

Toyo Tanso Group
Sustainable Procurement Guidelines

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Toyo Tanso Co., Ltd.

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1. Introduction

While many social problems, such as global environmental and energy issues, are becoming increasingly severe, we are currently witnessing the arrival of a sophisticated information society, with enterprises being required to respond to even more diversified and sophisticated demands. Under these circumstances, the Toyo Tanso Group strives to become a company that delivers value above social expectations and is always needed by society, by producing innovative products under the management philosophy “Contribute to the world through the pursuit of the possibilities inherent in carbon (C).”

As a company, we have always worked to help solve social problems by actively addressing a wide range of business continuity risks, as well as by innovating technology, while fulfilling our corporate social responsibility. Now, we will actively work towards the even more ambitious goal of contributing to the realization of a sustainable society, in order to help solve social problems through business, meeting all of our stakeholders’ expectations. To realize this, we must solve issues lying in our supply chain, including with our suppliers.

The Toyo Tanso Group Guidelines for Sustainable Procurement were set in line with the company’s sustainability policy, with the aim of further promoting collaboration with suppliers. We earnestly request that our suppliers work actively towards the same goal in line with the guidelines, expanding our efforts to sub-suppliers through their procurement activities.

Toyo Tanso Co., Ltd.

Procurement Department, General Administration Division

Purpose

To realize the six Rs (Right item, Right time, Right price, Right supplier, Right quality, Right quantity), we will conduct correct (correct procedures), open (elimination of arbitrariness), and fair (equal opportunity) procurement activities.

The guidelines were adopted and are shared with society broadly, with the aim of establishing mutual trust and collaborative relationships with all of our suppliers in order to comply with laws, regulations, and social norms, contribute to society, preserve the environment, and realize a sustainable society.

Scope

The guidelines apply to Toyo Tanso's procurement activities for all transactions, including the procurement and payment of services and indirect materials, as well as the trade of raw materials, fuel, and supplies. The guidelines also apply to Toyo Tanso's suppliers.

2. Toyo Tanso Group Sustainable Procurement Guidelines

Global procurement

We offer open business opportunities to all suppliers, regardless of their nationality, scale, and market, whether or not they have had business with us before, based on the principle of free competition, to procure good components and services from the most appropriate regions, through suppliers across the world.

Fair and correct selection

We evaluate and select our suppliers in a fair and correct manner, considering, in a comprehensive manner, their compliance with regulations and social norms, as well as quality, prices, lead time, supply stability, services, proposal ability, information-gathering ability, technical capabilities, environmental conservation, and financial health.

Protection of information and trust

We comply with laws, regulations, and social norms concerning procurement and purchasing activities, as well as building mutual understanding and trust with our suppliers, in order to coexist and co-prosper with them.

We manage and protect confidential information and personal information obtained through our business transactions in an appropriate manner, and will not disclose such information to third parties without obtaining approval from our suppliers.

Green procurement

We prioritize recycling and energy and resource conservation in consideration of the environment, in order to help realize a sustainable society. We also promote green procurement by using components that do not contain hazardous chemicals, in order to help reduce the environmental burden.

3. Supplier Code of Conduct

Request to suppliers

The Supplier Code of Conduct specifies the rules that suppliers are expected to follow in cooperation with the Toyo Tanso Group in order to ensure sustainable procurement across our entire supply chain. We appreciate your understanding and cooperation in the enforcement of the Code of Conduct.

I. Fair Trade & Ethics

(1) Prohibition on corruption and bribery

- Suppliers will maintain sound and appropriate relationships with government and administration officials and will not offer them bribes or unlawful political donations.

(2) Prohibition on abuse of dominance

- Suppliers will not place sub-suppliers at a disadvantage by abusing their dominant position.

(3) Prohibition on the offering/receiving of inappropriate benefits

- Suppliers will not offer or receive inappropriate benefits through their relationships with stakeholders.

(4) Prohibition on activities to restrict competition

- Suppliers will not conduct activities that may prevent fair, transparent, free competition.

(5) Provision of accurate product and service information

- Suppliers will provide consumers and customers with accurate information on their products and services.

(6) Respect for intellectual property

- Suppliers will respect intellectual property rights and transfer technology and knowhow in such a manner that its intellectual property rights are protected.

(7) Appropriate export control

- Suppliers will establish coherent control systems to implement appropriate procedures when importing/exporting restricted technologies and goods.

(8) Appropriate disclosure of information

- Suppliers will provide or disclose necessary information, whether or not such disclosure is required by law.

- Suppliers will not falsify their records or disclose false information.

(9) Prevention and early detection of misconduct and protection of whistleblowers

- Suppliers will implement measures to prevent misconduct and will establish a system to identify and

respond to misconduct at an early stage.

- Unless otherwise prohibited by law, suppliers will ensure that whistleblowers, as well as their confidentiality and anonymity, are protected.

(10) Responsible raw material procurement

- Suppliers will not purchase or use minerals from conflict-affected areas and high-risk areas as specified by the Organisation for Economic Co-operation and Development, as well as raw materials and products from regions that are clearly, or are suspected to be, involved in human rights abuse or inhuman acts.

II. Labor & Human Rights

(1) Free choice of employment

- Suppliers will not exploit forced labor, labor under constraint, inhumane prison labor, or labor drawn from slavery or human trafficking.
- Suppliers will not force their employees to work and will protect employees' right to leave their jobs voluntarily.
- Suppliers will not require employees to surrender their government-issued identification cards, passports, or work permits as a condition of employment.

(2) Humane treatment

- Suppliers will respect human rights and will not engage in inhumane treatment—such as emotional abuse, physical abuse, force, or harassment of their employees, or commit acts that may be regarded as such conduct.
- Suppliers will establish a disciplinary policy and internal reporting system for such misconduct and make them known to their employees.

(3) Prohibition on child labor and consideration for young workers

- Suppliers will not employ children. ("Children" here refers to anyone are under the age of 15, the age for completing compulsory education, or the minimum age for employment in the country, whichever is highest.)
- Suppliers will not have their employees under the age of 18 perform work that may severely jeopardize their health or safety.

(4) Prohibition on unlawful discrimination

- Suppliers will strive to ensure that their employees are not harassed or discriminated against unlawfully.
- Suppliers will not discriminate, in employment and treatment, against employees based on their

race, color, age, gender, sexual orientation, gender identity or expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, or marital status.

(5) Wages and benefits

- Suppliers will pay compensation to their employees in compliance with all applicable wage laws, including those relating to minimum wages, overtime pay, and statutory benefits.
- Suppliers will pay overtime at a rate greater than the regular hourly rate, in compliance with applicable local laws.
- Suppliers will inform their employees of what is included in their compensation in the form of payment slips or equivalent documents in a timely manner.

(6) Working hours

- Suppliers will not have their employees work longer than the maximum working hours specified by relevant laws in the regions where the employees work and will manage employees' working hours and days off appropriately, taking account of relevant international standards.

(7) Freedom of association and collective bargaining rights

- In compliance with local law, suppliers will respect the right of all employees to form and join trade unions of their own choosing, to bargain collectively and to engage in peaceful assembly, as well as their right to refrain from such activities.
- Employees and their representatives may openly communicate to management their ideas and concerns regarding working conditions and management practices for collective bargaining, without fear of discrimination, retaliation, intimidation, or harassment.

III. Health & Safety

(1) Safety measures for machinery and equipment

- Suppliers will assess their machinery and equipment in terms of safety risk and implement appropriate safety measures, including safety devices and interlocks.

(2) Workplace safety

- Suppliers will assess potential safety risks in workplaces and ensure safety with appropriate design, technology and management practices.

(3) Workplace health

- Suppliers will identify and assess their employees' exposure to chemical and physical hazards, and control it appropriately.
- Suppliers will implement technical and management measures to control any hazards above acceptable levels.

- Suppliers will protect employees' health by providing them with appropriate personal protective equipment and health and safety training, if their exposure to hazards cannot be adequately controlled.

(4) Industrial accidents and diseases

- Suppliers will strive to prevent industrial accidents and diseases, and to establish management and reporting procedures/systems (e.g., promoting employee reporting, classifying and recording injury and illness cases, providing necessary medical treatment; investigating injury and illness cases to implement corrective actions and facilitate employees' return).

(5) Emergency preparedness

- Suppliers will proactively identify possible emergency situations and events, including disasters and accidents that may compromise the safety of human lives and health, to ensure preparedness.
- Suppliers will establish emergency response procedures to minimize damage, install necessary equipment, and provide emergency preparedness education and training.

(6) Measures for physically demanding work

- Suppliers will identify and evaluate physically demanding tasks, including manual material handling, heavy lifting, prolonged standing, working in unnatural postures, highly repetitive tasks, and tasks that require a great deal of effort, and will manage them to prevent disasters and diseases.

(7) Facility safety and sanitation

- Suppliers will ensure that living facilities provided to their employees (e.g., dormitories, cafeterias, and bathrooms) are safe and clean.

(8) Employee health management

- Suppliers will provide all employees with medical exams that meet or are above the standards set by law, to prevent or identify disease at an early stage.
- Suppliers will give due consideration to the prevention of ill health caused by overwork, as well as mental health care.

IV. Environment

(1) Environmental permits and reporting

- Suppliers will obtain permits, licenses, and approvals required for their business operations, register themselves with competent authorities, and file necessary reports in accordance with local laws and regulations.

(2) Energy consumption and greenhouse gas emissions reduction

- Suppliers will strive to improve their energy efficiency and work to reduce their energy consumption and greenhouse gas emissions on a continuous basis.

(3) Air emissions

- Suppliers will, in accordance with relevant laws and regulations, analyze and monitor hazardous substances and control and/or treat them based on the results, as necessary, before discharging them.

(4) Water management

- Suppliers will monitor the sources, usage, and discharge of their water and make efforts to save it in accordance with relevant laws and regulations.
- Suppliers will check, monitor, control, and treat wastewater, as necessary, before discharging or disposing of it.
- Suppliers will identify sources that may produce contaminated water, and control such sources appropriately.

(5) Effective use of resources and waste management

- Suppliers will identify and control waste substances even when disposing of non-hazardous materials and will implement a systemic approach to reducing, reusing, and recycling them in order to use resources effectively and reduce waste.
- Suppliers will comply with local laws and regulations in disposing of substances. Suppliers will also implement necessary measures to minimize the amount of waste, in order to ensure that natural resources are not wasted.

(6) Control of chemical substances used in manufacturing processes

- Suppliers will identify, indicate, and control chemical substances hazardous to human health and the environment, in accordance with relevant laws and regulations.
- Suppliers will control chemical substances to ensure that they are handled, transported, stored, used, recycled/reused, and disposed of safely.

(7) Control of chemical substances in products

- Suppliers will comply with all applicable laws and regulations on the prohibition or restriction on the

use of specific substances contained in products (including laws and regulations in the countries to which the products are shipped), as well as comply with customer requirements.

- Suppliers will provide necessary information on substances contained in their products.

V. Quality & Safety

(1) Product safety

- Suppliers will design, manufacture and sell products that meet safety standards set by laws and regulations in relevant countries to ensure adequate product safety.

(2) Quality management

- Suppliers will establish management systems and other appropriate systems to meet their own quality standards and customer requirements, as well as applicable laws and regulations on product and service quality.

VI. Information Security

(1) Protection of computer networks from threats

- Suppliers will implement necessary prevention measures against possible threats on their computer networks in order to protect their companies and other parties.

(2) Protection of personal information

- Suppliers will appropriately manage and protect personal information of sub-suppliers, customers, consumers, employees, etc. in accordance with relevant laws and regulations.

(3) Protection of confidential information

- Suppliers will appropriately manage and protect their confidential information, as well as confidential information received from third parties.

VII. Business Continuity Plan

① Development and adoption of a business continuity plan

- To fulfill their responsibility for stable product supply, suppliers will identify and assess risk factors that may interrupt business continuity (e.g., large-scale natural disasters, accidents, widespread infectious diseases, terrorist attacks, and riots) and develop a business continuity plan (BCP) that includes the review of possible impacts on business, mid-term preventive measures they should take, and efforts they have made.

References: The following have been referred to in developing the guidelines.

Japan Electronics and Information Technology Industries Association (JEITA)

<http://www.jeita.or.jp/japanese/index.html>

• Responsible Business Conduct Guidelines-Promoting Responsible Business Conduct in the Supply Chain-

RBA Code of Conduct v7.0 <http://www.eiccoalition.org/>

• Responsible Business Alliance (RBA) Code of Conduct