexual Orientation” (<http://279338.jp/entry-193.html>).

Also, there is “PRIDE Index” (<http://www.workwithpride.jp/pride/prideindex2016.pdf>) as guidelines to evaluate efforts related to sexual minorities such as LGBT in companies and groups.

(4) Labour

While labour is involved in each phase of production, distribution and other processes, and labour-related problems, including child labour, long working hours, and issues related to foreign workers, have been pointed out both in Japan and abroad, Tokyo 2020 will require suppliers, etc. to ensure proper labour management and an appropriate working environment. In addition, promotion of good work-life balance is necessary.

<<Commentary>>

Labour is an especially important field related to sustainability, occupying four of ten principles of the United Nations Global Compact. Above all, working long hours is a remarkable problem in Japan with the word “*karoushi*” (death from overwork and mental stress) having become an international word.

Problems to be worked on in labour sectors are very diverse, including labor-management relations, working hour management, and occupational safety and health. Business enterprises are required to have an attitude to take responsible actions for workers.

i. Compliance with and respect for international labour standards

Suppliers, etc. shall comply with and respect international labour standards (the Fundamental Principles and Rights at Work advocated by ILO, which include the ILO Core Labor Standards, in particular) throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

International labor standards include various ILO treaties and recommendations provided by ILO (International Labor Organization). Suppliers, etc. are required to not only comply with related national

laws of the relevant country, but also understand and respect the objectives of these treaties even in the case where the country has not ratified them (the case where corresponding national laws have not been established).

In particular, four points from (a) through (d) listed below are called “Fundamental Principles and Rights at Work,” which have been adopted for various initiatives and guidelines as the basis to protect basic rights of workers. Also from (ii) through (v) of this Article, standards based on these principles are established.

- a) freedom of association and the effective recognition of the right to collective bargaining;
- b) the elimination of all forms of forced or compulsory labour;
- c) the effective abolition of child labour; and
- d) the elimination of discrimination in respect of employment and occupation

<<**Examples of efforts**>> (Efforts related to all labour-related matters including compliance with and respect for international labour standards)

- Formulated and announced a code of conduct related to the respect for human rights, and decided to respect fundamental human rights and rights of workers in both Japan and overseas, and to work on the elimination of child labour and forced labour including with clients and cooperative companies.
- Specified the support for the ILO Core Labor Standards in the Compliance Code of Conduct.
- The Group Code of Conduct provides that basic rights of employees be respected.
- Prepared a manual for human resource and labour management, which has been known to all employees of the company, and has periodically checked the state of implementation.
- Have developed efforts in line with the suppliers’ code of conduct prepared by an industry group.
- Registered with the Information Sharing Platform regarding CSR, and has been audited by a third party.
- Formulated basic procurement policies that include the elimination of discrimination in respect to employment and occupation, and abolition of child labour and forced labour, and requested clients to observe those policies, and performs monitoring for the state of their observance according to the situation.
- Have provided labour-related awareness-raising activities and training for executives and employees.
- Have engaged in dialogue with a wide range of stakeholders, such as public organizations, employers’ associations, labor unions & representatives of workers, and civil society toward the improvement of the labor environment of plants in investment destinations.
- Introduced the Job Evaluation Scheme and a wage system based on equal pay for equal work.

<<**References**>>

At the help desk of the ILO (<http://www.ilo.org/tokyo/helpdesk/lang--ja/index.htm>), various types of information on international labour standards (including Q&A) are provided.

ii. Freedom of association and the right of collective bargaining

Suppliers, etc. shall secure the fundamental rights of workers engaged in the production, distribution and other processes of procured products, etc., such as freedom of association and the

right of collective bargaining.

<<Commentary>>

Freedom of association means to respect rights to establish a group intended to freely and voluntarily promote and protect occupational benefits, and to become a member of the group. Also, the right of collective bargaining is a workers' right to freely negotiate with employers, and is an essential element in freedom of association.

Suppliers, etc. are required to deal with the freedom of association without suffering from retaliation, threat, harassment, or other type of interference, freedom of becoming a member of a labour union, and the right of collective bargaining based on applicable laws and regulations in each country or region of their business activities. Also in Japan, the Labor Union Law, which is based on the provisions of the basic labor rights in Article 28 of the Constitution of Japan, stipulates the ban on disadvantageous treatment by reason of being an union member, the ban on controlling or intervening in the operation of a labour union, and the obligation to accept collective bargaining.

<<Examples of efforts>>

- One's own company's CSR policies provide for the respect for the freedom of association and the right of collective bargaining. Also, before formulating these policies, the company had discussions with stakeholders (such as employers' organisations, and labour unions or representatives of workers).
- The labor agreement having been concluded with the labour union specifies that the legitimate exercise of workers' rights shall be approved, employees shall not be given disadvantageous treatment for being a union member or for engaging in legitimate union activities.
- Have periodically provided opportunities for the company and the labour union (representatives of workers) to mutually exchange opinions about various problems of the management policies and management contents as well as personnel and labor issues.
- Established a consultation counter related to union activities, etc., which can be used by all employees

iii. Ban on forced labour

Suppliers, etc. shall not compel workers to engage in any forms of forced labour, or be involved in human trafficking, throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Labour is basically provided on a voluntary basis, and it is important for workers to be in a situation where they can choose their occupations on a voluntary basis.

Forced labour or compulsory labour are all types of labour which one is forced to engage in by a threat of a private sanction/retaliation, or an economic disadvantage, and is not offered voluntarily by workers. For example, forced labour indicates a type of labour in which workers are made engage against their own will, bonded labour in which the freedom of leaving the job is restricted for repaying a debt, etc., and slave labour as a result of human trafficking. Labour with no freedom of leaving the job, and an act of an

employer not responding to a request from a worker to return his/her ID, passport, or work permit which the worker was obligated to deposit with the employer are regarded as types of compulsory labour. Working long hours beyond the scope defined by law and a labor-management agreement may also be regarded as forced labour in the case where it is carried out under the threat of punishment, dismissal, or a low wage under the minimum wage. From such perspectives, the treatment of foreign technical interns has been strictly scrutinized especially in Japan.

Also, human trafficking is a grievous crime, and a serious problem that infringes fundamental human rights.

<<Examples of efforts>>

- One's own company's code of conduct specifies that it shall not force employees to work or make employees work against their will in parallel with detailed examples. Furthermore, the company requested that its clients comply with the code of conduct, and has continued monitoring the compliance situation.
- Have made efforts to obtain a sufficient understanding of various conditions related to employment while preparing employment contracts that fully specify working conditions including clauses regarding retirement, or issuing Notices of Employment.
- Do not confiscate IDs, or passports, nor force workers to engage in improper labor practices, such as hard toils against the workers' will.
- Have made the policy to prohibit all types of forced labour known in education/training for employees.

iv. Ban on child labour

Suppliers, etc. shall not make children work in any forms throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Child labour generally means to have a person under the minimum age for employment (15 years old in general), which is stipulated in treaties and recommendations of the ILO (International Labor Organization), work, and to neglect protection of young workers.

If children in poverty are deprived of opportunities for education due to child labour and grow up having been unable to receive an adequate education, a situation where they are unable to escape poverty continues. In addition, child labour may hinder the sound development of mind and body of children in growing process.

The risk of child labour depends also on the structure of supply chains by industry and the level of poverty of the relevant community. It is important to understand the risk and cause of child labour peculiar to the own company's supply chains, and to work on eliminating child labour.

<<Examples of efforts>>

- With the own company's Code of Conduct specifying not to have a child work, requested supply chains to observe the specification, and continuously performs monitoring for the state of their observance.

- The Rules of Employment stipulates not to employ those aged under 15.
- Included an item to confirm the age of an employee at the time of joining the company in the check items provided at the time of his/her employment. Especially at the time of employing a worker overseas, the confirmation of his/her age is ensured through a verifiable means.
- Established and have applied the provision defined in the Rules of Employment that a document which can be used to confirm and prove an employee's age must be included in documents to be submitted at the time of joining the company.
- Have made the policy to prohibit all types of child labour known to employees in education for them.
- Established a system, in the case of discovering a child under the legitimate age for employment working at the relevant workplace, to immediately pull the child away from the work.
- Have guaranteed adult workers to receive wages at least at the level that they can make a living without depending on child labour.
- Have cooperated with other companies, industry groups, and employers' organizations in order to tackle the problem as an industry-wide matter.

v. Ban on discrimination in employment and careers

Suppliers, etc. shall not practice any forms of discrimination against workers engaged in the production, distribution and other processes of procured products, etc. in employment, wages, working hours or other working conditions on account of race, nationality, religion, sex, sexual orientation, gender identity, level of ability, social status, etc.

<<Commentary>>

Discrimination means to unfairly provide or withhold treatment and such opportunities as to be employed, to be promoted, to receive a remuneration, and to take training outside reasonable factors such as the target employees' abilities, aptitudes, and achievements. There are various factors of discrimination, including race, ethnicity, nationality, birthplace region, skin color, age, sex, sexual orientation, gender identity, level of disability, religion, political opinions, union membership, state of engaging in union activities, and marital status. Also, cases where medical checkups and pregnancy tests impair equality of opportunity or treatment are regarded as discriminatory acts.

For instance, in the case of foreigners who tend to become targets for discrimination, according to the Ministry of Justice's Foreign Residents Survey Report (published in March 2017), with the response of "Turned down for the job by reason of being a foreigner" accounting for 25% of the total responses, the problem of discrimination in employment and work remains serious.

<<Examples of efforts>>

- Formulated the human rights policies that advocate the ban on discrimination and equality of opportunity, and that stipulate concrete procedures for realizing the advocations, and have disseminated the policies both inside and outside the company as a commitment of the top management.
- The Rules of Employment stipulates the ban on sexual harassment, maternity harassment, and SOGI

harassment (which is discrimination and harassment by such reasons as sexual orientation, gender identity), as well as discrimination at the workplace; and specifies the disciplinary action to be taken for the offenders.

- The Internal Rules stipulate that in employment screening, applicants shall be screened based on their aptitude, abilities, and volition regardless of their sex, nationality, belief, age, sexual orientation, and gender identity, etc.
- Omitted the columns for information of sex, and marital status from the examination documents for employment and promotion.
- Have provided training for executives and employment interviewers in order to raise awareness of discrimination, and ensure that questions that can lead to discrimination in employment will not be asked.
- Have periodically examined as to whether the equality of wage, and of opportunities such as for promotion, and capacity development are ensured, using an objective indicator.
- Established a counter at which complaints and consultations regarding discrimination are accepted, and have entrusted a specialized third party to deal with these cases depending on the details.

vi. Wage

Suppliers, etc. shall pay at least the minimum wage provided for in relevant laws and ordinances to workers engaged in the production, distribution and other processes of procured products, etc.

Suppliers, etc. also should give due consideration to paying wages at a level that can cover the costs of each worker's living necessities.

<<Commentary>>

The minimum wage means the lowest amount of wage defined by wage-related laws and regulations of the country of the relevant business establishment. Employers are required to pay at least the amount of the prescribed minimum wage.

Furthermore, there are cases where aside from the legal minimum wage, the idea of “living wage,” which is calculated as the amount of wage necessary to maintain the minimum standard of living, is introduced as part of voluntary efforts by companies. (However, the definition of the term “living wage” varies depending on the organization that uses this term, and there is no common definition.)

<<Examples of efforts>>

- The own company's policies define the payment of fair wages.
- Confirmed that the company's minimum wage does not conflict with the Minimum Wage Act by collating each prefecture's latest minimum wage and the salary database.
- For overseas places of business, established rules that comply with all local wage-related laws and regulations; and have paid wages based on the rules.
- Have accurately paid employees' salaries and wages based on objective records, such as time cards and usage of time records on computers; and have recorded the confirmation results in the wage ledger, in order to prevent overtime pays from being unpaid.

vii. Ban on long working hours

Suppliers, etc. shall not set illegally long work hours for workers (or set long work hours that cause damage to workers' health and welfare for workers to whom working hour regulations, etc. do not apply) throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Long working hours lead to the accumulation of physical and mental fatigue, and may cause health impairment. In Japan, measures to correct long hours of work have also been strengthened. It is important to properly manage workers' working hours, holidays, and vacations in order to prevent workers from working beyond the legal limits or limits prescribed in labor-management agreements.

Furthermore, suppliers, etc. are expected to make efforts, such as securing a necessary number of workers, and improving productivity based on the use of ICT, in order to create an environment where workers are rarely required to work long hours. Including cases such as agriculture and fishery where the application of provisions related to working hours, etc. is exempted (Article 41 of the Labor Standards Act), from a perspective of protecting workers' health and welfare, suppliers, etc. need to correct the situation of the entire supply chain that tolerates long working hours. To this end, they are expected to take into consideration setting of a proper delivery deadline, and transactions at prices appropriate for the services.

Furthermore, with the necessity of taking a measure against long working hours pointed out as a factor that inhibits women's active participation also from a perspective of gender equality, measures on the basis of the Act on Promotion of Women's Participation and Advancement in the Workplace and other laws and regulations should be taken.

<<Examples of efforts>>

- One's own company's CSR Policy stipulates the control of overwork.
- Established a system to check if the agreement on overtime work / holiday labor (so-called 36 Agreement) is properly observed.
- Set the reduction target for the annual total working hours.
- Have prohibited consecutive work without holidays.
- Have conducted workplace patrols in order to prevent unpaid overtime work.
- Have operated a system with which the conformity to the labour standards can be verified with the introduction of an electric attendance management system.
- Have managed working hours on a weekly basis, and have alerted employees who reached the prescribed overtime work hours.
- Established the day of leaving work at fixed time (No Overtime Day) once a week.
- Have shared good examples of correcting a situation that tolerates long working hours.
- Received the "Eruboshi" Certification, which is based on the Act on Promotion of Women's Participation and Advancement in the Workplace, and the "Kurumin" Certification, which is based on the Law on the Promotion of Measures to Support Development of the Next Generation.

- Introduced the Intervals between Duties System (a system to secure prescribed time of recess between the closing time and the starting time on the following day).
- Have positively valued the working style of finishing work within the prescribed time.

<<References>>

The national government (the Ministry of Health, Labour and Welfare) has also advanced its effort to reduce long working hours. (<http://www.mhlw.go.jp/kinkyu/151106.html>)

The Guidelines for Measures to Be Taken by Employers to Properly Monitor Working Hours (http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/roudoukijun/roudouzikan/070614-2.html)

viii. Safety and hygiene of workplaces

Suppliers, etc. shall create physically and mentally safe and healthy working environments and conditions, including the establishment of a safety and health committee and mental health care, for workers, etc. engaged in the production, distribution and other processes of procured products, etc. in accordance with laws and ordinances relevant to health and hygiene. Suppliers, etc. also should give due consideration to fostering working environments that bring workers a favorable work-life balance.

<<Commentary>>

To prepare an environment where workers can safely and healthily work is a preferential and essential theme for business enterprises. Suppliers, etc. must not only preemptively prevent industrial accidents but also secure workers' safety and health through proper improvement of work conditions and the environment as well as workers' health management so that workers can comfortably engage in operations by taking necessary measures following related laws and regulations, such as the Industrial Safety and Health Act. With regard to construction works, it is necessary to ensure safety management of all places of business including so-called self-employed persons based on the "Law on the Promotion of Securing Safety and Health of Construction Workers."

Furthermore, suppliers, etc. are expected to work on reducing overtime work and encouraging employees to take paid leave in order to enable workers to enjoy work-life balance.

<<Examples of efforts>>

- Formulated a Conduct Policy that includes requirements to comply with labour-related laws and regulations, and to maintain a safe and healthy workplace environment.
- The Group Action Guidelines provides that utmost care must be taken for safe operations.
- Have annually drafted a Safety and Health Plan along with setting a Safety Policy and a slogan.
- Have taken various safety measures such as installing safety devices, and implementing periodic inspections and maintenance for mechanical equipment.
- Ensured that employees who engage in dangerous work are supplied with protective equipment, and

wear it.

- Have discussed safety measures at workplaces based on risk assessment in the Health and Safety Committee meetings, have practiced safety patrols, and have made an effort to ensure compliance with relevant rules.
- Have had employees receive legal health checkups and stress checks related to mental health, and based on the results and actual situations of employees, have taken measures such as to adjust the business volume.
- Have properly secured health and safety of workplaces and living facilities (such as cafeteria, toilets, dormitory, and changing rooms).
- Acquired OHSAS 18001 Certificate, an international standard for occupational health and safety systems.
- Have provided various types of education and training, and have raised awareness of occupational health and safety for employees.
- Have secured emergency evacuation routes and emergency exits.
- Have implemented mental health training sessions.
- Have promoted work-life balance by setting targets for the rate of taking paid leave, and by practicing no-overtime days, etc.
- Have taken measures from a perspective of mental health for the case of becoming a victim of harassment.

<<References>>

In the Ministry of Health, Labour and Welfare's "Workplace Safety Site" (<http://anzeninfo.mhlw.go.jp/index.html>), various pieces of information, which can be used to secure workplace safety and health as reference are integrated.

ix. Foreign and migrant workers

Suppliers, etc. shall conduct proper labour management of foreign and migrant workers (including technical interns) who work in the supplier's country for the production, distribution and other processes of procured products, etc. based on relevant laws and ordinances, and shall not do illegal or unjust conducts, such as paying no wages, setting illegally long work hours for them, depriving them of their passport, forcing them to return home, and collecting deposit money from them. Suppliers, etc. also shall notify each worker of his/her working conditions in a format written in the language that he/she can understand in accordance with laws, administrative directions, etc. Moreover, if suppliers, etc. have workers introduced or sent to them, they should check whether the businesses who introduce or send workers to them have been licensed based on laws and ordinances, or whether the said businesses illicitly violate the rights of foreign workers. Additionally, suppliers, etc. should take measures to provide favourable living environments for foreign workers, to establish systems for enabling foreign workers to easily file complaints and ask for consultation, and to collaborate with authorized labour-related organisations.

<<Commentary>>

Foreign and migrant workers have low social status in many cases, and can be said to be in positions where they are susceptible to exploitation due to their language problems, etc. For example, there are some cases where problems such as fraudulent recruitment and restriction of transfer and contact are pointed out, in addition to confiscation of passport, etc., forced returning to home country, collection of guarantee deposits, non-payment of wages, and illegal long working hours.

In Japan, approximately 270,000 foreign technical interns are staying as residents (as of the end of 2017). Procedures and other related matters necessary for proper implementation of related systems and protection of technical interns are stipulated in the Technical Intern Training Act and other related laws and regulations, and must be surely taken.

Suppliers, etc. are required to fully keep in mind the problems stated above, and to practice employment procedures and labour management in line with related laws and regulations, and are recommended to confirm whether foreign and migrant workers' rights are respected in their supply chains as due diligence. Tokyo 2020 will also introduce references such as case examples and tools which can be used by suppliers, etc. when they practice due diligence.

<<Examples of efforts>>

- Have confirmed, in the case of employing a foreign worker or a migrant worker, whether he/she is authorized for employment.
- Have checked in a stricter process of employing foreign workers if there are any cases of collection of handling charges or/and passports / IDs kept by temporary staffing agencies, and if these workers received employment contracts written in their native languages.
- Have a system that is able to accept questions and consultations from and give proper advice and support to foreign national employees in English or their native languages regarding working conditions including wages, as well as matters related to dietary lifestyles and medical treatment.
- Have indications in languages understood by foreign workers in facilities such as the plant.
- Have provided technical interns with safe and sanitary residences, collecting proper actual expenses for them.
- Have held training for executives and employees with a managerial post of workplaces to which foreign national employees are assigned.
- Have given priority to employment of local citizens, and promotion, and technical development of locally employed staff in bases in overseas destinations of business expansion. Also have discussed local employment plans with local government organizations and labor organizations.

<<References>>

In the official website of the Ministry of Health, Labour and Welfare (http://www.mhlw.go.jp/stf/seisakunitsuite/bunya/koyou_roudou/roudoukijun/gyosyu/ginoujisyu-kakuho/index.html), matters to be noted for business enterprises who accept technical interns are explained in order to ensure and improve their working conditions.

The Immigration Bureau of the Ministry of Justice annually announces the number of unlawful

actions (See the data for 2016 at

http://www.moj.go.jp/nyuukokukanri/kouhou/nyuukokukanri07_00124.html). Unlawful actions are as follows:

- Assault, threat, and confinement
- Confiscation of passports and residency cards
- Non-payment of wages
- Conducts that remarkably infringe on human rights
- Creation and provision of forged or falsified documents
- Collection of guarantee deposits
- Engagement in work during training period
- Dual contract
- Inconsistency with the Technical Intern Training Plan
- Name lending
- “Failure to report unfair practices” and “Failure to report the case of unable to continue training” in training implementing organisations
- “Failure to report unfair practices” and “Failure to establish auditing and consultation systems” in supervising organisations
- Frequent occurrence of missing persons
- Employment of illegal migrant workers
- Violation of labour-related laws and regulations
- Recruitment services for commercial purposes
- Repeated unfair practices
- Failure to prepare journals
- Failure to report when returning to home country
- Work of trainees outside the predetermined period of time

(5) Economy

Recently, fairness of business activities has become a focus of growing social interest. Moreover, sustainability is based on the three pillars of the environment, society and economy, the harmony of which is hoped for also in economic and business activities. Active efforts in procurement for the Games with involvement of small and mid-sized enterprises, which form the foundation of the Japanese economy, contribute to sustainable growth of the Japanese economy through developing new markets and acquiring further expertise. Moreover, it is also necessary to take into account the recovery and reconstruction of areas severely affected by the Great East Japan Earthquake, etc. Therefore, Tokyo 2020 places importance on approaches for fair business practices and invigoration of regional economies.

<<Commentary>>

Corrupt practices inhibit sound competitions and economic development. In the case where a business

enterprise illegally gains profits through bribes and unfair competitions, it cannot be said that the business enterprise fulfills its social responsibilities. In ISO 26000, which is an international standard on social responsibilities of organisations, “Fair Operating Practices” is considered as one of the core subjects.

Also, with an expanding global trend of seeking sustainability, business enterprises are expected to contribute to regional sustainable development through the improvement of their competitiveness by promoting consideration for sustainability.

Furthermore, under the theme of “Recovery and Reconstruction”, one of the themes of Tokyo 2020 Olympic and Paralympic Games, business enterprises are also expected to value efforts to promote recovery and reconstruction of regions suffering serious damage done by Great East Japan Earthquakes.

i. Prevention of corruption

Suppliers, etc. shall not be involved in corruption, such as bribery, throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

Bribery is an act of offering money, entertainment, gifts and other benefits as well as convenience to public servants or equivalent persons in pursuit of some business advantage in return, such as approval and license, acquisition/maintenance of trading, or access to nondisclosure information.

<<Examples of efforts>>

- Formulated a Conduct Policy related to the prevention of bribery.
- Formulated a compliance code of conduct intended to prohibit illegally offering money and other economic benefits to public servants or equivalent persons.
- Prepared guidelines to prevent bribes, and have made the guidelines known to all employees. Especially, have provided thorough education for persons in charge of procurement.
- Have made efforts to strengthen checking entertainment expenses, and to preserve records of expenditures such as political contributions.
- Have periodically provided education on the trend of laws and regulation and contents of guidelines of major countries.

<<References>>

The Ministry of Economy, Trade and Industry released the “Guidelines for the Prevention of Bribery of Foreign Public Officials” (http://www.meti.go.jp/policy/external_economy/zouwai/) as a reference for companies to take measures to prevent bribery to foreign public officials.

ii. Fair business practices

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. shall comply with anti-trust acts and subcontracting laws, and shall not be engaged in unfair and uncompetitive business practices, such as dumping, beating down of prices, and bid-rigging, which are banned in these acts and other laws, ordinances, etc.

<<Commentary>>

Suppliers, etc. are required to not engage in dumping, an unfair demand for price cuts, or bid-rigging based on anti-trust acts and subcontracting laws.

<<Examples of efforts>>

- Formulated compliance policies that include compliance with each country's competition law and antimonopoly act, and practice of fair trading.
- Formulated a code of conduct that requires fair competition and maintenance of appropriate relationships with clients.
- Prepared guidelines for employees on the prevention of forming cartels and collusion, and have provided education and training for employees.
- Established a consultation counter regarding anti-trust law, and have ensured that employees with questions about interpretations and applications of laws and regulations can consult at the counter.
- Established an in-house system to check the status of compliance with the subcontracting law.
- Have provided education for and raised awareness of employees of departments with the risk of violating the anti-trust law regarding acts regarded as types of illegal activities and matters to be noted for the execution of business operations.

<<References>>

Various types of guidance and guidelines have been publicised by the national government such as the Ministry of Economy, Trade and Industry's "Guidance on Antimonopoly Law for Small- and Medium-size Businesses" (<http://www.meti.go.jp/publication/downloadfiles/kartell.pdf>).

iii. Use of raw materials with no involvement with a conflict or crime

Suppliers, etc. shall not use any raw material for procured products, etc. which is involved with a conflict or crime or could be a money source of an armed force or criminal organization.

<<Commentary>>

Raw materials that this Sourcing Code assumes are four minerals (tantalum, tin, tungsten, and gold) produced in conflict regions. In conflict regions, it is pointed out that armed forces that engage in the act of violating human rights are involved in, and have become a source of funding for mining these minerals. In recent years, while the U.S. and EU have tightened their regulations on these conflict minerals, even business enterprises which are not directly subject to these regulations may be requested to make a similar response from their overseas clients.

To avoid raw materials involved in these conflicts and crimes, it is effective to identify places of origin and distribution channels, to perform risk assessment, and perform procedures such as a third-party audit in high-risk cases especially for resources for which risks are pointed out.

<<Examples of efforts>>

- Formulated a Group Policy of not using minerals mined in a conflict regions through an illegal method for products.
- Established guidelines to deal with conflict minerals, and have requested supply chains to understand and respond to conflict minerals issues.
- Have conducted investigations on use situation of conflict minerals and information on refineries by establishing an in-house response system, and using tools developed by industry groups.
- Have provided training on investigations on conflict minerals for the company's persons in charge of procurement.

<<References>>

The Organisation for Economic Co-operation and Development (OECD) released its “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” (http://www.mofa.go.jp/mofaj/gaiko/csr/pdfs/oecd_ddg_jp.pdf) as a guidance for mineral supply business enterprises.

iv. Protection of intellectual property rights

Suppliers, etc. shall not violate the intellectual property rights (e.g. patent rights, copyrights, and design rights) and trade secrets of a third party, throughout the production, distribution and other processes of procured products, etc.

<<Commentary>>

It is necessary to be careful when developing and selling products and services, etc. to prevent the use of intellectual properties of third parties without permission. Also, illegal procurement and utilization of a trade secret of a third party constitutes an infringement of its intellectual property right.

<<Examples of efforts>>

- One's own company's action guidelines stipulate that the company shall make efforts to respect and not to infringe upon other companies' intellectual property rights.
- Have made thorough investigations of third parties' patents so as not for own company's products to infringe upon their intellectual property rights.
- Have provided training and e-learning for employees related to intellectual properties.
- Have obligated supply chains to confirm that they have not infringed upon any third parties' intellectual property rights.
- Have prohibited employees who transferred from other companies from using or disclosing works or confidential information from their previous jobs in their own company.

v. Responsible marketing

Suppliers, etc. shall not use misleading representations prohibited by laws and ordinances related to product labelling (for example, in Japan, the Act against Unjustifiable Premiums and Misleading Representations (Act No. 134 of 1962)), throughout the production, distribution and

other processes of procured products, etc. Suppliers, etc. should give due consideration to consumers and society in the marketing process of procured products, etc. by avoiding use of discriminatory or misleading advertisements, restraining use of advertisements that will adversely affect children, and other means.

<<Commentary>>

Representation of advertisements for products and services must be done in line with regulations of related laws and ordinances. Untruthful/incorrect indications and misleading representations for consumers and clients must be avoided.

Also, suppliers, etc. are expected to check that their advertisements include no discriminatory expressions, have no content that adversely affects children (violent expressions, and expressions that may cause danger and misuse of the products), and the advertisements are given due consideration for children who are easily affected by information.

<<Examples of efforts>>

- The company's compliance code of conduct stipulates not to use misrepresentations for the company's products.
- Set in-house standards on advertisements, and established a mechanism to inspect representations and expressions of products and advertisements.
- Have given explanations on representations for products and services which can be properly understood by customers and consumers based on related laws and regulations.
- Have provided training in order to prevent misrepresentations for related employees.

<<References>>

The "Guidelines for Advertising and Marketing that Affect Children" (<http://www.savechildren.or.jp/partnership/crbp/pdf/fm.pdf>) was formulated by NGOs, companies, experts, and related organizations, etc.

vi. Proper management of information

Throughout the production, distribution and other processes of procured products, etc., suppliers, etc. shall handle personal information based on relevant laws, and properly manage the confidential matters that they come to know during their business operations related to the Games to prevent these matters from being leaked outside through cyberattacks, internal frauds, etc. Suppliers, etc. also should take preventive measures, such as enhancing management of information access and establishing systems for preventing information leakage according to the levels of information security risks, and proactively building systems useful in case of information leakage, including ones for identifying the cause of leakage and minimizing resulting damage.

<<Commentary>>

Suppliers, etc. are required to properly handle personal information of their customers and employees

following related laws and regulations. Japan's Personal Information Protection Law prescribes "Prohibition of Utilization Other Than for Intended Purposes," "Notice of the Purpose of Utilization" at the time of acquisition, and "Restriction of Provision to a Third Party".

Also, social demands and legal responsibilities for information security, including personal information, have expanded. It is important to systematically take measures, according to the nature of information to be handled, not to affect inside and outside the company such as preparation of standards and policies that employees and other related people should comply with, and drafting, implementation, and auditing of a plan conforming to the standards and policies.

<<Examples of efforts>>

- The Basic Compliance Policy specifies that customer information obtained in the course of business shall be strictly managed, and must not be used for other than intended purposes.
- Have prevented attacks from outside the company on, and information leakage from inside the company of data of prime importance, by storing them with a security-enhanced dedicated system, and through access restrictions and recording of the utilization status.
- Have engaged in the formulation of information management regulations, introduction of security software, and provision of training for information management.
- Established internal regulations intended to protect personal information, and have periodically provided relevant audits and education.
- Introduced measures for utilizing Big Data based on privacy risks unique to such data.
- Have periodically audited the management status of trade secrets.
- Obtained ISO 27001 Certification (international standard for information security management).

<<References>>

Basic information and guidelines regarding the Personal Information Protection Law are provided in "Laws & Policies" (<https://www.ppc.go.jp/en/legal/>) and "Web page of Support for small- and medium-size business enterprises (the Personal Information Protection Law)" (https://www.ppc.go.jp/personal/chusho_support/) by the Personal Information Protection Commission.

In the "Guidelines on Measures for Information Security of Small- and Medium-sized companies" (<https://www.ipa.go.jp/security/keihatsu/sme/guideline/>) by Information-technology Promotion Agency, guidelines for measures on information security to be taken by small- and medium-sized companies are shown.

In addition, guidelines for measures against internal illegality are provided in the "Guidelines for the Prevention of Internal Improprieties in Organizations" (<https://www.ipa.go.jp/security/fy24/reports/insider/>) by Information-technology Promotion Agency, and "Handbook of Protection of Confidential Information" (<http://www.meti.go.jp/policy/economy/chizai/chiteki/pdf/handbook/full.pdf>) by the Ministry of Economy, Trade and Industry.

Furthermore, the Ministry of Economy, Trade and Industry and Information-technology Promotion Agency jointly drew up "Guidelines for Cyber Security Management"

(http://www.meti.go.jp/policy/netsecurity/mng_guide.html) and “Manual of Guidelines for Cyber Security Management” (<http://www.ipa.go.jp/security/economics/csmgl-kaisetsusho.html>).

vii. Invigoration of regional economies

Involvement in sustainable sourcing for the Tokyo 2020 Games will provide valuable experience for small and mid-sized enterprises in Japan, and stimulate them to enhance and invigorate their own competitiveness in the global market, which leads to the sustainable development of their local communities. Tokyo 2020 will therefore encourage enterprises in Japan to make efforts for sustainable sourcing, in cooperation with the Tokyo Metropolitan Government, which implements various initiatives, including Business Chance Navi 2020.

<<Commentary>>

Tokyo 2020, while broadly providing opportunities to become a supplier of products and services that it procures by utilizing “Business Chance Navi 2020” operated by the Promotion Council for the Small and Medium Enterprises Going-Global Project 2020, will encourage as many business enterprises as possible to work on sustainability by selecting business enterprises who can respond to this Sourcing Code.

Also, when examining the procurement destinations of raw materials and business contractors, suppliers, etc. will be recommended to utilize small- and medium-sized business enterprises who work on sustainability and their products.

Since “Business Chance Navi 2020” has a function to match between private companies, suppliers, etc. will be able to cultivate their supply chains who meet the relevant conditions including the response to sustainability, by utilizing this function when they outsource a part of orders they have received, or when they procure raw materials.

<<Examples of efforts>>

- Have a policy for the procurement of materials to be open for fairly choosing business partners, and to prioritize ones who actively engage in environmental conservation and other CSR activities
- Have made an effort to strengthen supply chains’ CSR activities in cooperation with them for procurement as well as to promote local procurement activities in order to contribute to the local communities.
- Have conducted surveys on candidate business partners with excellent environmental consideration and social consideration, using Business Chance Navi 2020.
- Have made efforts to use locally-procured foodstuff which have received a sustainability-related certification in the staff cafeteria, etc.

<<References>>

For the procurement procedure, please see the official website of Tokyo 2020 (<https://tokyo2020.jp/jp/organising-committee/procurement/guide/>).

Business enterprises who want to receive orders from Tokyo 2020 need to register at Business Chance Navi 2020 (<https://www.sekai2020.tokyo/bcn/>) in advance.

5. Verification Procedure

<<Commentary>>

While requirements related to various fields and items are specified in “4. Standards for Sustainability” stated above, this “5. Verification Procedure,” specifies responses required for suppliers and licensees, also using ISO 20400 as a reference, from a perspective of encouraging suppliers, etc. to make efforts to comply with these standards and checking the state of their compliance.

(1) Understanding of the Sourcing Code

Enterprises who want to be a supplier or licensee shall check the content of the Sourcing Code beforehand, by referring to and/or using explanations to be formulated separately by Tokyo 2020 or other means.

<<Commentary>>

Business enterprises who want to become a supplier or a licensee need to understand what kinds of efforts should be made for the compliance of the Sourcing Code. They are expected to reflect their understanding in their discussions as to whether their companies’ efforts are enough to meet the standards expected by the Sourcing Code, or how they should work on their insufficient points.

To accurately understand the Sourcing Code, it is beneficial to use these Commentaries that give a point-by-point explanation for each provision of the Sourcing Code.

(2) Proactive commitment

Enterprises who want to be a supplier or licensee shall commit to striving to comply with the Sourcing Code.

<<Commentary>>

Commitment to making an effort to comply with the Sourcing Code is the prerequisite of becoming a supplier or a licensee of Tokyo 2020. Specifically, business enterprises are required to submit the written commitment (appendix template 2) on the occasion of the conclusion of sourcing contracts and license agreements.

(3) Internal preparation for compliance with the Sourcing Code

Suppliers and licensees should properly check and assess sustainability-related risks that they face, and take internal preparatory measures to comply with the Sourcing Code according to the levels of the assessed risks, before and after entering into a contract with Tokyo 2020.

<<Commentary>>

○ Points to be noted in taking internal preparatory measures

Effective measures in “internal preparatory measures to comply with the Sourcing Code,” which are

specified in this provision, are to establish and operate an internal control system under the PDCA cycle (plan-do-check-act cycle). Elements for an internal control system are a commitment of the top management; formulation of policies and rules; development of organizational frameworks; securing information transmission routes; training and education; and auditing and monitoring. It is also necessary to continuously review the effectiveness of these efforts, and to improve them based on the PDCA cycle.

Meanwhile, the Sourcing Code does not require suppliers and licensees to establish uniform measures. It is important for these measures to be in line with the scale and contents of the business as well as risks that these suppliers and licensees may face. Also, it can be said to be efficient after fully considering the use of an existing internal control system to supplement elements which are deemed insufficient.

○ Adoption of risk-based approach

For the response to the Sourcing Code, including taking the internal preparatory measures stated above, the so-called risk-based approach is effective. This is based on an idea that in a situation where the impact and risks of business activities largely vary depending on the types of business, countries/regions, and scales, it is effective and efficient to preferentially and intensively respond to fields with high risks of negative impact after assessing the risks related to sustainability of own company's business activities (risks of violations of human rights, child labour, and environmental pollution, etc.), rather than taking a uniform response for each item of "4. Standards for Sustainability" stated above. In other words, (with the major premise of compliance with related laws and regulations) it is all right to make less effort for fields with lower risks. As such, it is vital to make well-balanced efforts according to the levels of importance.

○ Due diligence

While it is necessary to properly check and assess the risks related to sustainability as a prerequisite for risk-based approach, not only a perspective of whether or not there is a danger of business activities violating related laws and regulations but also a perspective of whether or not these business activities have negative impact on stakeholders, such as local residents, workers, and consumers are important for such risk assessment.

To take precise measures from these perspectives, the method of Human Rights Due Diligence, which the UN Guiding Principles on Business and Human Rights seeks for business enterprises, can be used as a reference. Human Rights Due Diligence means to assess the impact of business activities on human rights, and to take measures for assessment results. For specific details of Human Rights Due Diligence, please see the column on page 54 through page 56 of these Commentaries.

With rules for the implementation and disclosure of due diligence having currently been established in various countries around the world, there are cases where business enterprises outside the local region may be affected by such situations. Companies which will become suppliers and licensees are recommended to actively consider implementation of due diligence from not only a perspective of the compliance with the Sourcing Code, but also a perspective of more widely avoiding the violation of laws and regulations as well as reputation risks.

(4) Dissemination

Suppliers and licensees should take proper measures to appropriately disseminate the content of the Sourcing Code to their relevant executives and workers, and supply chains, before and after entering into contracts with Tokyo 2020.

<<Commentary>>

○ The necessity of and points to be noted in training and education for officers and employees

In supplier or licensee companies, the management department as well as officers and employees of various departments may be responsible for concrete measures corresponding to the Sourcing Code. That's why it is important to thoroughly raise awareness of the contents of the Sourcing Code for related officers and employees through training and education as one of the factors of the internal control system.

As risk-based approach is also effective for this provision, it is effective to more intensively provide training and education for officers and employees who are involved in high-risk business activities than to hold training uniformly to all officers and employees.

Furthermore, when providing training and education, it is expected that the business enterprise enhance understanding and motivation of officers and employees for the compliance of this Sourcing Code by explaining about the background and examples of efforts of formulating this Sourcing Code, which are found in these Commentaries.

○ The necessity of and points to be noted in training and education for supply chains

As prescribed in “(5) Encouragement of supply chains’ efforts towards sustainability,” suppliers and licensees are expected to work on their supply chains to comply with the Sourcing Code. However, some supply chains are small- and medium sized enterprises and enterprises in emerging or developing countries, and they may lack the knowledge on and capacity to respond to the Sourcing Code in the first place. In such a case, it is beneficial to inform related supply chains of the details of the Sourcing Code through training and education.

Also in disseminating the details to supply chains, as in the case of informing the details to one's own company's officers and employees, risk-based and well-balanced efforts should be made according to the levels of importance on the premise of compliance with related laws and regulations.

○ Points to be noted in disseminating the details of the Sourcing Code to supply chains

It is important in disseminating the Sourcing Code to make its details understood even by workers of supply chains, who tend to be victimized by violations of human rights. In particular, when supply chains are in a developing country, there are methods such as to post the Sourcing Code translated in the local language in one's own country's official website, to distribute the Sourcing Code to supply chains, and to ask them to post it on a bulletin board.

○ The usefulness of establishing a consultation counter

When disseminating the Sourcing Code to officers and employees as well as supply chains, it is beneficial, in addition to providing training and education, to establish a consultation counter in the

business enterprise at which those who have concerns and questions in terms of complying with the Sourcing Code can seek advice.

(5) Encouragement of supply chains' efforts towards sustainability

Suppliers and licensees should encourage their supply chains to comply with the Sourcing Code or other procurement policies equivalent to it, before and after entering into a contract with Tokyo 2020, aiming for compliance with the Sourcing Code through the production, distribution and other processes of procured products, etc. For this purpose, suppliers and licensees should properly check and assess sustainability-related risks that their supply chains face, and focus their efforts on the supply chains and fields that face higher risks concerning sustainability.

When encouraging their supply chains' efforts towards sustainability, suppliers and licensees should place high priority on communication with supply chains, in order to promote compliance with the Sourcing Code in collaboration with their supply chains, based on the principle of harmonious coexistence and co-prosperity.

To ensure the reliability of their initiatives in encouragement of and communication with their supply chains, suppliers and licensees should consider adding to their contracts with supply chains model provisions concerning sustainability to be formulated by Tokyo 2020 or other similar provisions.

<<Commentary>>

○ The necessity of the encouragement of supply chains' efforts towards sustainability

We are in a situation where many of the problems regarding sustainability occur in the upstream of the production and distribution processes. In that case, these problems are not solved merely by suppliers and licensees complying with the Sourcing Code. Therefore, efforts to disseminate the consideration of sustainability in the entire production and distribution processes will be needed.

The UN Guiding Principles on Business and Human Rights also requests that companies, when their supply chains cause a violation of human rights, work on these supply chains to correct the situation, by exercising their significant influence on the supply chains. Based on these objectives, various laws and regulations, including the Modern Slavery Act, have been introduced internationally in order to ensure transparency of supply chains.

○ Adoption of risk-based approach

In the case where there are many supply chains for the procurement of diverse raw and other materials, it is difficult to uniformly and equally work on all these supply chains. In particular, this is even more difficult in the case of supply chains with no direct contractual relationships. For that reason, also with regard to the encouragement of supply chains' efforts towards sustainability, suppliers and licensees are recommended to more intensively work on high-risk supply chains and fields.

○ Points to be noted in risk assessment

It is necessary to properly check and assess risks in terms of sustainability in supply chains as the

prerequisite for risk-based approach. In doing so, as in the case of “(3) Internal preparation for compliance with the Sourcing Code,” the method of Human Rights Due Diligence is useful as a reference.

To assess the risks for supply chains, it is beneficial to perform risk assessment regarding countries/regions where one’s own company’s supply chains engage in their business activities, types of business, and clients, after understanding the structure of one’s own company’s supply chains, by utilizing information such as case examples, data, and indexes provided by each local national government, NGOs, and mass media.

However, when supply chains exist globally and in a multitiered form, it may be difficult to accurately grasp risks due to the physical distance, differences in language and culture, and gaps related to transactions. For that reason, with regard to suspected high-risk supply chains, it can be said to be preferable to seek advice from experts, to have dialogs with relevant stakeholders, and to perform field surveys as necessary.

○ Adoption of bottom-up approach based on the principle of co-existence and co-prosperity

In terms of the encouragement of supply chains’ efforts towards sustainability, various adverse effects of the top-down type management method have been pointed out such as requesting one-sidedly that supply chains comply with the Sourcing Code, and auditing the status of compliance. In the case where a request that ignores the conventional practice of sourcing is made, supply chains’ cost of complying with the Sourcing Code may increase aimlessly, and the audit cost of order-placing companies may also increase.

Based on these problems, it is desirable to promote the consideration of sustainability as a joint effort between order-placing companies and their supply chains. Such bottom-up style efforts can be said to match the culture of “symbiosis” unique to Japan in which medium to long-term relationships of trust are valued.

In terms of the bottom-up joint efforts, communications with supply chains are important, rather than one-sidedly imposing the burden of complying with the Sourcing Code to supply chains. By identifying effective and efficient response measures according to the levels of risks through information exchanges with supply chains, both parties can be expected to enjoy the advantage of reductions in the cost of compliance and auditing costs.

○ Effectiveness of introducing provisions on sustainability

To enhance the effectiveness of the encouragement of supply chains’ efforts towards sustainability and communications, it is beneficial for suppliers and licensees to introduce provisions on sustainability to trade agreements with supply chains. Since this clarifies to Tokyo 2020 and external stakeholders that suppliers and licensees have encouraged supply chains’ efforts towards sustainability, its function to improve transparency can be expected.

Although which provisions on sustainability should be added to the contract should be discussed between suppliers/licensees and their supply chains, model provisions concerning sustainability, which can be used as references, are shown in these Commentaries.

<<Examples of efforts>>

- Specified fields and supply chains with high degree of importance by assessing and analyzing risks

and opportunities related to one's own company's business activities.

- Have exemplified requirements related to the environment, human rights, labour, and compliance for supply chains as guideline.
- Specified the provisions concerning Human Rights Due Diligence in the basic business contracts concluded with supply chains; have integrated these provisions also into newly concluded contracts; and have renewed them when the contracts are revised.
- Have confirmed the states of various efforts for such matters as the environment, human rights, and labour by holding questionnaire surveys for supply chains. Those supply chains are also required to work on their supply chains in the same way. For supply chains with low evaluation results, guidance and education for improvement are provided.
- Have supported supply chains for the establishment of their management systems and rules through the provision of employee education materials and support through the help desk.
- Have requested supply chains to perform self-inspections using CSR promotion guidebook and self-assessment sheet prepared by an industry group.
- Inspect supply chains' implementation status of CSR from a perspective focusing on human rights and labor environment.

(6) Record of compliance efforts

Suppliers and licensees should record their efforts to comply with the Sourcing Code, including encouragement of supply chains, as fully as possible before and after entering into contracts with Tokyo 2020, in order to be prepared to offer the record whenever they are asked to by Tokyo 2020.

Suppliers and licensees shall be prepared to offer information about the names and locations of facilities (including those owned by supply chains) where they produce procured products, etc. (in the assembling and finishing phases) and store them, in particular, whenever they are asked to by Tokyo 2020. Additionally, they should consider building a system for offering other kinds of information about such facilities as fully as possible, whenever they are asked to by Tokyo 2020.

<<Commentary>>

○ The necessity of and points to be noted in recording compliance efforts

Tokyo 2020 decided to check on what kinds of efforts suppliers and licensees (or business enterprises who want to become a supplier or a licensee) have made or are planning to make regarding the consideration of sustainability related to the Sourcing Code, based on “(7) Disclosure and explanation of compliance efforts” stated below.

It is beneficial for suppliers and licensees to record reasonable efforts for the development of their own company's compliance system, and the encouragement of supply chains' efforts towards sustainability having been made (or to be made) after properly assessing risks related to sustainability for disclosure and explanation of these efforts. In doing so, it can be said to be desirable to record the process and results of the risk assessment as well, from a perspective of transparency, and is effective for cases where they are asked for an explanation by stakeholders other than Tokyo 2020.

It is all right to use a method and a style of recording that matches the actual situation of the business

enterprise. If the business enterprise has already prepared the records and reports of its CSR activities, it should be effective to record them based on these documents. On the contrary, in the case where the business enterprise has not created these records or reports, it is effective as the first step to visualize their own compliance efforts by utilizing forms for self-check (self-assessment) publicised by industry groups.

○ Importance of information regarding manufacturing and storage facilities

Since the Sourcing Code requires the consideration of sustainability in terms of production and distribution of procured products etc., the information on where the procured products, etc. are produced and stored is important from a perspective of traceability. Therefore, information on the names and locations of production facilities (for assembly and finishing stages) and storage facilities of the procured products, etc. is required to be prepared, including the case where they are supply chains' facilities.

(7) Disclosure and explanation of compliance efforts

Enterprises who want to be a supplier or licensee shall disclose and explain their efforts (including planned efforts) to comply with the Sourcing Code, including encouragement of supply chains, in the manners designated by Tokyo 2020 according to the types and volumes of procured products, etc. Also after entering into contracts with Tokyo 2020, suppliers and licensees shall disclose and explain their efforts whenever they are asked to by Tokyo 2020.

<<Commentary>>

○ Contents to be disclosed and explained

Tokyo 2020 will request that business enterprises who want to become a supplier or a licensee disclose and explain the state of their efforts related to the Sourcing Code. It should be desirable to prepare the basic form (appendix template 1) for disclosure and explanation so that they can immediately submit the form when items to be procured are announced.

Also, Tokyo 2020 may additionally request disclosure and explanation from business enterprises who want to become a supplier or a licensee when it has any questions about their compliance efforts and about issues that it considers highly important in relation to sustainability. Moreover, even after the conclusion of the contract, Tokyo 2020 may request disclosure and explanation.

○ The necessity of disclosure and explanation of reasons not to make efforts

As stated on page 6, “4. Standards for Sustainability” includes items required to be achieved and items recommended as preferable efforts. The former items are prescribed with sentences expressed with “shall do” or “shall not do,” and clearly stipulates requirements and prohibited matters. On the other hand, the later items are prescribed with sentences expressed with “should (do),” and are not clear obligations.

However, for standards prescribed as “should do,” Tokyo 2020 will request explanations about how business enterprises have made efforts for the relevant standards, or when they have made no efforts, the justifiable reason for not doing so.

(8) Check and monitoring of the status of compliance

Tokyo 2020 will check and monitor whether suppliers and licensees are complying with the

Sourcing Code, when it recognises the necessity to do so according to the levels of risks to sustainability, before and after entering into contracts with suppliers and licensees.

Suppliers and licensees shall cooperate in the said check and monitoring by Tokyo 2020. If Tokyo 2020 recognises the necessity of further inspections as a result of the said check and monitoring, it may request suppliers and licensees to be audited by a third party designated by Tokyo 2020. If Tokyo 2020 requests supply chains to accept the check and monitoring of their status of compliance with the Sourcing Code, and the audit of their supply chains, suppliers and licensees also shall cooperate as fully as possible.

<<Commentary>>

○ The necessity of cooperation related to check, monitoring, and third-party auditing

Tokyo 2020 has adopted a risk-based approach for check and monitoring of the status of compliance with the Sourcing Code, and confirms the status of compliance, when deemed necessary based on the risk level, through such methods as written questionnaires and interviews with persons in charge. Furthermore, Tokyo 2020 will consider third-party auditing when further investigation is considered necessary. Suppliers and licensees are required to cooperate with Tokyo 2020 so that it can smoothly perform confirmation, monitoring, and auditing.

○ The necessity of cooperation related to the encouragement of supply chains' efforts

Since Tokyo 2020 has no direct contractual relationships with supply chains, it may be difficult to obtain consent from supply chains when it asks them to accept the confirmation and monitoring of the status of their compliance with the Sourcing Code. Therefore, suppliers and licensees may be asked to cooperate to work on their supply chains in relation to check and monitoring.

In addition, it is effective to include provisions on sustainability, which define the response of supply chains, in the transaction contracts with supply chains, so that suppliers and licensees can smoothly work on supply chains in such cases.

(9) Improvement measures

If it is revealed that a supplier or licensee is not complying with the Sourcing Code, Tokyo 2020 will require the said supplier or licensee to take improvement measures and submit a written improvement plan within a certain period of time. In such cases, the said supplier or licensee shall submit a written improvement plan within a designated period, implement the improvement measures according to the plan approved by Tokyo 2020, and report the results to Tokyo 2020.

If it is revealed that a supply chain is not complying with the Sourcing Code, the supplier or licensee shall cooperate to encourage the supply chain to take improvement measures, in response to the request from Tokyo 2020.

If Tokyo 2020 recognises that a supplier or licensee has not taken proper improvement measures against its serious incompliance with the Sourcing Code, Tokyo 2020 can cancel the contract with the said supplier or licensee. However, if a supply chain is not complying with the Sourcing Code, Tokyo 2020 will not cancel the contract with the supplier or licensee as long as the supplier or licensee

encourages the supply chain properly based on the provisions of this Sourcing Code and the request from Tokyo 2020.

<<Commentary>>

○ Response for request to take an improvement measure

As a result of the confirmation, monitoring, and auditing of the state of the compliance with the Sourcing Code by Tokyo 2020 as prescribed in “(8) Check and monitoring of the status of compliance” stated above, cases of non-compliance with the Sourcing Code may be identified. In addition, such cases may be identified as a result of reporting on a case of non-compliance with the Sourcing Code at a reporting reception counter as prescribed in “6. Grievance Mechanism.”

When a case of non-compliance with the Sourcing Code has been identified in their companies, suppliers and licensees need to take an improvement measure upon request from Tokyo 2020. Since suppliers and licensees take an improvement measure while performing sufficient communications with Tokyo 2020, they need to submit their improvement plans, and to report on the implementation status of these plans.

Furthermore, when the case of non-compliance with the Sourcing Code is identified in a supply chain, rather than in the relevant supplier or licensee itself, the supplier or licensee is required to cooperate when Tokyo 2020 asks the supply chain to take an improvement measure.

○ Provisions for step-by-step measures

As stated in “1. Objectives,” Tokyo 2020 intends to promote compliance with this Sourcing Code as joint efforts with parties involved, including suppliers, etc., and to make society-wide step-up efforts for sustainability through communications with suppliers, etc.

From such a standpoint, Tokyo 2020, even when non-compliance of suppliers or licensees with the Sourcing Code is identified, will not cancel the contract unless exceptional circumstances making it difficult to continue the contract arise. However, when a supplier or a licensee is regarded, despite its serious non-compliance with the Sourcing Code (in addition to cases where there is a serious violation of laws and regulations in its own company, cases where a supplier or a licensee provides no cooperation with the request to the non-complying supply chain for improvement, this may be regarded as the supplier’s / licensee’s serious non-compliance with the Sourcing Code), not to have properly made any efforts for improvement, Tokyo 2020 may cancel the contract.

Also, Tokyo 2020, as prescribed in “(5) Encouragement of supply chains’ efforts towards sustainability,” also recommends that suppliers and licensees work on compliance with the Sourcing Code as a joint effort with their supply chains. Meanwhile, some suppliers and licensees may be concerned about the risk of the contract with Tokyo 2020 being canceled by reason of their supply chains’ non-compliance with the Sourcing Code. As such, even in the case of a supply chain’s non-compliance with the Sourcing Code, the relevant supplier/licensee will not become a target for the cancellation of the contract when it works on the supply chain depending on the level of the risks based on the items of (5), (8), and (9), and encourage the supply chain to take an improvement measure for a certain period of time (there may be a case where a supplier or a licensee is asked to stop using supply chains which do not improve their non-

compliance) and to accept monitoring and auditing upon request by Tokyo 2020.

6. Grievance Mechanism

To accept and properly deal with reports on non-compliance with the Sourcing Code (reports on cases of, and cases suspected of non-compliance with the Sourcing Code; hereinafter “report(s)”), Tokyo 2020 will establish a point of contact for accepting reports.

If a report is received, Tokyo 2020 will require the supplier, etc. on which the report has been filed to verify the facts concerning the reported case. If it is acknowledged that the case falls under non-compliance with the Sourcing Code, or is suspected as such, Tokyo 2020 will take necessary measures to resolve the case, including requiring the supplier, etc. to implement the improvement measures provided for in 5 above, or facilitating communication between the supplier, etc. and relevant stakeholders, if necessary.

More details of the procedure of accepting and dealing with reports are defined in “the Operational Standards of the Grievance Mechanism for the Sustainable Sourcing Code” formulated by Tokyo 2020 in April 2018.

<<Commentary>>

To ensure the compliance with the Sourcing Code by suppliers, etc., Tokyo 2020 will receive disclosure and explanation of the status of commitment and compliance efforts from candidates for suppliers and licensees following “5. Verification Procedure” stated above, and perform checking and monitoring of the status of compliance depending on the level of the risk.

Meanwhile, even in the cases where measures to reduce risks were taken as stated above, the possibility of non-compliance with the Sourcing Code remains. For that reason, Tokyo 2020 has established a counter that receives reporting of non-compliance or the fact that can lead to non-compliance.

Details of the procedure to receive reporting and how to deal with reporting were discussed based on the United Nations’ “Guiding Principles on Business and Human Rights”, and after that Tokyo 2020 Organising Committee formulated Operational Standards of the Mechanism in April 2018. In the Operational Standards, scope of the Mechanism, reporting method, process flow, information disclosure, etc. have been decided. In addition, in order to help handle each case reported that is confirmed in the scope of the Mechanism in a fair and neutral manner, an Advisory Panel consisting of member(s) with relevant expertise will be established. For more details, related documents can be referred to on the website (<https://tokyo2020.org/en/games/sustainability/>).

<<References>>

The United Nations’ “Guiding Principles on Business and Human Rights” (<http://www.mofa.go.jp/mofaj/files/000062491.pdf>) stipulates eight requirements as effective criteria for the non-judicial grievance mechanisms: “Legitimate,” “Accessible,” “Predictable,” “Equitable,” “Transparent,” “Rights-compatible,” “A source of continuous learning,” and “Based on engagement and dialogue.”

7. Individual Codes for Core Products/Services

In addition to the above sections 4 to 6, an individual code defined in the Appendix applies to each of the following products.

- **Timber (Appendix 2-1)**
- **Agricultural products (Appendix 2-2)**
- **Livestock products (Appendix 2-3)**
- **Fishery products (Appendix 2-4)**
- **Paper (Appendix 2-5)**
- **Palm oil (Appendix 2-6)**

<<Commentary>>

For important products and services as well as their raw materials, criteria and confirmation methods are set separately.

Provision 4 through Provision 6 of this Sourcing Code are commonly applied also to items for which individual codes are set.

8. Others

Tokyo 2020 will request the Tokyo Metropolitan Government, national governmental bodies, etc. to respect the Sourcing Code concerning products and services procured by them for the Games.

Mainly to ensure transparency, Tokyo 2020 will disclose information about the status of implementation of sustainable sourcing. It will also revise the Sourcing Code if necessary in accordance with the concept of the PDCA (plan-do-check-act) cycle.

It is hoped that suppliers, etc. will not only observe the provisions of this Sourcing Code, but also appropriately identify the latest social challenges and needs, and strive to further enhance sustainability.

<<Commentary>>

This Sourcing Code constitutes summaries of the results of the discussions based on present social problems, but these problems change with the times, and it is necessary to review responses according to the change.

Regardless of the possibility that this Sourcing Code itself may be revised based on the latest social problems and operational challenges, it is preferable for each of the related suppliers, etc. to promote a higher level of consideration of sustainability as a voluntary action. From a perspective of the legacy of the Tokyo 2020 Games, the consideration of sustainability, which is indicated in the Sourcing Code, is expected to be promoted also for production, distribution, and related processes of products and services other than the procured products, etc. to which this Sourcing Code will be applied.

Appendix 1: Glossary of terms

Certain key terms in this document are defined as follows:

Term	Definition
Products and Services	Construction; materials for construction; furniture, fixtures and consumables; a variety of services
Licensed products	Products manufactured, sold, etc. by a licensee in accordance with a license contract with Tokyo 2020
Supplier	A company contracted with Tokyo 2020 to provide products and services (tier 1 supplier)
Licensee	A company that manufactures, sells, etc. official products with use of the Games emblem, etc.
Delivery partner	A national government, prefectural/municipal government or private agency that provides financial and other support toward the planning and delivery of the Games
Supply chain	A company responsible for each phase in production, distribution and other processes, ranging from collection of raw materials to provision of them to suppliers / licensees (i.e. tier 2 supplier, tier 3 supplier, etc.)
Partner companies	Companies that provide expertise, products and services, and funds indispensable for operating the Tokyo 2020 Games and other related purposes, based on the sponsorship programmes of IOC and Tokyo 2020
Production, distribution and other processes	A process, including extraction of raw materials, manufacturing, construction, distribution, operations, etc. inside and outside Japan, up to the delivery of products and services to Tokyo 2020 or sales of licensed products. (Although it is important to see the overall life cycle from extraction of raw materials to disposal (i.e. value chain) with a view to sustainability, the scope of the service level of this Sourcing Code is defined up to the delivery of products and services to Tokyo 2020.)
Due diligence	Continuous process of assessing risks and adverse impacts created by violation of laws, ordinances, human rights, etc. in corporate activities, implementing necessary measures based on the results of the assessment, and reviewing the effects of the implemented measures
Women's empowerment	To empower women with rights and the capability of making decisions in their own lives, participating in the decision-making process at every level, and changing their social, economic and political circumstances

<p>Reproductive health/rights</p>	<p>Health and rights in terms of sexuality and reproduction. Basic rights on freely and responsibly making a decision on the number of children to give birth to, pregnancy intervals, and timing of delivery of children, and making it possible to collect necessary information and take necessary measures for exercising these rights.</p>
<p>Work-life balance</p>	<p>Status of being in harmony between work and life. In Japan, since the Act on Promotion of Women’s Participation and Advancement in the Workplace (Act No. 64 of 2015) came into effect, the national government and other parties have taken relevant measures, including procurement of products and services preferentially from companies that promote work-life balance, etc.</p>

Column: The United Nations' Guiding Principles on Business and Human Rights and Human Rights Due Diligence

As stated in the “(3) Internal preparation for compliance with the Sourcing Code of 5. Verification Procedure” of the Sourcing Code, the method of “Human Rights Due Diligence,” which are required in the United Nations’ “Guiding Principles on Business and Human Rights” for companies, can be used to properly check and assess the risks related to sustainability and to respond them as a reference.

As such, this column gives commentaries on what Guiding Principles and the Human Rights Due Diligence are and how they can be used to improve the system to comply with the Sourcing Code.

1. Guiding Principles on Business and Human Rights

“Guiding Principles on Business and Human Rights” (hereinafter “Guiding Principles”) are principles unanimously adopted in the United Nations Human Rights Council in 2011, and are a global code of conduct targeting all nations and companies. The Japanese government also announced in November 2016 that it will formulate an action plan intended to carry out Guiding Principles within several years.

The Guiding Principles comprise three pillars: “the State Duty to Protect Human Rights,” “the Corporate Responsibility to Respect Human Rights,” and “Access to Remedy.” The second pillar, “the Corporate Responsibility to Respect Human Rights,” prescribes the following three points as policies and processes business enterprises should have in place: (i) A policy commitment to meet their responsibility to respect human rights, (ii) A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights, and (iii) Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute. Above all, the implementation of Human Rights Due Diligence (hereinafter “Human Rights DD”) constitutes the core element of the corporate responsibility to respect human rights.

Three pillars of the United Nations’ “Guiding Principles on Business and Human Rights”

1. The State Duty to Protect Human Rights
2. The Corporate Responsibility to Respect Human Rights
 - (i) Formulation of policies related to the respect of human rights
 - (ii) Implementation of Human Rights DD
 - (iii) Remediation of any adverse impacts on human rights
3. Access to Remedy

2. Human Rights DD in the Guiding Principles

“Due diligence” means “to pay proper attention.” Guiding Principle 17 defines Human Rights DD as a process to identify, prevent, and mitigate adverse human rights impacts (human rights risks) due to activities of business enterprises.

With regard to identifying and assessing human rights risks, Guiding Principle 18 claims that business enterprises should identify and assess any actual or potential adverse human rights impacts in which they may be involved. Also, this principle emphasises the necessity to draw on expertise of human rights experts, and to have consultations with stakeholders, so that business enterprises can avoid making a wrong

decision regarding human rights risks.

Furthermore, business enterprises are recommended to integrate the findings from their impact assessments into their business activities (in Guiding Principle 19), to continuously track and assess the effectiveness of their response (in Guiding Principle 20), and to disclose the process of Human Rights DD to external stakeholders (in Guiding Principle 21).

<p>Process of Human Rights Due Diligence</p> <ol style="list-style-type: none">(1) Assess impacts by activities of business enterprises on human rights(2) Integrate the findings from their impact assessments into their activities and take appropriate action.(3) Track and assess the effectiveness of their response.(4) Disclose the state of their response externally.
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The Guiding Principles classify the relationships between activities of business enterprises and violation of human rights into three categories, and requests different responses according to the category. Specifically, the Guiding Principles claim that business enterprises should stop violations of human rights and engage in recovery from damage when their activities (a) directly cause or (b) encourage the violation of human rights. Also, in the case where violation of human rights occurs in supply chains, even when (c) business enterprises' business, products or services are involved in the case, the Guiding Principles require business enterprises to exert their influence on and request corrective measures from business enterprises that violate human rights in their supply chain.

With regard to the method to exert their influence stated in (c), the Guiding Principles prescribe first that business enterprises should exert their influence on preventing and mitigating adverse human rights impacts, when they have such influence. Prescribed next is that business enterprises should discuss strengthening their influence in cooperation with other actors, also when business enterprises have no such influence. Based on this, the Guiding Principles recommend that business enterprises should discuss ending the business relationships only when they have no influence for prevention and mitigation of the adverse impact nor are they able to strengthen their influence.

3. Utilization of Human Rights DD for the compliance with the Sourcing Code

Conventionally in Japan, there is a situation where human rights issues that business enterprises face have often been recognised limited to problems of discrimination and harassment. However, the human rights that the Guiding Principles seek business enterprises to respect is an internationally recognised concept of human rights that broadly include the problems of the environment, society, and economy. That's why human rights risks can be said to be the core of the "risks related to sustainability," which are assumed in the Sourcing Code.

Business enterprises which will be involved or want to be involved in the procurement of the Tokyo 2020 Games are expected to properly check and assess risks related to sustainability using the method of Human Rights DD required in the Guiding Principles as a reference toward compliance with the Sourcing Code, and to take measures according the level of each risk. The Sourcing Code also recommends that suppliers and licensees work on supply chains. For this recommendation, suppliers and licensees are also expected to use the method of exerting their influence as stipulated in the Guiding Principles as a reference.

In recent years, as represented by the revision of the Federal Acquisition Regulations of the U.S., and the establishment of the Modern Slavery Act of the UK, the introduction of regulations regarding Human

Rights DD has been advanced mainly in western countries¹. Even business enterprises which are not direct targets of these regulations may be required to make the same response from their client business enterprises subject to the application of the regulations (substantial extraterritorial application). Therefore, it is beneficial for business enterprises to engage in the implementation of Human Rights DD based on the Guiding Principles not only for the compliance with the Sourcing Code but also from perspectives of responding to the regulations for which they are under extraterritorial application, or of preparing for future laws and regulations.

(Major references)

“Guiding Principles on Business and Human Rights” by Asia-Pacific Human Rights Information Center (Hurights Osaka) & Sustainability Forum Japan

http://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.31_en.pdf

“Research Report regarding How Human Rights should be Respected in Business Development in Emerging Countries” (2014) by CRS Forum of the Business Policy Forum, Japan

http://www.bpfj.jp/act/download_file/68127081/12058495.pdf

“Guidance on Human Rights Due Diligence” (2015) by the Japan Federation of Bar Association

<https://www.nichibenren.or.jp/en/document/opinionpapers/20150107.html>

“Business and Human Rights - Corporate Japan Rises to the Challenge” (2016) by Global Compact Network Japan

https://www.ejyapan.jp/services/specialty-services/ccass/human-rights/pdf/ccass_hr_brochure_jp.pdf

1: The Federal Acquisition Regulations of the U.S. prescribes a detailed procedure to prevent human trafficking, one of the most serious forms of violation of human rights. Furthermore, the Modern Slavery Act of the UK obligates business enterprises with a certain level of sales volume to investigate whether there are cases of forced labour and human trafficking in their supply chains and to disclose the investigation results.

Model provisions concerning sustainability

1. Purposes and roles of model provisions

“(5) Encouragement of supply chains’ efforts towards sustainability of 5. Verification Procedure” of the Sustainable Sourcing Code recommends that suppliers and licensees that signed with Tokyo 2020 work on their supply chains according to the levels of risks to comply with the Sourcing Code. As an example of tools to ensure the effort to work on their supply chains, model provisions concerning sustainability are shown below.

Suppliers and licensees are expected to introduce these model provisions into the sourcing contracts with their supply chains. However, these model provisions are only examples, and practically should be utilized according to the actual situation of each case as references, while being revised according to the degree of the influence on supply chains, or utilized as a memorandum or as written oaths.

2. Model provisions concerning sustainability

In these model provisions, “A” means an order-placing business enterprise, and “B” means an order-receiving business enterprise.

These model provisions are intended to be inserted into sourcing contracts between an order-placing business enterprise and an order-receiving business enterprise, but in the case where a sourcing contract has already been signed, it is possible to separately use the model provisions as a “memorandum on the consideration of sustainability,” or other style.

Article X (Consideration of sustainability)

1. (Purpose of these provisions)

Since “A” made a commitment to strive toward compliance with the “Sustainable Sourcing Code” (hereinafter “Sourcing Code”) which was formulated by the Tokyo Organising Committee of the Olympic and Paralympic Games, “A” and “B” shall agree on these provisions in order to promote the consideration of sustainability in production and distribution of procured products, etc. as their common effort.

2. (Compliance with the Sourcing Code)

“B,” in the production and distribution of products and services that “A” is to procure from “B,” shall confirm the details of and take necessary measures to comply with the Sourcing Code.

3. (Encouragement of supply chains’ efforts towards sustainability)

“B” shall work on its supply chains such as to request compliance with the Sourcing Code or other procurement policies equivalent to it.

4. (Information provision from order-placing business enterprise)

“A” shall make an effort to provide “B” with information which is useful in complying with the Sourcing Code.

5. (Report by order-receiving business enterprise)

“B” shall report on the status of compliance with the Sourcing Code and the status of encouragement of supply chains’ efforts towards sustainability to “A” upon request by “A.”

Also, when non-compliance or a fact of suspected non-compliance with the Sourcing Code by “B” or by a supply chain of “B” is identified, “B” shall immediately report to “A.”

6. (Investigation/audit right of order-placing business enterprises)

“A” can conduct research on the status of compliance with the Sourcing Code by “B,” or can request that “B” accept auditing by a third party, and “B” shall cooperate with it.

Also, “B” shall investigate the status of compliance of the Sourcing Code of its supply chains upon request by “A,” or request that “B” accept auditing by a third party.

7. (Improvement measures)

“A,” when the non-compliance by “B” with the Sourcing Code is identified, can request that “B” take an improvement measure.

Or “B,” when the non-compliance by a supply chain of “B” with the Sourcing Code is identified, shall request that its supply chain take an improvement measure upon request by “A.”

8. (Right of cancellation)

“A,” when “B” does not correct its non-compliance with the Sourcing Code within a reasonable period of time despite the request by “A” for “B” to take an improvement measure as stated in the previous clause, and as a result, serious non-compliance with the Sourcing Code continues, can cancel the sourcing contract with “B.”

9. (Disclaimer of damages)

When “A” cancels the sourcing contract with “B” based on the provision of the previous clause, even if “B” sustains damages, “A” will not be required to make reparation or compensate for the damages.

3. Commentaries on model provisions

(1) Clause 1: Purposes of provisions

Clause 1 prescribes the purpose of the provision on sustainability that order-placing business enterprises and order-receiving business enterprises shall jointly promote efforts to ensure sustainability in the entire production and distribution processes of procured products, etc. This is based on the recommendation in “(5) Encouragement of supply chains’ efforts towards sustainability of 5. Verification Procedure” of the Sourcing Code for a bottom-up type approach to promote compliance with the Sourcing Code as a joint effort with supply chains.

This clause also explains that the introduction of the provisions on sustainability is based on the commitment of order-placing business enterprises to comply with the Sourcing Code from a perspective of clarifying that the introduction does not aim to shift the responsibility to comply with the Sourcing Code to order-receiving business enterprises.

(2) Clause 2: Compliance with the Sourcing Code

Clause 2 prescribes compliance with the Sourcing Code by order-receiving business enterprises.

A text that requires internal preparation for compliance with the Sourcing Code according to the level of risks related to sustainability after properly checking and assessing the risks based on “(3) Internal preparation for compliance with the Sourcing Code of 5. Verification Procedure” of the Sourcing Code can be considered to be added.

(3) Clause 3: Encouragement of supply chains’ efforts towards sustainability

Clause 3 requires order-receiving business enterprises to work on their supply chains to comply with the Sourcing Code.

As prescribed in “(5) Encouragement of supply chains’ efforts towards sustainability of 5. Verification Procedure” of the Sourcing Code, a text that requests intensive work on high-risk supply chains and fields can be considered to be added.

(4) Clauses 4 through 6: Communication tools

To promote the compliance with the Sourcing Code, Clauses 4 through 6 prescribe communication tools between an order-placing business enterprise and an order-receiving business enterprise based on the fact that the Sourcing Code values communications with supply chains.

Clause 4 prescribes information provision from order-placing business enterprises. Order-placing business enterprises are expected to support the compliance with the Sourcing Code by providing information of and training, etc. on the Sourcing Code for order-receiving business enterprises.

Also, as information provision from the side of order-receiving business enterprises, Clause 5 prescribes order-receiving business enterprises’ obligation to report, and Clause 6 prescribes the investigation/audit right of order-placing business enterprises.

(5) Clauses 7 through 9: Step by step measure

As prescribed in “(9) Improvement measures of 5. Verification Procedure” of the Sourcing Code, Tokyo 2020, even when non-compliance of suppliers with the Sourcing Code is identified, will not cancel the business contract immediately, and will cancel the contract only when the serious non-compliance with the Sourcing Code is not corrected despite the request to take an improvement measure. Similarly, Clause 7 of this Article, which prescribes a Request for Improvement measures, and Clause 8, which prescribes the cancellation of the contract in the case of not meeting the request, stipulate step-by-step measures. Furthermore, Clause 9 prescribes the disclaimer of damages in the cases of cancellation based on Clause 8.

4. Points to be noted when using model provisions

(1) Recommendation for the use of model provisions

Introduction to provisions on sustainability has a function to promote communications with supply chains. Its function to promote transparency by clarifying that suppliers and licensees have encouraged supply chains’ efforts towards sustainability to Tokyo 2020 and other external stakeholders can also be expected.

Which provisions on sustainability should be integrated in the contract is a matter to be considered based on discussions between suppliers / licensees and their supply chains, and for which these model provisions are recommended to be utilized and used as references.

(2) Response in the case where it is difficult to make the written pledge agreement between both parties

From a perspective of continuously promoting a joint effort based on the principle of harmonious coexistence and co-prosperity between order-placing business enterprises and order-receiving business enterprises, it can be said to be desirable for both parties to introduce provisions related to the consideration of sustainability to their sourcing contracts as stated above, or to conclude a memorandum.

However, in their sourcing practices, there may be cases where order-placing business enterprises handle many materials or where the number of order-receiving business enterprises is great. In such cases, since the introduction of provisions regarding the consideration of sustainability and the conclusion of a memorandum in joint efforts between an order-placing business enterprise and an order-receiving business enterprise are complicated, there may a case where a written pledge regarding the consideration of sustainability has to be obtained one-sidedly from an order-receiving business enterprise. As such, a model written pledge for the case where a written pledge has to be obtained from an order-receiving business

enterprise is presented below (“Your company” indicates an order-placing business enterprise, and “our company” indicates an order-receiving business enterprise).

Written pledge regarding the consideration of sustainability

1. (Purpose of the written pledge)

Since your company made a commitment to strive toward compliance with the Sustainable Sourcing Code (hereinafter “Sourcing Code”), which was formulated by the Tokyo Organising Committee of the Olympic and Paralympic Games, our company shall pledge in line with this written pledge in order to promote the consideration of sustainability in the production and distribution of procured, etc. as joint efforts with your company.

2. (Compliance with the Sourcing Code)

Our company, in the production and distribution of products and services that your company is to procure from our company, shall confirm the details of and take necessary measures to comply with the Sourcing Code.

3. (Encouragement of supply chains’ efforts towards sustainability)

Our company shall work on our supply chains such as to request compliance with the Sourcing Code or other procurement policies equivalent to it.

4. (Information provision from order-placing business enterprise)

Our company, when information useful in complying with the Sourcing Code is provided from your company, shall properly handle the case based on said information.

5. (Report)

Our company shall report on the status of compliance with the Sourcing Code and the status of encouragement of supply chains’ efforts towards sustainability to your company upon request by your company.

Also, when the non-compliance or a fact of suspected non-compliance with the Sourcing Code by our company or by our company’s supply chain is identified, our company shall immediately report to your company.

6. (Cooperation with investigation and audit)

When your company investigates the status of our company’s compliance with the Sourcing Code, or requests that our company accept auditing by a third party, our company shall cooperate with your company.

Also, our company shall investigate the status of our supply chain’s compliance with the Sourcing Code upon request by your company, or request that they accept auditing by a third party.

7. (Improvement measures)

Our company, when its non-compliance with the Sourcing Code is identified, shall respond to the request from your company to take an improvement measure.

Also, when non-compliance by our supply chain with the Sourcing Code is identified, our company shall request that the supply chain take an improvement measure upon request by your company.

8. (Right of cancellation)

When our company does not correct its non-compliance with the Sourcing Code within a reasonable period of time despite the request by your company as stated in the previous clause, and as a result, serious non-compliance with the Sourcing Code continues, our company will not raise objections even when your company cancels the sourcing contract with our company.

9. (Disclaimer of damages)

When your company cancels the sourcing contract with our company based on the provision of the previous clause, even if our company sustains damages, our company will not request that your company make reparation or compensate for the damages.

Company name _____

Date of submission: MMM, DD, YYYY

Checklist of sustainability initiatives

Item	Sustainability initiatives
(1) General affairs	
i. Compliance with laws and regulations Code : page 4	Regarding compliance with relevant national and international laws, regulations, etc., <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts (or given the specific nature of our business, we don't apply; hereinafter, the same). (Description/Explanation on initiative details)
ii. Ban on retaliatory actions Code : page 4	Regarding the ban on retaliatory actions against those who have reported violations of laws, etc., <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
(2) Environment	
i. Energy savings Code : page 4	Regarding the promotion of energy saving, e.g., through the introduction of highly energy-saving facilities or logistics systems, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
ii. Use of low carbon / carbon-free energy Code : page 5	Regarding the use of energy with low CO2 emission factors such as renewable energy, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
iii. Reduction of greenhouse gas emissions by other means Code : page 5	Regarding the reduction of greenhouse gas emissions, e.g., through the introduction of non-Freon products or offset programs, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
iv. Promotion of the 3 Rs ("Reduce, Reuse, and Recycle") Code : page 5	Regarding the promotion of the 3Rs ("Reduce, Reuse, and Recycle"), <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
v. Reduced use of containers, packaging, etc. Code : page 5	Regarding the promotion of reducing/reusing/recycling containers, packaging, transportation materials, etc., <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)

vi. Prevention of contamination, management of chemicals, and waste disposal Code : page 5	Regarding the relevant measures concerning pollution prevention, management of chemicals, and waste disposal, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
vii. Collection of raw materials with consideration for resource conservation Code : page 6	Regarding the use of raw materials with consideration for resource conservation, e.g., through the avoidance of illegally sourced material, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
viii. Conservation of biodiversity Code : page 6	Regarding the consideration for conservation of biodiversity, e.g. through the conservation of rare species, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
(3) Human rights	
i. Compliance with and respect for international human rights standards Code : page 6	Regarding respect for human rights in general with reference to international standards such as the Universal Declaration of Human Rights, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
ii. Ban on discrimination and harassment Code : page 6	Regarding the prevention of any discrimination or harassment based on race, nationality, religion, sex, sexual orientation, gender identity, level of ability, social status, etc., <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
iii. Ban on violation of the rights of local residents, etc. Code : page 7	Regarding the prevention of the infringement of the rights of local residents by illegally forcing eviction, etc., <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
iv. Respect for women's rights Code : page 7	Regarding respect for women's rights, through the promotion of women's empowerment and a gender-equal society, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
v. Respect for the rights of persons with disabilities Code : page 7	Regarding respect for the rights of persons with disabilities, through supporting their participation in economic and social activities, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)

<p>vi. Respect for children's rights</p> <p>Code : page 7</p>	<p>Regarding respect for children's rights, through supporting children's healthy growth, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>vii. Respect for the rights of social minorities</p> <p>Code : page 7</p>	<p>Regarding respect for the rights of social minorities, through supporting their ability to enjoy equal economic and social rights, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>(4) Labour</p>	
<p>i. Compliance with and respect for international labour standards</p> <p>Code : page 8</p>	<p>Regarding the optimisation of all labour issues in line with international labour standards, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>ii. Freedom of association and the right of collective bargaining</p> <p>Code : page 8</p>	<p>Regarding the respect for the right to establish and join a labour union and the right to negotiate freely with one's employer, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>iii. Ban on forced labour</p> <p>Code : page 8</p>	<p>Regarding the prevention of forced labour and human trafficking, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>iv. Ban on child labour</p> <p>Code : page 8</p>	<p>Regarding the prevention of the employment of children under the minimum working age, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>v. Ban on discrimination in employment and careers</p> <p>Code : page 8</p>	<p>Regarding the prevention of discrimination in employment or promotion for reasons other than reasonable factors such as abilities and aptitude, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>vi. Wage</p> <p>Code : page 8</p>	<p>Regarding the proper payment of wages based on related laws and ordinances, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>

<p>vii. Ban on long working hours</p> <p>Code : page 8</p>	<p>Regarding the prevention of long working hours that exceed the legal limit or the limit set by a labour-management agreement, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>viii. Safety and hygiene of workplaces</p> <p>Code : page 9</p>	<p>Regarding the creation of a working environment and conditions where workers can work safely and healthily, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>ix. Foreign and migrant workers</p> <p>Code : page 9</p>	<p>Regarding the implementation of employment procedures and labour management in accordance with the laws of foreign and migrant workers (including technical intern trainees), <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>(5) Economy</p>	
<p>i. Prevention of corruption</p> <p>Code : page 9</p>	<p>Regarding the prevention of corruption such as bribery of civil servants, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>ii. Fair business practices</p> <p>Code : page 10</p>	<p>Regarding the promotion of fair business practices that comply with anti-trust acts and subcontracting laws, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>iii. Use of raw materials with no involvement with a conflict or crime</p> <p>Code : page 10</p>	<p>Regarding the prevention of the use of raw materials linked to conflict or crime, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>iv. Protection of intellectual property rights</p> <p>Code : page 10</p>	<p>Regarding the prevention of infringement of intellectual property rights and trade secrets of third parties, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>
<p>v. Responsible marketing</p> <p>Code : page 10</p>	<p>Regarding ethics in advertising, such as regarding the prevention of misleading representation, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts.</p> <p>(Description/Explanation on initiative details)</p>

vi. Proper management of information Code : page 10	Regarding the proper management of information including the protection of personal information, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking preventive measures based on relevant rules/systems; <input type="checkbox"/> we are conducting awareness-raising/dissemination; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
vii. Invigoration of regional economies Code : page 10	Regarding consideration of small and mid-sized enterprises working on the environment and social considerations, <input type="checkbox"/> we have a relevant policy/plan/code of conduct; <input type="checkbox"/> we are taking concrete actions; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
Encouragement of supply chains' efforts towards sustainability Code : page 11	<input type="checkbox"/> we are working to identify important material supply chains or areas of sustainability; <input type="checkbox"/> we are requesting that supply chains comply with our own CSR procurement policy/code; <input type="checkbox"/> we are monitoring CSR/sustainability efforts made by supply chains; <input type="checkbox"/> we are making other efforts; <input type="checkbox"/> we are not doing anything in particular, but are planning some efforts; <input type="checkbox"/> we are not making or planning any efforts. (Description/Explanation on initiative details)
Disclosure of information related to sustainability efforts	Regarding the sustainability efforts mentioned above, if you are disclosing the status of activities and achievements, please provide the name of the publication, the place of release, or the link.
Others	In addition to the above, if you are conducting any activities regarding your own sustainability, please describe them freely. Please describe the judicial disposition history of at least being referred to prosecution for illegal acts, if any, of a corporation, an officer or an employee against related laws and ordinances within the past five years.

Manufacturing facilities of products to be delivered	
Product name	(If there are more than one, please describe each.)
Name of manufacturing facility	(If it is not fixed at the time of submission, indicate the assumed manufacturing location.)
Location of manufacturing facility	
Others	(Example) • Number of employees • Acquisition status of ISO certification • Status of conformity audits to industry standards • Awards record, etc.

 Company name

 Address

 Website address

 Department name

 Contact name

 Phone number

 Email address

Commitment Letter

Date: MMM, DD, YYYY

Mr. Toshiro Muto,
Director General (CEO)
The Tokyo Organising Committee
of the Olympic and Paralympic Games

On the occasion of the conclusion of the contract below with Tokyo 2020, we, “company name.” express that our sustainability initiative is as it was submitted on XX, XX, 20XX., and we commit to striving to comply with the "Sustainable Sourcing Code" formulated by Tokyo 2020.

1. Contract title :
2. Contract number :

Address _____

Company name _____

Signature of representative _____
