



## Sustainable Supply Chain Policy

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### [Introduction]

The Company and its consolidated subsidiaries have adopted "Toward a beautiful age" as the Group slogan and share a Group mission statement: We shall strive to create beautiful living environments, in which each person can pursue individual happiness in a harmonious society.

Under this slogan and mission statement, the Company and its consolidated subsidiaries ensure that related laws, regulations and other requirements are observed, and that fair, equitable and transparent procedures are followed based on the principle of free competition in all business dealings including procurement activities in Japan and abroad. We also recognize the need to ensure quality, set optimum prices and adhere to delivery deadlines, as well as to consider issues such as human rights and the environment, while engaging in responsible activities that help create social value and economic value throughout the supply chain.

To work with business partners in fulfilling responsibilities to create a sustainable society as demanded by society, in this policy the Company and its consolidated subsidiaries respect international norms including the ten principles in the four areas (human rights, labour, environment and anti-corruption) of the United Nations Global Compact of which the Company is a signatory, and have set forth the matters to be observed. The Company and its consolidated subsidiaries request that the business partners associated with its businesses, products and services understand the purpose and contents of this policy and cooperate with putting it into practice.

### [Scope of Application of the Policy]

The policy applies to the entire supply chain including direct and indirect business partners associated with all products, services and raw materials procured by or supplied to the Company and its consolidated subsidiaries.

### [Matters to be Observed]

#### 1. Ensuring safety and improving services and quality

In accordance with the Basic Safety Policy established by the Company, business partners must observe the following matters.

##### (1) Safety assurance

In all aspects from the planning and design of products and services to their provision and after-sales services, business partners shall always consider the safety and security of customers and ensure their health and safety.

(2) Quality control and the creation of quality assurance systems

Business partners shall develop quality control systems, comply with design and quality standards for their products and services, and continually endeavor to improve quality.

In addition, the products, services or raw materials procured or provided must not be involved in armed conflict or criminal activities.

(3) Disclosing necessary information concerning products and services

Business partners must comply with the relevant laws and regulations in describing their products and services, and provide explanations to gain understanding regarding important matters that influence the decisions of consumers and end users.

In addition, business partners must not provide false or exaggerated descriptions of their products or services (misleading representations, etc.), engage in advertising that is discriminatory or misleading, or engage in advertising that could have a harmful effect on children.

## **2. Legal Compliance**

Business partners must comply with various laws, regulations and other requirements including the local laws of their own country and countries or regions in which they operate, and international law. Business partners must fully understand social norms and corporate ethics, and act with decency and responsibility.

## **3. Respect for human rights and consideration for work environments**

In accordance with the Human Rights Policy established by the Company, business partners must observe the following matters.

(1) Respect for human rights

1) Compliance with and respect for international standards on human rights and labor

Business partners shall support international standards\* regarding human rights and labor, and conduct business activities that demonstrate respect for human rights.

\*The United Nations (UN) International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights), the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, etc.

2) Prohibition of discrimination

Business partners shall eliminate discrimination on the basis of nationality, race, religion, thoughts and beliefs, gender, age, sexual orientation, gender identity, presence or absence of disability, and other such characteristics, and shall ensure that equal opportunity in hiring and employment is not undermined.

3) Prohibition of harassment

Business partners shall not engage any forms of harassment including sexual harassment and power

harassment, and shall not tolerate any such comments or behavior.

4) Respect for local residents and communities

Business partners shall respect the cultures, customs, local residents and communities of the regions in which they operate.

5) Respect for the rights of socially vulnerable persons and minorities

Business partners shall respect the rights of socially vulnerable persons and minorities.

(2) Ensuring healthy, safe and comfortable work environments

1) Freedom of association and collective bargaining rights

Having complied with the local laws, regulations and other requirements of the country or region in which they operate, business partners shall respect workers' right to organize and right to collective bargaining as means to bring about labor-management discussions on working environment, wage levels, and so on.

2) Prohibition of forced or compulsory labor

Forced labor must not be allowed. In addition, modern slavery in all its forms, including bonded labor or human trafficking, must not be tolerated.

3) Prohibition of child labor

Business partners must not allow child labor, and shall comply with statutory minimum working age rules that apply in the country or region in which they operate. In addition, business partners shall not require persons under the age of 18 to engage in hazardous work.

4) Payment of wages equal to or above the minimum wage

Business partners shall comply with the laws, regulations and other requirements that apply in the country or region in which they operate by paying workers at or above minimum wage levels.

5) Prohibition of long working hours

Business partners shall comply with the laws, regulations and other requirements that apply in the country or region in which they operate by implementing appropriate management of working hours and not compelling workers to work illegally long hours.

6) Workplace health and safety measures

Business partners shall conduct health and safety management in accordance with laws, regulations and other requirements regarding health and safety, prevent occupational accidents, and establish working environments and working conditions that are physically and mentally safe and healthy. In addition, business partners shall take appropriate safety precautions regarding machinery and equipment, such as establishing workplace rules needed to ensure safety, and performing equipment inspections.

In addition, business partners shall provide workplace health and safety information, training and drills in the native language of workers, or in a language that is understandable to them.

7) Preparation for emergency

Business partners shall implement safety measures in the event of fire, earthquake or other

emergencies, and ensure safety through efforts such as conducting fire drills under normal circumstances.

8) Prevention of occupational accidents, injury and illness

Business partners shall take appropriate measures to prevent occupational accidents or injury, and work-related illness, and take corrective action when an accident or trouble has occurred.

In addition, when doing so business partners shall also establish processes for employees to report hazards.

9) Industrial hygiene measures

Business partners shall engage in appropriate management of organisms or chemical substances, etc. that are harmful to the human body, and take measures when employees come into contact with them, such as the provision of training and protective equipment.

10) Measures to address physically demanding work

Business partners shall identify physically demanding work and work that is harmful to health, and take appropriate measures to prevent accidents, injury or illness.

11) Ensuring sanitary facilities and appropriate environments for eating and living

Business partners shall provide working environments with access to hygienic lavatories and clean drinking water.

In addition, when providing meals and housing, business partners shall maintain health and safety, and ensure appropriate environments at such facilities.

12) Protecting the rights of foreign nationals and migrant workers

Business partners shall engage in appropriate labor management in adherence to laws, regulations and other requirements related to foreign nationals and migrant workers (including technical intern trainees), avoid engaging in illegal or unreasonable practices such as the collection of passports, forced return to one's home country or the collection of security deposits, in addition to the non-payment of wages and illegally long working hours. Moreover, working conditions must be presented to the workers concerned in a manner which is understandable to them.

#### **4. Thoroughly ensuring fair trade**

Business partners shall comply with the following matters to thoroughly ensure fair trade.

(1) Prevention of corrupt practices

In accordance with the anti-corruption policy established by the Company, business partners shall not engage in or tolerate corrupt practices of any nature, including bribery, conflict of interest, embezzlement, extortion of benefits, bid-rigging and other practices that involve the abuse of one's own or a third party's official power or position.

Business partners shall also implement initiatives aimed at preventing corrupt acts.

(2) Exclusion of organized crime

Business partners shall maintain no ties of any kind with organized crime, and shall take a firm stand

against unreasonable demands.

(3) Protection of intellectual property

Business partners shall protect intellectual property rights (patent rights, copyrights, design rights, etc.) and respect the intellectual property rights belonging to third parties.

(4) Establishment of whistleblowing and consultation systems and protection of whistleblowers

Business partners shall establish systems to field whistleblowing reports and consultations to ascertain and resolve issues. In addition, business partners shall treat the personal information of persons associated with whistleblowing reports or consultations in strict confidence, and take appropriate measures to ensure that those who have lodged whistleblowers or sought consultation are not subjected to retaliation or other disadvantageous treatment for having done so.

## 5. Environmental considerations

In accordance with the Environmental Policy established by the Company, business partners must observe the following matters.

(1) Responding to climate change

Not only in business activities but throughout the lifecycle of products and services, business partners shall promote the efficient use of energy and the use of renewable energy sources, and curb greenhouse gas emissions and their impact on climate change.

In addition, business partners shall ascertain their energy usage, emissions of carbon dioxide and other greenhouse gases, and the amount of environmental impact associated with the use of other resources, and endeavor to set reduction targets for these figures while appropriately disclosing environmental information.

(2) Preservation of biodiversity

When engaging in the procurement of materials and business activities, business partners shall work to reduce the impact on the surrounding environment (both land and sea), biodiversity and ecosystems.

(3) Prevention of pollution

Based on various environmental laws, regulations and other requirements in the countries or regions where they operate, business partners shall prevent pollution including air, water and soil pollution, manage chemical substances appropriately, prevent the release of pollutants, and work to reduce the use of materials that cause pollution.

(4) Effective use of resources

Based on various environmental laws, regulations and other requirements in the countries or regions where they operate, business partners shall work to effectively utilize the resources used in their business and reduce waste.

(5) Appropriate use of water

Business partners shall strive to manage water resources appropriately and effectively use water

resources, and consider the conservation of the water resources used in their business activities and the production of raw materials.

**(6) Appropriate utilization of forest resources**

Business partners shall preserve forests with high biodiversity and conservation value, respect local cultures, traditions and economies that coexist with forests, comply with the laws, regulations and other requirements of the countries or regions whose resources they use, and endeavor to utilize forest resources that have been produced with sustainable methods such as recycled wood and certified wood.

**6. Appropriate information management**

Business partners shall clearly recognize and understand information to be disclosed and information to be kept confidential, and engage in the timely and appropriate management of information in accordance with the relevant laws and regulations.

Business partners shall protect the information handled for business purposes including personal information, privacy information and confidential information, and also establish management systems and manage information systems appropriately to prevent information leaks.

**7. Development of BCP**

To prepare for disasters and other unforeseen circumstances, business partners shall establish business continuity plans (BCP).

**8. Contributing to local communities**

Business partners shall respect the cultures, customs and other characteristics of the regions in which they conduct business activities, ascertain various social issues related to the local community through dialogue, and endeavor to implement business activities and social contribution activities that will lead to the resolution of those issues.

**[Cooperation to Put the Compliance Items into Practice]**

**1. Understanding and instilment in the workplace and rollout to own business partners**

To ensure compliance with this policy, business partners shall endeavor to instill understanding in the workplace and make ongoing improvements.

In addition, business partners should encourage the understanding and instilment of this policy across the supply chain of their own business partners.

**2. Cooperation with monitoring and corrective action**

When the monitoring of activity status and associated corrective action is implemented under this policy, business partners should cooperate with those activities.

**[Response to Conduct That Contravenes This Policy]**

In the event that conduct which violates this policy occurs or is discovered, a business partner should consult with the Company and work with it on efforts to correct the violation. However, if no cooperation for investigation or corrective action can be secured from a business partner, the Company may reconsider whether or not to continue doing business with the business partner concerned.