

Nissan Chemical Corporation Sustainable Procurement Guideline

Ver.2

March 2024

Nissan Chemical Corporation

Contents

1. Introduction	4
2. Course of Action	5
3. Nissan Chemical Group Human Rights Policy	5
4. Responsible Care Basic Policy	7
5. Compliance Basic Policy	7
6. Nissan Chemical Group Anti-Corruption Policy	8
7. Purchase Policy	9
8. Responsible Minerals Procurement Policy	10
9. Quality Policy	10
10. Explanation of Items	11
1. Human Rights and Labor	
(1-1) Prohibition of Forced Labor	11
(1-2) Prohibition of Child Labor and Respect for the Rights of Young Workers	11
(1-3) Prohibition of Inhumane Treatment	13
(1-4) Prohibition of Discrimination	13
(1-5) Adequate Wages and Allowances	14
(1-6) Appropriate Management of Working Hours	14
(1-7) Freedom of Association and Right to Collective Bargaining	15
2. Environmental Considerations	
(2-1) Environmental Permits and Reports	16
(2-2) Environmental Policy	16
(2-3) Chemical Substances Management	17
(2-4) Management of Chemical Substances Contained in Products	17
(2-5) Reduction of Energy Consumption and Greenhouse Gas Emissions	17
(2-6) Effective Utilization of Resources and Waste Management	18
(2-7) Biodiversity Conservation	19
(2-8) Water Management	19
(2-9) Air Emissions	20

3. Health and safety

(3-1) Occupational Safety	21
(3-2) Machine Safeguarding	22
(3-3) Industrial Hygiene	22
(3-4) Physically Demanding Work	23
(3-5) Occupational Accident and Illness	23
(3-6) Response for Emergency	24
(3-7) Health and Safety at Facilities	24
(3-8) Employee Health Management	25
(3-9) Health and Safety Communication	25

4. Ethics

(4-1) Formulation and Dissemination of the Ethics Code and the Action Guideline	26
(4-2) Prevention of Corruption	26
(4-3) Prohibition of Inappropriate Provision and Improper Benefit	27
(4-4) Prohibition of Abuse of Dominant Bargaining Position	27
(4-5) Prohibition of Anticompetitive Practices	28
(4-6) Development of Whistle-blowing Program	28
(4-7) Protection of Personal Information	29
(4-8) Prevention of Leak of Confidential Information	39
(4-9) Respect for Intellectual Property Rights	30
(4-10) Supplier Management	30
(4-11) Responsible Minerals Procurement	30
(4-12) Fair Information Disclosure	31

5. Building Risk Management System

(5-1) Development of a Business Continuity Plan (BCP)	32
(5-2) Establishment of Emergency Networks	32
(5-3) Secure of Multiple Production Sites and Alternative Production Sites	32
(5-4) Listing of Suppliers and Manufacturers	32
(5-5) Defense from Cyber Attack	33

6. Product Safety and Quality

(6-1) Ensure of Product Safety	34
(6-2) Quality Management	34
(6-3) Provision of Accurate Information on Products and Services	34
(6-4) Response to Accidents and Deficiencies of Quality	35

1. Introduction

In recent years, the business environment surrounding corporate activities has diversified and changed dramatically with the globalization of corporate activities, etc. In addition, we face a variety of social issues, including environmental issues such as climate change, resource depletion, as well as human rights issues. Moreover, social criticism of the frequent occurrence of corporate scandals and improper corporate activities is becoming increasingly pronounced. Various laws, regulations, and policies regarding the environment, human rights, and bribery and corruption have been introduced and adopted around the world. Companies must understand and comply with them, and stakeholders' interest in sustainability is expected to increase further in the future.

With the adoption of the Guiding Principles on Business and Human Rights, the Paris Agreement, and SDGs (Sustainable Development Goals), we are required to further strengthen our efforts to contribute to the construction and development of a sustainable society. In this context, we are developing our business based on the belief that the implementation of our corporate philosophy "Contribute to the protection of the global environment and the existence/development of humanity, offering the value sought by society." is a sustainability activity. In addition, we participate in the United Nations Global Compact and support the 10 principles in four areas (human rights, labour, the environment, and anti-corruption). By continuing our efforts to realize these principles, we are contributing to the sustainable development of society. However, results for the sustainable development of society cannot be produced only by us and we need to gain the understanding and cooperation of all members of the supply chain as a whole. Based on this belief, we have compiled this "Nissan Chemical Corporation sustainable Procurement Guideline" for matters that we would like our business partners to work on together.

Through the initiatives described in this guideline, we intend to realize the sustainable growth of our business partners, us, and society. We ask our business partners to understand the above objectives, and to agree with and implement them.

We ask for the cooperation to respond to a self-check sheet in order for our business partners to confirm the status of initiatives in each item.

This guideline has been prepared with reference to the "Responsible Business Conduct Guidelines ver.1.1" published in 2023 by the Japan Electronics and Information Technology Industries Association (JEITA) and "RBA Code of Conduct ver.7.0" published in 2021 by the Responsible Business Alliance (RBA).

Nissan Chemical Corporation
Sustainability Promotion Group, Sustainability Promotion & IR Department

2. Course of Action

1. Conduct sensible business activities as a member of the international community in compliance with laws and regulations.
2. Enhance corporate value by providing safe and useful products and services.
3. Strive to achieve no-accidents & no-disasters and protect the global environment.
4. Disclose information appropriately with a focus on communication with stakeholders.
5. Create a cheerful and pleasant workplace by respecting the individuality and personality of employees, and promoting their health.
6. Conduct ourselves as good corporate citizens and decent members of society.

https://www.nissanchem.co.jp/eng/csr_info/management/policy.html

3. Nissan Chemical Group Human Rights Policy

The Nissan Chemical Group supports international standards including the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, and any other relevant standards for human rights. This Nissan Chemical Group Human Rights Policy (this "Policy") has been established to promote efforts aimed at respecting human rights of all relevant stakeholders including employees.

This Policy complements the Nissan Chemical Group's position with respect to compliance and respect for human rights.

1) Scope of the application

This Policy shall apply to all officers and employees working for the Nissan Chemical Group. And the Nissan Chemical Group will also continuously encourage business partners and suppliers to support and respect this Policy.

2) Respect for Human Rights

The Nissan Chemical Group shall respect the dignity and human rights of all people, and shall not discriminate, for whatever reasons, on the basis of, including, but not limited to, origin, nationality, race, ethnicity, beliefs, religion, gender, gender identity, sexual orientation, age, all kinds of disability, preference, academic background, pregnancy, language, economic background, and political views.

3) No Infringement of Human Rights

All officers and employees of the Nissan Chemical Group shall not infringe upon the human rights of others or engage in discrimination, and endeavor not to participate, directly or indirectly, in infringement of human rights.

3. Nissan Chemical Group Human Rights Policy (Continued)

4) Employment and Labor

<Prohibition of Forced Labor and Child Labor>

The Nissan Chemical Group shall prohibit any labor by forced labor, slave labor and/or trafficking. Moreover, it shall not impose unreasonable restrictions on the employees' freedom of moving in and around the facilities provided by the Nissan Chemical Group. It also shall not impose unreasonable restrictions on the employees when they wish to leave their post or terminate their employment.

The Nissan Chemical Group shall not employ children under the legal working age stipulated in the law of the relevant countries or regions.

<Good Labor-Management Relations>

The Nissan Chemical Group promises to respect the freedom of association and the right to collective bargaining.

<Proper Working Hours>

The Nissan Chemical Group appropriately manages the labor hours, holidays and annual leave of employees so as not to exceed the working hours stipulated in the law of the relevant countries or regions.

< Fair and Equitable Remuneration>

The Nissan Chemical Group shall comply with any and all applicable laws and regulations regarding wages, including the laws on minimum wage, overtime work, and welfare benefits required by law, and shall pay fair and equitable remuneration that employees maintain a certain standard of living to employees.

<Elimination of Discrimination>

The Nissan Chemical Group shall endeavor to ensure equal employment opportunities in recruitment, job assignment, promotion and development of skills.

<Occupational Health and Safety>

The Nissan Chemical Group shall provide employees and anyone else who work on business premises of the Nissan Chemical Group with safe and hygienic working environment.

5) Remediation

In the event that the Nissan Chemical Group causes or contributes to an adverse impact on human rights in the course of its business activities, it will provide remedy and make efforts to correct such impact through appropriate means.

https://www.nissanchem.co.jp/eng/csr_info/management/hrp.html

4. Responsible Care Basic Policy

- (1) Protect the environment and human health and safety, and contribute to the sustainable development of society by striving to understand and continuously improve the impact on the global environment and society through our business activities, products and their lifecycles and supply chains.
- (2) Prevent fires, explosions, and leaks, as well as occupational accidents by striving to understand and reduce risks, based on "Safety first".
- (3) Respond to confidence from society and stakeholders by complying with laws and rules of the environment, health and safety.
- (4) Contribute to the safety and security of society and local communities through accurate and highly transparent information transmission and dialogue about the environment, health and safety.

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/management.html

5. Compliance Basic Policy

1. We consider compliance to be an important management issue and ensure thorough compliance in every aspect of its business activities, thereby establishing corporate ethics.
2. All officers and employees of Nissan Chemical Group shall be sufficiently aware of compliance and prevent the occurrence of a compliance violation.
3. In the event that a compliance violation has occurred or is likely to occur, we take a prompt and appropriate response.

<https://www.nissanchem.co.jp/eng/profile/compliance.html>

6. Nissan Chemical Group Anti-Corruption Policy

The Nissan Chemical Group supports international standards, including the United Nations Global Compact, and establishes the Nissan Chemical Group Anti-Corruption Policy (this "Policy"). This Policy complements the Nissan Chemical Group's position on compliance with respect to anti-corruption, and shall apply to all officers and employees working for the Nissan Chemical Group.

1) Definitions

"Corruption" means the abuse of entrusted official authority for personal or company gain, including bribery.

"Bribery" means that, when company conducts its businesses,

- any of its officers or employees provides improper benefits to a third party for the purpose of inducing a third party to conduct fraudulent or illegal acts, or upon request from a third party, or
- any of its officers or employees demands or receives improper benefits from a third party.

2) Commitment to Anti-Corruption

The Nissan Chemical Group has zero tolerance for corruption of any kind.

It shall not engage in any form of corruption relating to public officials, governmental agencies and any other clients ("Business Partners"). It shall also continuously ask the Business Partners not to engage in any corruption.

3) Compliance with respect to Anti-Corruption

The Nissan Chemical Group shall comply with and require the Business Partners to comply with domestic and international laws and regulations concerning the prohibition of bribery and corruption, such as the Unfair Competition Prevention Act, the U.S. Foreign Corrupt Practices Act and the Anti-Unfair Competition Law of the People's Republic of China (commercial bribery rules). It shall also keep and maintain accurate financial records relating to business transactions involving itself.

4) Remediation

In the event that the Nissan Chemical Group violates this Policy in the course of its business activities, it shall make efforts to remedy and correct the said violation through appropriate means and fully cooperate with investigations by the relevant authorities.

https://www.nissanchem.co.jp/eng/csr_info/responsible_care/management.html

7. Purchase Policy

We procure and purchase raw materials and materials in accordance with our Course of Action.

1. Compliance with laws, regulations, and social norms

We promote sound procurement and purchase activities by observing all relevant laws, regulations, social norms, and internal regulations, as well as corporate ethics.

2. Fair, equitable, transparent trades

We continue to create opportunities for business with new suppliers, without adhering to past purchases or the corporate group, thereby ensuring fair, equitable, transparent trades.

3. Procurement and purchase based on economic rationality

We undertake procurement and purchase that are optimal for us based on a comprehensive evaluation of quality, price, stable supply, technology development capabilities, stable management and other factors.

4. Consideration for the global environment

To achieve a sustainable society, we strive to remain conscious of the protection of the global environment in our procurement and purchase activities.

5. Establishment of partnership

Based on our fundamental recognition that all of our business partners are essential for executing businesses, we establish relationships of mutual trust with them in our efforts to achieve further development. We will also work on the following themes with our business partners in our efforts to fulfill our corporate social responsibility.

- 1) Compliance with laws, regulations, social norms and corporate ethics
- 2) Ensure safety and protecting the environment
- 3) Respect human rights and giving consideration to the work environment

https://www.nissanchem.co.jp/eng/csr_info/communication/supply.html

8. Responsible Minerals Procurement Policy

It is feared that the profits from mining and trading gold, tin, tantalum, tungsten and cobalt (hereinafter, minerals) in conflict areas such as the Democratic Republic of the Congo and its surrounding countries and CAHRAs* (hereafter, collectively referred to as target areas) have become a major source of funds for organizations involved in risks and fraudulent, such as conflict, infringement of human rights such as child labor and forced labor, environmental destruction, and corruption.

We will not use any minerals from target areas (hereinafter, conflict minerals) and materials including conflict minerals to avoid participating in conflict and inhumane activities. In the unlikely event that the use of conflict minerals is discovered, we will promptly take remedial measures. We ask our business partners to agree with this policy and to cooperate so that conflict minerals are not used in the raw materials used in our products.

https://www.nissanchem.co.jp/eng/csr_info/communication/supply.html

* Conflict-Affected and High-Risk Areas covered by EU Conflict Minerals Regulation

Refer to <https://www.cahraslist.net/cahras>

9. Quality Policy

Providing products and services that satisfy customers

https://www.nissanchem.co.jp/eng/csr_info/communication/customer.html

10. Explanation of items

1. Human Rights and Labor

(1-1) Prohibition of Forced Labor

Companies must not use labor obtained by forced, bonded, exploitative prison labor, slavery, or human trafficking. Companies also must not force to work, and must keep the right of workers to terminate employment.

Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons is not permitted. This includes transporting, concealing, employing, transferring, and receiving people by means of threat, coercion, abduction, or deceit. Having workers pay fees for employment is also considered as forced labor. Forced work to pay off such a fee is also prohibited. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.

In particular, there are many reports of migrant workers including foreign workers being forced to work. When employing foreign workers, those workers must be provided with an employment contract containing the employment conditions in their native language or language that they can understand, before they leave their home country. Substitution or change(s) in the employment agreement upon arrival in the receiving country shall not be permitted unless these changes are made to meet local law and provide equal or better conditions.

Other acts that lead to forced labor include hindering workers from using their government-issued identification, passport / visa, work permit, or immigration application (except when the law stipulates that someone other than the worker retain such documents) by means of concealment or confiscation, or imposing limitations on worker entry / exit to facilities or movement within facilities (including workers' dormitories or living quarters).

All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment without penalty if reasonable notice is given as per worker's contract.

(1-2) Prohibition of Child Labor and Respect for the Rights of Young Workers

Companies must not allow children who are under the minimum age for employment. Furthermore, companies must also not allow young workers under the age of 18 to perform hazardous work that is likely to jeopardize their health or safety, including night work or overtime.

Child labor refers to any kind of activity or work which, by its nature or the circumstances in which it is carried out, is harmful to the intellectual, physical, social and moral development of young people and undermines their education, by preventing them from going to school, constraining them to abandon schooling too soon or requesting them to work and study at the same time. Neglecting to protect young workers (under the age of 18 years) is also

included. Child labor is prohibited in all circumstances by the ILO and national laws.

Minimum age for employment refers to any person under the age of 15, the age for completing compulsory education, or the minimum age for employment in the country, whichever is greatest. The age at which employment is allowed also differs according to the nature of labor. In regard to hazardous work, all countries must set a minimum working age of 18 years. However, such work may be allowed from the age of 16 years in cases where:

- National organizations of employers and workers concerned have been consulted beforehand;
- The health, safety and morals of the young persons concerned are fully protected; and
- The young persons have received adequate specific instruction or vocational training in the relevant field of activity.

Hazardous work refers to the following.

- (a) work which exposes children to physical, psychological or sexual abuse;
- (b) work underground, under water, at dangerous heights or in confined spaces;
- (c) work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads;
- (d) work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health;
- (e) work under particularly difficult conditions such as work for long hours or during the night or work where the child is unreasonably confined to the premises of the employer.

Workers under the age of 18 (including students etc.) should be guaranteed satisfactory working conditions, and The Minimum Age Recommendation, 1973 (No. 146) of the ILO stipulates the following special considerations in particular.

- (a) the provision of fair remuneration and its protection, bearing in mind the principle of equal pay for equal work;
- (b) the strict limitation of working hours in a day and in a week, and the prohibition of overtime, so as to allow enough time for education and training, rest during the day and leisure activities;
- (c) the granting of a minimum consecutive period of 12 hours' night rest, and of customary weekly rest days (without possibility of exception save in genuine emergency);
- (d) the granting of an annual holiday with pay of at least four weeks and, in any case, not shorter than that granted to adults;
- (e) coverage by social security schemes, which guarantees occupational accident, health support, and various sickness benefits schemes;
- (f) Safety rules and adequate health conditions, as well as appropriate instruction and supervision.

Due diligence is also required to protect the rights of children.

(1-3) Prohibition of Inhumane Treatment

Companies must respect the human rights of workers and must not treat workers in a manner that is or may be construed inhumane, including physical and psychological abuse, coercion, or harassment.

Companies must not employ children who are under the minimum age for employment nor assign young workers to work that jeopardizes their health and safety.

Psychological abuse refers to the act of causing mental or emotional harm through psychological violence to others by means, for example, of inhumane expressions or harassment, neglect, or words that damage one's self-esteem.

Physical abuse refers to violence and work under harsh circumstances.

Coercion refers to the act of forcing others to do something against their will through intimidation, etc. For example, forcing workers to work overtime.

Harassment refers to the act of making others feel unpleasant due to pestering or bullying. This includes sexual abuse, physical punishment, physical or mental oppression, verbal abuse, and the withdrawal of basic physical comfort (such as chairs or personal protective equipment). It also includes so-called sexual harassment, power harassment (abuse of authority), and maternity harassment (pregnancy discrimination), etc.

In addition to formulating a disciplinary policy and response procedure, companies are required to establish internal reporting system (grievance mechanism) for identifying the facts of inhumane treatment, and notify it to workers and operate it.

(1-4) Prohibition of Discrimination

Companies must not engage in discrimination or harassment in employment or treatment. Companies must also consider requests from workers regarding religious practices where appropriate.

Discrimination refers to setting differences in opportunities and treatment such as recruitment, promotion, remuneration, and access to training due to factors other than rational factors such as employee's capability, aptitude, and achievements.

In wages, promotions, remuneration, access to training, hiring, and employment practices, companies must not engage in discrimination or harassment based on origin, ethnicity or national origin, race, color, age, gender, sexual orientation, gender identify and expression, disability, presence of infections such as HIV and viral hepatitis, preference, academic background, language, pregnancy, marital status, beliefs, religion, economic background, political affiliation, union membership, veteran status, or protected genetic information (results of genetic diagnosis). Furthermore, health checks and pregnancy tests are also regarded as discrimination if they could harm equal opportunity or the fairness of treatment. Companies shall also consider for workers' religious practices where appropriate.

(1-5) Adequate Wages and Allowances

Companies must comply with all applicable laws and regulations regarding payments of work (including minimum wage, overtime payments, and allowances and deductions required by law). Furthermore, it is expected that companies pay wages at a level that allows workers to support their basic needs (a living wage). In addition, Companies must not make unreasonable reductions of wages.

Minimum wage refers to the least amount stipulated by laws regarding wages in the country where the company is doing its operation, and employees must be paid wages at or above the minimum wage. In addition to the legally-binding minimum wage, it is also desirable that companies voluntarily consider a living wage calculated as the wages required to maintain a minimum living standard.

Unfair wage deductions refer to wage deductions that violate laws regarding labor, etc., and may be deemed to be a non-payment of wages. For example, companies cannot deduct the cost of uniforms, personal protective equipment required for work, or the cost of cleaning uniforms from wages. However, this does not include non-payment of wages corresponding to time not worked due to worker's late attendance and absence.

For example, in the SA8000 international standard regarding labor and human rights, pay cuts must not be made for the purpose of discipline. As an exception, companies are allowed to do so when (1) it is allowed by domestic law and (2) doing so is agreed upon in a collective agreement that was freely negotiated.

Furthermore, compensation for overtime work must be paid to workers at a rate higher than the standard pay rate by hour, according to the laws and regulations of the corresponding region. Companies shall pay wages to the employees at least once a month without delay, and upon payments, companies must provide a wage slip that includes information that enables the breakdown of payments to be checked.

(1-6) Appropriate Management of Working Hours

Companies must not allow workers to work exceeding the maximum working hours set by local laws and regulations, and appropriately manage working hours and days off in consideration of internationally recognized standards.

Companies are required to assign working hours and grant rest days and rest period based on applicable laws and regulations. They should also consider internationally recognized standards. Several industry standards also set a weekly limit on working hours at 60 hours including overtime.

Appropriate manage refers to the following:

- Annual working days shall not exceed the maximum set by law.
- Weekly working hours including overtime shall not exceed the maximum set by law (excluding unavoidable times of disaster or emergency).

- At least one holiday per week is given.
- Workers shall be allowed the right to paid annual leave, maternity leave, and childcare leave as stipulated by the law.
- Workers shall be allowed the break time stipulated by the law.
- Initiatives to reduce long working hours are implemented.
- Physical and mental health checks shall be conducted to ensure the health of workers.

(1-7) Freedom of Association and Right to Collective Bargaining

In conformance with local laws and regulations, companies shall respect the right to collective bargaining of workers and openly communicate with workers for improving working environments and wage conditions.

Companies are required to respect the right of workers to establish and join trade unions of their own choosing, and at the same time respect the rights of workers not to join a trade union or refrain from such activities. Furthermore, workers and their representatives must be able to engage in collective bargaining to formally gain mutual understanding with management regarding concerns about working conditions and management practices, without fear of discrimination, retaliation, intimidation, or harassment.

The following items are recommended as concrete examples of corporate activities in regard to collective bargaining.

- Provide such facilities as may be necessary to establish effective collective agreements.
- Enable duly authorized representatives of workers to negotiate with representatives of management who are authorized to take decisions on the matters under negotiation.
- Not threaten or suggest retribution to influence unfairly negotiations or hinder the exercise of the right to organize.
- Provide information required for meaningful negotiations.
- When requested by the government, respond constructively with relevant information on their operations.

2. Environmental Considerations

(2-1) Environmental Permits and Reports

Companies must obtain the permits and approvals required for conducting business as well as register and report according to local laws and regulations.

All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current and their operational and reporting requirements are to be followed.

Examples in Japan include the obligation to assign a manager that has obtained the qualifications stipulated by the law, such as laws on waste disposal (a specially-controlled industrial waste manager), energy saving (an energy manager at plants that use a certain level of energy), and the control of air pollution (a pollution prevention manager at plants that emit chemical substances, dust, or soot).

Furthermore, companies may be obligated to assign a manager responsible for poisonous and deleterious substance management, specified chemical substance management, and hazardous substance management, depending on the chemical substances used in business.

It may also be necessary to receive permission for facilities that handle hazardous substances and environmental impact assessments, depending on the type of business conducted and the location of plants.

(2-2) Environmental Policy

Companies must formulate basic policies for environmental initiatives (environmental policies).

Environmental policies are formulated as guidelines for clarifying the overall direction of the company towards the environment and for setting and reviewing action plans and environmental targets.

For example, ISO14001, an environmental management system standard, states that environmental policies must satisfy the following items:

- The organization's activities, products, and services are appropriate for environmental impacts.
- Continuous improvement and the prevention of environmental pollution are committed.
- Legal requirements such as environmental-related laws, regulations and ordinances are complied.
- A framework for setting and reviewing environmental goals and targets is provided.

Environmental policies are also required to be documented, implemented and maintained, publicized to all persons working in or on behalf of the organization, and publicly disclosed.

(2-3) Chemical Substances Management

Companies must comply with all applicable laws and regulations of each country to handle chemical substances in all business activities.

All business activities refer to all processes in business activities, from the development of chemicals to manufacturing, distribution, use, final consumption, disposal and recycling.

For example, in Japan, companies must manage chemical substances based on the Chemical Substance Control Law, Poisonous and Deleterious Substances Control Law, Industrial Safety and Health Act, Fire Service Act, and PRTR (Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management).

Examples of chemical substances management include the following:

- Identifying and labelling chemical substances that pose a risk to human bodies and the environment, and to ensuring safe handling, moving, storage, use, recycling or reuse, and disposal of such substances
- Non-use of chemical substances prohibited by the laws and regulations of each country or region in the manufacturing process, and monitoring of emissions and reporting to the government in accordance with the laws and regulations of each country or region.

(2-4) Management of Chemical Substances Contained in Products

Companies must comply with all laws, regulations, and customer requests applicable to the prohibition and restriction of specific substances contained in products.

Regarding the chemical substances contained in products, including labeling for recycling and disposal, companies must not only follow the laws and regulations of the countries where the products are sold but also consider customer demands. Companies must also take responsibility for the components included in the end products, and upstream companies must provide the required information to downstream companies.

For example, when exporting to the EU, the relevant laws and regulations include the RoHS Directive and the REACH Regulation.

It is also necessary to consider the substances that are added, contaminated, or adhere during the manufacturing process.

(2-5) Reduction of Energy Consumption and Greenhouse Gas Emissions

Companies shall set voluntary targets and must address energy efficiency and make continuous efforts for reducing energy consumption and greenhouse gas emissions.

Companies must track and document energy consumption and the greenhouse gases (GHG) at each facility or business site, and pursue methods to minimize them.

Improving energy efficiency involves minimizing and energy efficiency at each facility or business site.

There are various types of GHG, but the term GHG generally refers to the seven substances of carbon dioxide, methane, nitrous oxide, HFC, PFC, SF₆, and NF₃ in particular.

Continuous efforts for reducing GHG emissions refer to the process of setting voluntary reduction targets for GHG, and formulating plans, monitoring them on a daily basis, and ensuring their implementation. In order to implement continuous reduction activities, it is necessary to appropriately manage data on GHG emissions from manufacturing processes, etc.

Improving energy efficiency refers to the rational use of heat and electric power energy. Reducing the use of petroleum, natural gas, coal, coke, and other fuel by utilizing renewable energy is also included in the activities to improve energy efficiency.

(2-6) Effective Utilization of Resources and Waste Management

Companies shall set voluntary targets and must comply with laws and regulations and implement appropriate management in order to promote the 3Rs (reduce, reuse, and recycle), ensure the effective utilization of resources, and minimize final waste. In addition, companies must appropriately manage and dispose of waste from business activities in accordance with the applicable laws and regulations in each country.

Companies must identify and manage wastes when disposing, implement a systematic approach for responsible disposal or recycling, and work for reducing waste, even though they are not identified to be hazardous.

Companies must implement measures for ensuring that natural resources are not wasted by complying local laws and regulations and minimizing the disposing substances.

Programs include changing the production equipment at the source, using alternative materials, and reusing and recycling resources. Concrete examples include the following:

- Promotion of resource-saving design such as weight reduction and life extension of products, utilization of recycled materials, conversion from exhaustible resources to renewable resources, etc.
- Promotion of simplification of packaging and wrapping materials, utilization of returnable packaging materials, etc.
- Reduction of waste and promotion of recycling at bases (plants, research laboratories, offices, sales offices, logistics facilities, etc.) such as reduction of waste generation, expansion of recycling of waste through appropriate sorting, reduction of final disposal waste, etc.

Final waste refers to wastes from each business location that need to be landfilled to the outside or incinerated.

Appropriate management and disposal of waste refers to the following actions:

- Carefully understanding the classification and type of waste and properly storing and disposing of it in accordance with the applicable laws and regulations of each country where the waste is located.

- When outsourcing disposal, making a contract with a processing company with proper permission in the prescribed format and a waste management manifest being issued without fail
- Confirming whether the outsourced waste is properly processed

Natural resources refer to water, fossil fuels, minerals, virgin forest, and the products of virgin forest, etc. The prevention of environmental pollution leads to the saving of natural resources and is closely related to the sustainability of the planet.

(2-7) Biodiversity Conservation

Companies shall formulate policies, strive to understand the impact of their business activities on the ecosystem, and conduct activities with consideration for biodiversity conservation.

Activities with consideration for biodiversity refers to activities that minimize the impact of businesses on biodiversity throughout the life cycle of products and services (land use, water withdrawal, GHG emissions, waste emissions, and emissions of environmentally hazardous substance to the atmosphere, water and soil).

Examples include the following actions:

- Procurement of biodiversity-friendly raw materials
- Development of products that take into account the impact on biodiversity
- Consideration for the protection of rare species in the region and surrounding ecosystems at the time of land acquisition, etc.
- Continuous improvement of pollution-prevention measures, 3R activities, and energy-saving activities from the viewpoint of ecosystem conservation

(2-8) Water Management

Companies must comply with laws and regulations, monitor the source, usage, and discharge of water used, and save water. Companies shall also strive to understand the impact of their business activities on water resources, conserve water sources, and reduce the environmental impacts on water.

Examples of impacts of business activities on water resources include water shortages due to excessive water use (restrictions on operations, tensions and conflicts with local residents), and the destruction of ecosystems due to pollutants contained in wastewater, and companies are required to monitor water sources, use, and discharge, seek opportunities to conserve water, and control channels of contamination.

Companies shall conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance, and all wastewater must be tested, monitored, controlled as required, and appropriately processed before discharge or disposal. Sources of pollution

that may cause water pollution must also be identified and appropriately managed.

Examples of initiatives to conserve water sources and reduce the environmental impacts on water include rationalization or reduction of water consumption (improvement of processes, expansion of recycling use, etc.), compliance with wastewater standards, and conservation of watershed protection forest, etc.

Controlling channels of contamination includes confirming that site water channels are free from contamination and are protected from contamination (such as confirming that there are no pools of standing water and grease / oil slicks near storm drains) and that the emergency response equipment is in place (shutoff valves and stopcocks must be installed to prevent outflow or leakage of clean water and sewage due to a plant accident or natural disaster, and rainwater tanks / catch basin and storage reservoirs installed in preparation of leakage or overflow alone are deemed to be insufficient), etc.

(2-9) Air Emissions

Companies must comply with relevant laws and regulations, make further improvements through setting voluntary standards as necessary, and implement appropriate measures for reducing the emission of hazardous substances to the atmosphere.

Hazardous substances discharged to the atmosphere include volatile organic chemicals, aerosols, corrosives, microparticles, ozone depleting substances, and combustion byproducts. Companies must strive to analyze and monitor these substances prior to discharge, and only discharge them after conducting the required control and treatment based on the results of that analysis and monitoring. Program includes routine monitoring of the handling of substances to discharge and performance of treatment systems.

3. Health and safety

(3-1) Occupational Safety

Companies must identify and assess risks regarding occupational safety and maintain safety through proper design, engineering and administrative controls. Taking reasonable steps must also be taken to protect pregnant women and nursing mothers.

Companies must identify safety hazards in the workplace and their risk of occurrence, and implement safety measures for workers. Examples of safety hazards in the workplace include contact with chemical substances, electricity, or other energy sources, fire, vehicular accidents, and fall.

Examples of safety measures are indicated below.

- Identifying and assessing safety hazards, including their risk of occurrence
- Designing an appropriate workplace that eliminates safety hazards and considers safety
- Implementing safety awareness-raising activities (including the handling of personal protective equipment)

It is also necessary to take reasonable measures to protect pregnant women and nursing mothers from conditions with high hazards.

Risks regarding occupational safety refer to the potential risk of accidents and health impairment that occur during work, due to factors such as electricity or other energy, fire, vehicles or moving objects, floors that are slippery or prone to tripping, and falling objects.

Proper design and engineering and administrative controls refer to

- (1) Elimination of risk factors or substitution to safer options
- (2) Engineering control (such as monitoring dangerous places using sensors and shutting down the power source of machinery or equipment (lockout)),
- (3) Administrative control (such as placing of tags indicating prohibition of energy shutdown equipment operation during shutting down of the power source (tag out))
- (4) Post of safety signs in hazardous areas, and
- (5) Provision of ongoing occupational health and safety training

In case of hazards cannot be adequately controlled by these means, workers are to be provided with personal protective equipment (safety gear such as protective goggles, helmets, and gloves). Appropriate supervision and patrols by the safety managers are also important.

Reasonable considerations to protect pregnant women and nursing mothers from conditions with high hazards includes avoiding risks such as lifting / moving heavy loads, exposure to infectious diseases, lead, and poisonous chemical substances, physically demanding work, exposure to radioactive substances, threats of violence, long working hours, extreme temperatures, and extreme noise.

For one year after childbirth, if it is necessary for a worker to nurse a child, it is desirable for

a company to provide an appropriate break time for nursing or milking, and to implement measures such as providing a safe and clean place to do so, that colleagues and the general public cannot enter and cannot see.

(3-2) Machine Safeguarding

Companies must evaluate the machinery used by workers for safety hazards and provide appropriate safeguarding.

Appropriate safeguarding refers to management for preventing accidents and health impairment that occur during work, such as adoption of safety mechanisms called failsafe (*1), foolproof (*2), interlock (*3), and tagout, and installation of safety devices and protective barriers in place, as well as regular inspection and maintenance of machinery.

*1: A type of safety mechanism that always controls failures caused by misoperation or malfunction to the safe side in order to minimize damage in the event of a failure in the equipment, systems, etc., assuming breakdown, operation errors, design deficiency, etc.

*2: Securing safety by implementing safety measures at the design stage of equipment, systems, etc. so as not to expose employees to dangers even when used by people who are not familiar with them, or when operating procedures are incorrect

*3: A mechanism that adjusts the operation between processes in a system with multiple operating processes to enable the operation of other processes only when one process is in a proper (safety) position.

(3-3) Industrial Hygiene

Companies must identify, assess, and appropriately control the risk of workers being exposed to hazardous biological, chemical, or physical agents in the workplace.

If any potential hazards were identified, the possibilities must be eliminated or controlled by the appropriate design and engineering and administrative control. When hazard cannot be adequately controlled through such methods, it is necessary for workers to be provided appropriate personal protective equipment that is well managed and maintained, and to use that equipment appropriately.

Hazardous agents include organic solvents, substances applicable to Ordinance on Prevention of Hazards Due to Specified Chemical Substances, poisonous and deleterious substances, radioactive substances, and substances that cause chronic diseases (such as lead and asbestos). These substances may exist in smoke, steam, mist, or dust form.

Noise, odors, extreme temperature and humidity may be deemed hazardous to the human body if they are significantly strong.

Appropriate control refers to the establishing and implementing management standards, and providing the appropriate training and personal protective equipment to workers. Appropriate supervision and patrols by the health managers are also important.

(3-4) Physically Demanding Work

Companies must identify and assess worker exposure to the hazards of physically demanding tasks and appropriately control such work so that it does not lead to occupational accident and illness.

Physically demanding work includes heavy labor such as the manual handling of heavy raw materials or manual transport of heavy loads as well as assembly work that causes physical exertion, long hours of repetitive or continuous work such as data entry, and long hours of work in a standing or an unnatural position.

Appropriate management includes improving working environment, taking regular breaks, providing supportive tools, and the sharing and cooperating works among multiple workers. It is also effective to maintain surrounding environment that enable people to move around properly and efficiently, and consider the reduction of accidents and mistakes.

(3-5) Occupational Accident and Illness

Companies must identify, assess, record, and report the status of occupational accident and illness, implement appropriate countermeasures and corrective actions, and share the information on occupational accident and illness to all employees.

Companies must record occupational accident and worker illness, provide necessary medical treatment, investigate cases, identify and eliminate causes, implement corrective actions including preventing, managing and reporting. It is also necessary to define rules for promoting worker's return / restart to work and to report implementation thereof.

Appropriate countermeasures refer to systems and measures for promoting worker's reporting, classifying and recording injury and illnesses, providing medical treatment when necessary, investigating injury and illnesses, implementing corrective actions to eliminate causes, and facilitating worker's return to work. This also includes implementing the required administrative procedures stipulated by the law and taking out industrial accident insurance. Sharing the information of occupational accidents with all employees to prevent similar accidents is also one of the appropriate countermeasures.

(3-6) Response for Emergency

Companies must identify the possibility of emergency situations by such as natural disasters or accidents that may adversely affect human life or safety, establish procedures to minimize harm to workers and property, install the required equipment, and conduct dissemination, training and drills so that the required responses can be taken in case of emergency.

Emergency plans focus on minimizing damage to life, the environment and property, and include, for example, emergency reporting, communication to employees, clarifying evacuation procedures, installing evacuation equipment, ensuring easily identifiable exits

without obstruction, providing appropriate exit facilities, storing medical supplies for emergency, publicizing first aid measures, installing fire detection systems, installing fire extinguishers, fire shutters, and sprinklers, securing external communication methods, maintaining recovery plans, and collaboration with local communities in the event of a disaster.

Examples of dissemination of emergency plans within the workplace include providing emergency training (including emergency drill) to workers, and placing / posting emergency procedures in the workplace in an easily accessible location. Emergency drills must be executed at least annually or as required by local law, whichever is more stringent.

(3-7) Health and Safety at Facilities

Companies must appropriately maintain the health and safety of facilities and accommodations provided to workers (such as dormitories, cafeterias, and toilets). Dormitories also require appropriate emergency egress to be provided.

Workers are to be provided with ready access to clean toilet facilities, potable water and sanitary food preparation, storage, and eating facilities.

Maintaining health and safety refers to maintaining the cleanliness and sanitation of facilities, and requires the following points to be considered.

- Drinking water: Water quality tests compliant with laws and regulations, and safe drinking water (provided by a water cooler, etc.)
- Sanitary food preparation: Clothing cleanliness and health checks for kitchen workers, pest control, temperature control of food storage, cafeteria business licenses, etc.
- Toilets: Clean toilet facilities of a sufficient number, providing toilet paper, etc.
- Dormitories: Fire response plan, emergency exit routes (egress), secured accommodations for storing personal items (providing lockable storage), adequate living space (3.3 m² or more per person), hot water for bathing and showering, ventilation, temperature control, adequate lighting, etc.

(3-8) Employee Health Management

Companies must conduct appropriate health management for all employees.

Appropriate health management refers to conducting health checks at least at the level stipulated by law, and working on the prevention and early detection of worker illness. It is also necessary to adequately consider treatment such as mental healthcare and the prevention of health problems due to overwork.

(3-9) Health and Safety Communication

Companies must provide training on appropriate health and safety information regarding various workplace hazards that workers are exposed to in the workplace in languages and methods that the workers can understand. A system that enables workers to provide feedback on safety is also required.

Companies must provide appropriate workplace health and safety information and training regarding all the workplace hazards that workers will be exposed to (including but not limited to machinery, electricity, chemicals, fire, and physical hazards).

Occupational health and safety information should be clearly posted in facilities or placed in a location identifiable and accessible by workers. It also must be provided in a language that the workers can understand.

Training must be provided to all workers before starting work and regularly after that. It is also encouraged that safety concerns from workers are raised. Items for training include the correct use of personal protective equipment, emergency response measures, safe operation of machinery, and preparations before entering hazardous environments.

4. Ethics

(4-1) Formulation and Dissemination of the Ethics Code and the Action Guideline

Companies must formulate the ethics code and the action guideline, publicize them to employees, and promote them appropriately.

The ethics code and the action guideline in which internal ethical rules and codes are summarized in order to be “good corporate citizens and decent members of society” become important standards for considering a corporate culture and the direction which the company aim to take.

By publicizing to the officers and employees and making them to comply with ethics code and / or action guideline, companies are able to prevent acts that may cause public suspicion or distrust about the fairness of their business, thereby ensuring the social trust of them.

(4-2) Prevention of Corruption

In all business relationships, companies must maintain sound and normal relationships and must not be involved in bribery, illegal political contributions, blackmail, or embezzlement in any form.

Companies must uphold a zero tolerance policy of prohibiting any and all forms of bribery, excessive entertainment or gifts, illegal political contributions, blackmail, or embezzlement, and maintain continuous compliance.

Continuous compliance requires not only establishing policy, but also appropriately training employees and continuing to ensure that policy is implemented.

Bribery refers to the provision of money, entertainment, gifts, and other benefits and expediency (bribe-giving) to officials and equivalent persons (hereinafter referred to as officials, etc.) either directly or through a third party to seek any return in the course of business, such as acquiring or maintaining licenses, transactions, or obtaining non-public information. Even if any return on business is not sought, providing officials, etc. with entertainment and gifts beyond the social courtesy is included in bribe-giving. Bribery also refers to the receipt of bribes (bribe-taking).

Illegal political contributions are making political contributions to seek any return in the course of business, such as acquiring or maintaining licenses, transactions, or obtaining non-public information, or making political contributions that do not go through formal procedures.

Blackmail refers to stripping counterpartys' money, property, etc. by knowing weak point or threatening with violence, and embezzlement refers to the fraudulent acquisition of other persons' money, property, etc. under one's control.

(4-3) Prohibition of Inappropriate Provision and Improper Benefit

Companies must not provide or accept any promises, propositions, or approvals as a means of obtaining bribes or any other illicit or inappropriate benefit.

Companies must not provide or receive improper benefit such as gifts and expediency in relationships with stakeholders, such as customers and business partners.

Companies are prohibited from directly or indirectly providing or receiving something valuable (money, goods, services etc.), or promising or proposing to do so, in order to gain business or obtain inappropriate benefit.

In order to comply with laws regarding the prevention of corruption, it is necessary to clarify policies and procedures and monitor.

Provision or receipt of improper benefit refers to the following actions:

- Bribery that involves providing or receiving gifts, prizes, or prize money to or from customers beyond the extents of laws and regulations, or providing or receiving money, goods, or entertainment beyond the social courtesy
- Providing benefit to antisocial organizations that adversely affect social order or sound activities (such as criminal organizations or terrorist organizations)
- Insider trading, which includes the purchase and sale of the shares of customers etc., based on non-public important information on their business.

Companies are required not only to prohibit such action, but also not to act in a way that is misleading.

(4-4) Prohibition of Abuse of Dominant Bargaining Position

Companies must not engage in acts that cause disadvantage to suppliers by abusing the dominant bargaining position.

Abuse of dominant bargaining position means the unilateral decision or change of business terms with suppliers, etc. or imposing unreasonable demands or obligations by using the position of purchaser or outsourcer.

Procurement transactions must be conducted faithfully, fairly and impartially based on contracts, etc., and in countries with laws and regulations concerning the abuse of dominant bargaining position, such laws and regulations must be complied (e.g., the Subcontract Act in Japan).

Examples of abuse of dominant positions include:

- Causing a supplier, etc. to purchase goods or services other than those relating to transactions
- Having suppliers, etc. provide money, services, or other economic benefits
- Refusing to receive products from suppliers, etc., returning the received products to suppliers, etc., delaying or reducing the payment of the consideration, or otherwise setting or changing the business terms to the disadvantage to the suppliers, etc.

(4-5) Prohibition of Anticompetitive Practices

Companies must engage in fair business, competition, and advertising.

Companies must comply with laws regarding fair business, including fair competition and subcontract law, and must not conduct illegal acts such as cartel agreements to restrict competition, unfair business practices, or misleading representation.

It is also necessary to avoid forces that pose a threat to the order and safety of civil society, and comply with laws, regulations, and all social standards. In the catalog presentations and advertising of products and services, companies must not express untruths or mislead consumers and customers, and must also make sure not to include information that slanders or infringes the rights of other companies or individuals.

Fair competition refers to complying with local laws regarding fair competition and fair trading and promoting free and fair competition while avoiding cartel agreements and bid-rigging to restrict competition, unfair business practices, and misleading representation.

Fair advertising refers to advertising that provides factual information that is not for unfair purposes.

(4-6) Development of Whistle-blowing Program

Companies must provide internal reporting programs for the prevention and early detection of fraudulent to employees, protect the confidentiality of information regarding whistleblowing and the anonymity of whistleblowers, and avoid retaliations towards whistleblowers.

Internal reporting programs for the prevention and early detection of fraudulent include, for example, establishing a whistle-blowing program for management team to enable to detect fraudulent early on. It also includes responding promptly to fraudulent and providing feedback to informants as appropriate.

In an internal reporting programs available to stakeholders including employees of the company and its suppliers, the company must ensure the anonymity of the whistleblower, and the confidentiality of what was reported, and whistleblowers must be protected from disadvantageous treatment such as retaliations by the company or an individual due to the act of whistleblowing.

Disadvantageous treatment refers to acts that harm the working circumstances including harassment, as well as changes to working conditions such as unfair performance evaluation, remuneration, dismissal, or reshuffling.

Examples of protecting informants from retaliations include the following:

- Permission to whistleblowing anonymously and keeping the informants confidential
- Prohibition of finding informants and harassment to informants
- Prohibition of disadvantageous treatment through promotion or transfer to informants

(4-7) Protection of Personal Information

Companies must comply with relevant laws and regulations and appropriately manage and protect all personal information of suppliers, customers, consumers, and employees.

Companies are required to comply with local laws and regulations to carefully handle the personal information of suppliers, customers, consumers, and employees. Personal information must only be collected, stored, processed, transmitted, and shared within the scope required to achieve the specified purpose it is used for.

Personal information is information regarding a living individual, and contains information that enables that particular individual to be identified, such as name, date of birth, or other attributes (including information that can be easily matched with other information to identify a particular individual).

Appropriate management refers to establishment and implementation of a general management framework for personal information, and includes establishment of rules and policies that workers must comply with, establishment of plans in line with the rules or policies, and implementation of measures, as well as audits and reviews.

Appropriate protection includes preventing personal information from being wrongfully or unfairly retrieved, used, disclosed, or leaked.

(4-8) Prevention of Leak of Confidential Information

Companies must appropriately manage and protect the confidential information not only of their own but also received including from customers and third parties.

Companies are required to establish an appropriate framework and management system for managing the confidential information collected by the company or received from third parties. This includes defining information management levels and employee training.

Confidential information generally refers to information disclosed according to a written confidentiality agreement (including digital information recorded magnetically or optically) or information disclosed orally upon confidential notice, which are not planned to be disclosed externally. Concrete examples include research reports, manuals, proposals, inventory information, customer information, supplier lists, payroll information, and information related to personnel transfer.

Appropriate management refers to establishment and implementation of a general management framework for confidential information, and includes establishment of rules and policies that workers must comply with, establishment of plans in line with the rules or policies, and implementation of measures, as well as audits and reviews.

Appropriate protection includes preventing confidential information from being wrongfully or unfairly retrieved, used, disclosed, or leaked.

(4-9) Respect for Intellectual Property Rights

Companies must respect intellectual property rights and the transfer of technology and expertise must be performed in a manner where intellectual property is protected. Companies must also protect the intellectual property of third parties such as customers and suppliers.

The protection of intellectual property applies not only to a company, but also to third parties such as customers and suppliers.

Intellectual property includes trade secrets and technical know-how in addition to intellectual property rights.

Intellectual property rights are rights defined by law, and include patent rights, utility model rights, design rights, trademark rights, and copyrights.

When developing, producing, selling, or providing products or services, it is necessary to conduct a preliminary investigation of the intellectual property of a third party sufficiently. Unless there is a valid reason, the unauthorized use of the intellectual property of a third party corresponds to an infringement of intellectual property rights.

Illegally reproducing computer software and other works and illegally obtaining and utilizing third party trade secrets correspond to infringement of intellectual property rights.

(4-10) Supplier Management

Companies must establish processes for monitoring suppliers' status of sustainability activities.

Companies are required to take the same responsibility for sustainability in their supply chain as they do at their own company. Therefore, it is necessary to monitor the suppliers' status of sustainability activities, and encourage improvements depending on the monitoring results.

(4-11) Responsible Minerals Procurement

Companies must exercise due diligence to ensure that the minerals such as tantalum, tin, tungsten, gold, and cobalt contained in its products manufactured do not cause or contribute to serious human rights abuses, environmental destruction, corruption, or disputes in Conflict-Affected and High-Risk Areas.

Minerals mined in conflict areas in the Democratic Republic of the Congo and surrounding countries (gold, tin, tantalum, tungsten: 3TG) are called conflict minerals, and it is feared that these minerals are a major source of funds for inhumane armed groups. In addition to 3TG, cobalt has been drawing attention in recent years as such minerals.

Furthermore, the EU Conflict Minerals Regulation, which became effective in January 2021, covers not only conflict areas around the Democratic Republic of the Congo, but also areas in armed conflict or post-conflict vulnerable areas, as well as areas in which there is fragile

or no governance and safety, such as failed states, and high-risk areas where there are wide-ranging and systemic international legal violations, including human rights infringements (CAHRAs*:Conflict-Affected and High-Risk Areas).

* CAHRAs: refer to <https://www.cahraslist.net/cahras>

Due diligence regarding responsible minerals procurement refers to establishing policies, communicating expectations to suppliers (and incorporating them in contracts where possible), identifying risks in the supply chain, and establishing and implementing strategies to handle the identified risks.

✂When the subject minerals are contained in a product, we may ask suppliers to conduct surveys of origin and distribution channels, and to disclose the results of the surveys.

(4-12) Fair Information Disclosure

Companies must disclose information regarding labor, health and safety, environmental activities, business activities, organizational structure, financial situation, and performance according to applicable laws and regulations and industry practices, in which falsification of records or the disclosure of false information is not allowed.

Companies are required to actively provide and disclose information to stakeholders.

Such information includes the details of business activities, financial situation, ESG (environmental, social, and governance) information, risk and incident information (such as damage due to large-scale disasters, adverse impacts on the environment and society, and the discovery of significant legal violations), and information regarding the supply chain. Disclosing information on critical risks in a timely manner, and communicating to customers are also one of the examples actively providing information.

Examples of information disclosure method include company websites, annual securities report, integrated reports, CSR reports and sustainability reports, and briefings for stakeholders.

Companies are not allowed to tamper records, misrepresent information, or disclose false information.

5. Building Risk Management System

(5-1) Development of a Business Continuity Plan (BCP)

Companies must identify and assess risks to business continuity, examine their impact on the business, and establish preparatory measures required in the mid- to long-term and a BCP that indicates the status of those initiatives.

Business continuity risks include large-scale natural disasters (such as earthquakes, tsunamis, floods, heavy rainfall, heavy snowfall, and tornadoes) and subsequent power outages, water outages, and traffic obstructions, accidents (such as fires or explosions), the spread of infectious and contagious diseases, and terrorism or riots.

Advance countermeasures required include local recovery strategies indicating how to protect, mitigate, and recover the various elements of production sites from estimated damage. It is also important to secure alternative methods of recovery from damage assuming that it takes longer than expected.

Companies must establish a manual, in which activities toward recovery and the process and procedures until completion of recovery are documented for quickly recovering business according to a BCP in the event of business discontinuation. Companies must also provide continuous training to employees so that they can act in the event of an actual disaster.

BCP is a plan created in advance that enables production activities to be swiftly resumed so that a company can fulfill its responsibility of supply when the company or its suppliers are affected by a disaster such as a large-scale natural disaster. BCPs includes the decision-making system for emergencies, initial responses such as securing emergency evacuations, and recovery procedures from the disasters.

(5-2) Establishment of Emergency Networks

Companies shall establish and periodically update emergency networks that include suppliers and business partners.

(5-3) Secure of Multiple Sites and Alternative Sites

In preparation for the damage of production sites or service bases, companies shall secure multiple sites or alternative sites.

(5-4) Listing of Suppliers and Manufacturers

Companies shall list and periodically update the suppliers and manufacturers for main materials.

In order to respond promptly to crisis or emergency and minimize the impact, it is necessary to prepare lists of departments, persons in charge, and suppliers and business partners that shall be contacted in emergency, as well as lists of main material suppliers and manufacturers. If there is a change in the list, it shall be reflected immediately.

In order to fulfill responsibility for supply, it is important to consider not only "local recovery strategies" but also "alternative strategies" which complement them. In considering alternative strategies, while considering the balance with business in ordinary times, it is important to consider methods that are easy to realize, such as the assumption of alternative sites that can perform manufacturing and service on a temporary basis and agreement of mutual support with other companies in the same industry in remote area in the event of a disaster.

(5-5) Defense from Cyber Attacks

Companies must implement protective measures against threats such as cyber attacks and conduct management to prevent damage to the company and others.

Companies are required to prevent trouble caused by cyber attacks, such as the leak or modification of information and the stopping of information systems. Since attackers can expand their target based on customer and client information they obtain, the scope of damage from cyber attacks is not limited to the company, resulting in a serious loss of operation stagnant, loss of trust, etc. The devices subject to cyber attacks are expanding from conventional computers and servers to industrial systems and IoT (Internet of Things) device, and countermeasures must also be implemented for such devices. It is also important to establish a plan for quickest recovery from a remedy of cyber attack. Plans include data back up and redundancy of data server or data center.

6. Product Safety and Quality

(6-1) Ensure of Product Safety

Companies must fulfill their responsibility as a supplier by ensuring that products meet safety standards stipulated by national laws and conduct design, manufacturing, and sales to ensure adequate product safety.

When companies design products, they must ensure adequate product safety and consider their responsibility as a manufacturer when providing products. They must also consider the safety that the product should ordinarily provide, in addition to legal compliance.

Example Japanese laws regarding product safety include the Electrical Appliance and Material Safety Act, Consumer Product Safety Act, and Household Goods Quality Labeling Act. Safety standards are defined in bylaws and JIS standards, etc. Overseas safety standards include UL, BSI, and CSA standards, etc.

Effective measures for ensuring product safety include management such as traceability (history of materials, components, and processes, etc.) and swift handling to solve problems.

(6-2) Quality Management

Companies must comply with their own quality standards and customer requirements in addition to all laws and regulations applicable to the quality of products and services.

Companies must comply with all laws and regulations that apply to the quality of products and services, and are also required to establish appropriate frameworks and management systems for complying with their own quality standards and customer requirements.

(6-3) Provision of Accurate Information on Products and Services

Companies must provide the customers and consumers correct and accurate information on products and services that will not cause misunderstandings.

Companies are required to provide information to customers and consumers that is correct, accurate and does not lead to misunderstandings. They must not provide false information or information that has been falsified.

Accurate information refers to the following, for example.

- Accurate information regarding the specifications, quality, and handling method of products and services.
- Accurate information on the substances contained in the materials and components used in products, etc.
- The labeling in catalogs and advertisement, etc. related to products and services do not include expressions that differ from the facts or mislead customers and consumers, and contents such as slander or infringement of rights of other companies and individuals.

(6-4) Response to Accidents and Deficiencies of Quality

In the event of accidents or deficiencies of quality in a products or services, companies shall address investigation of root cause, preventive actions, and preventive actions.

In addition to establishing and promoting a company-wide quality assurance system, it is important to establish and promote the system for collecting and communicating information on deficiencies, and to address investigation of root cause, preventive actions, and preventive actions.

Establishment: April, 2022

Revision: February, 2024