

To Proterial Group Procurement Partners

# **Proterial Group Sustainable Procurement Guidelines**

January 2023 (1st Edition)

**Proterial, Ltd.**

Procurement Division

# Contents

<b>1. Proterial Group Policies and Initiatives .....</b>	<b>4</b>
<b>1-1. Proterial Group Policies .....</b>	<b>4</b>
<b>1-2. Proterial Group Procurement Initiatives .....</b>	<b>11</b>
<b>2. Proterial Group Supplier Code of Conduct .....</b>	<b>12</b>
<b>A. Labor .....</b>	<b>12</b>
<b>B. Health and Safety .....</b>	<b>15</b>
<b>C. Environment.....</b>	<b>17</b>
<b>D. Business Ethics .....</b>	<b>19</b>
<b>E. Management System.....</b>	<b>21</b>
<b>F. Product Quality and Safety .....</b>	<b>23</b>
<b>G. Prevention of Personal and Confidential Information Leakage .....</b>	<b>23</b>
<b>3. Revision History.....</b>	<b>25</b>

These Guidelines were established based on Proterial Group's various policies, initiatives, widely recognized global standards, and other references. (\*)

(\*) References:

- United Nations Universal Declaration of Human Rights
- <https://www.un.org/en/about-us/universal-declaration-of-human-rights>
- United Nations Guiding Principles on Business and Human Rights
- [https://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.31\\_en.pdf](https://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.31_en.pdf)
- OECD Guidelines for Multinational Enterprises
- <https://www.oecd.org/daf/inv/mne/48004323.pdf>
- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas
- <https://www.oecd.org/corporate/mne/mining.htm>
- ISO 9000 (QUALITY MANAGEMENT)
- <https://www.iso.org/iso-9001-quality-management.html>
- ISO 14001 (ENVIRONMENTAL MANAGEMENT)
- <https://www.iso.org/iso-14001-environmental-management.html>
- ISO 45001 (Occupational health and safety)
- <https://www.iso.org/iso-14001-environmental-management.html>
- RBA (Responsible Business Alliance) Code of Conduct 7.0 (2021)
- <https://www.iso.org/iso-14001-environmental-management.html>
- JEITA (Japan Electronics and Information Technology Industries Association) The Guideline (2020) \*Currently Japanese only
- <https://www.jeita.or.jp/japanese/pickup/category/2020/200331.html>

# 1. Proterial Group Policies and Initiatives

## 1-1. Proterial Group Policies

### A-1. Corporate Philosophy

Corporate Philosophy		
Mission	<p><b>Make the best quality available to everyone</b></p> <p>Striving for the highest standards in our original technologies, products, processes, and people, we will bring new levels of value to customers all around the world.</p>	<p><b>質の量産</b></p> <p>独創的な技術と、製品・ビジネスプロセス・人に関する高い質の追求によって、新たな価値を生み出し、世界の人々に広く提供していく</p>
Vision	<p><b>Leading sustainability by high performance</b></p> <p>Through the creation of best-in-class materials, to be a company that solves individual customer issues and contributes to the prosperity and vitality of all.</p>	<p><b>持続可能な社会を支える高機能材料会社</b></p> <p>お客様の課題を解決する高機能材料の創造によって、持続可能な社会の実現に貢献し続ける企業となる</p>
Values	<p><b>Unflinching integrity</b></p> <p>We earn the trust of our customers and other stakeholders by being honest and sincere in our daily activities and by understanding our obligation to the people and communities we serve.</p> <p><b>United by respect</b></p> <p>Across our organization, we respect diversity and the free and independent exchange of opinions, learn from each other, and collaborate to achieve our common goal.</p>	<p><b>至誠</b></p> <p>人や社会に対する責任を常に自覚し、日々のあらゆる活動に誠実に向き合う。約束を守る、正直に行動することを徹底し、私たちに関わる全ての人々の信頼と期待に応える</p> <p><b>和すれば強し 蘇則彊</b></p> <p>多様な個を尊重し、主体性をもって自由に意見を交わし合い、学び合い、共通の目的に向けてチーム全員の情熱と能力を結集することで成果を出す</p>

### A-2. Proterial Group Code of Conduct

#### Always Act with Integrity

The corporate philosophy of the Proterial Group promotes our Mission: “Make the best quality available to everyone;”, Vision: “Leading sustainability by high performance;”, and Values: “Unflinching integrity” and “United by respect”.

The “Proterial Group Codes of Conduct” provides support to the officers and employees in their decision making and stipulates the actions they should take to realize this corporate philosophy and to fulfill our social responsibilities.

The officers and employees of the Proterial Group pledge to fully understand and comply with the Proterial Group Codes of Conduct, and to always base their actions on the principle of integrity.

#### 1. A Company that Contributes to Society

- (1) We will contribute to resolving social issues by promoting innovative solutions, accelerating collaborative creation with partners and stakeholders, and further integrating social and environmental responsibility into our business activities. We will strive to develop technologies that contribute to social development and use them with due consideration of their impact on society.

- (2) We will strive to develop technologies that contribute to social development and use them with due consideration of their impact on society.
- (3) We envision a decarbonized society, a resource-recycling society, and an ecosystem preservation society. To this end, we will endeavor to reduce CO2 emissions, use water and other resources efficiently, and minimize impacts on natural capital throughout our value chain.

As a corporate citizen, we will make efforts to build rapport with communities and contribute to their development by working together to resolve social issues.

## **2. Sincere and Fair Business Activities**

### **2.1 Fair Trading**

- (1) To ensure fair and open competition, we will observe the fundamental rules of trade, including domestic and overseas competition laws and regulations, and act in compliance with legislation and sound corporate ethics.
- (2) We will have no relationship whatsoever with antisocial forces anywhere in the world, and resolutely reject involvement in improper or antisocial transactions.
- (3) Should we become aware of business-related information that could possibly correspond to undisclosed important information (insider information) concerning business partners, including customers and procurement partners, we will not leak this information to any third parties or trade the shares of said business partners until the information is officially disclosed.
- (4) We strictly prohibit and will not be involved in illicit acts including bribery, corruption or money laundering. We will neither give or receive gifts nor extend or accept invitations to business entertainment beyond socially accepted limits, as we recognize that such practices can foster corruption. When working with political entities, we will build and maintain sound and transparent relationships.
- (5) We will help maintain international peace and security through compliance with all applicable laws and regulations concerning import and export and will operate appropriately according to our internal rules and policies.
- (6) We will comply with applicable laws, respect social cultures and practices, and act sincerely and fairly in countries and regions where we have operations. Furthermore, we will do so guided by international norms and standards even in areas where legislation is not adequately enforced.

### **2.2 Relationships with Procurement Partners**

- (1) With a global vision, and mindful of the long-term perspective, we will find qualified procurement partners and build fair, equal and close partnerships with them, working together to build mutual understanding and trust.
- (2) In selecting procurement partners, we will thoroughly review the quality, reliability, delivery time, and price of the materials they provide as well as their business stability and technological capability. We will give due consideration to their adoption of social responsibility practices, including the abolishment of human right infringements and unfair discrimination, and environment-related initiatives.

- (3) We will not accept any personal benefits from procurement partners in procurement transactions.

### **2.3 Relationships with Customers**

- (1) We will provide products and services that meet the needs and requirements of our customers, complying with relevant laws and standards and ensuring quality and safety by setting additional standards of our own when necessary.
- (2) We will communicate with customers sincerely, address defects and customer complaints quickly and in good faith and strive to determine causes in order to eliminate them and prevent recurrence.
- (3) In the event we are unable to, or there is a possibility that we are unable to, fulfill the specifications required by the customer, we will promptly communicate the facts to the customer, consult with them, and address the situation in good faith.

### **3. Respect for Human Rights**

- (1) We will promote our understanding of internationally recognized human rights and will respect and not infringe on the human rights of all those involved in the business activities of the Proterial Group.
- (2) We will implement human rights due diligence appropriate to the social circumstances of the countries and regions where we have operations and the nature of our businesses, products, and services there.
- (3) We will assess and prevent potential violations of human rights. In the event of such a violation, we will promptly take internal and external actions to correct and remedy the situation.
- (4) We will respect individual human rights in the recruitment and treatment of employees and during all other company activities. We will not engage in any acts that may impair individual dignity or discriminate on bases such as sex, sexual orientation, age, nationality, race, ethnicity, ideology, belief, religion, social status, family origin, disease, disability.
- (5) We will hire employees in compliance with the relevant laws and regulations in each country and region, and in accordance with international norms and standards. We will not use child labor that employs children below the minimum working age or forced labor that is against the will of employees.
- (6) We will strive to resolve issues through sincere and constructive discussion between management and employees, in compliance with the laws, regulations, and labor practices of each country and region, and in accordance with international norms and standards.

### **4. Building a Work Environment That Brings Out Employee Strengths**

- (1) Prioritizing health and safety above all else, we will strive to ensure the safety of employees and the workplace. In addition, we will promote the physical and mental health of employees and their families.

- (2) We will support flexible work styles and respect diverse values, creating workplaces that provide employees with a sense of accomplishment and personal growth, and we will promote the sustainable growth of the organization and individuals.
- (3) We will invest in educational programs to help employees expand their capabilities and exercise their strengths. Supervisors will fairly and appropriately support, guide, and educate their employees to develop their abilities.

## **5. Information Management and Communication**

- (1) We will promote the ethical handling of information, to ensure respect for human rights and security, through the proper management of personal information based on our Personal Information Protection Policy.
- (2) We will properly manage and protect confidential information related to our business activities in compliance with domestic and international laws and regulations as well as our internal rules and policies.
- (3) In order to maintain and expand our trusting relationship with the Proterial Group's diverse stakeholders, we will actively disclose information, and respond to stakeholders responsibly through dialogue and other means of communication.

## **6. Protection of Intellectual Property and Brand**

- (1) We will protect our own intellectual property, respect third-party intellectual property, and use both effectively for smooth business operations.
- (2) We will manage our own and third-party confidential information by importance and manage and handle it appropriately based on this ranking.
- (3) We will protect and enhance the value of the Proterial Brand, recognizing it as an important management asset.

## **7. Securing Corporate Assets**

We will use all our corporate assets only for business activities and other appropriate purposes and manage them properly to protect their value.

## **8. Risk Management**

We will actively forecast risks that will impact business activities, and implement necessary measures to prevent, avoid and alleviate the emergence of these risks. We will make concerted efforts throughout the Proterial Group to secure employee safety and business continuity in case of disasters and threats such as earthquakes, tsunamis and floods, cyberattacks, and terrorism.

## **9. Responsibilities of Employees**

Employees shall pledge to act honestly in compliance with the Codes of Conduct and based on integrity. If they become aware of any non-compliant activity, they shall immediately report to their manager, the related department or via the internal reporting system.

## **10. Responsibilities of Officers**

Officers shall take the initiative to comply with the Codes of Conduct and make their best efforts to conduct business based on integrity, corporate ethics and the law. In the

event of violation of the Codes of Conduct, top managers shall swiftly take corrective measures and actions to prevent the recurrence of similar incidents, while at the same time strictly disciplining themselves as well as those involved in the violation.

#### Supplementary Provisions to the Proterial Group Codes of Conduct

The Proterial Group Codes of Conduct shall apply to all officers and employees of Proterial, Ltd. and its consolidated subsidiaries.

Each subsidiary shall streamline its organizational structure and systems (e.g., internal reporting system, disciplinary system, etc.) to comply with the Proterial Group Codes of Conduct. In the event of any violation, disciplinary action shall be taken in accordance with the related rules and internal procedures.

Established	September 17, 2010
Revised	January 5, 2023

### **A-3 Proterial Group Code of Ethics and Compliance**

#### **• Proterial Group Compliance Program (PGCP)**

The Proterial Group has established the Proterial Group Compliance Program (PGCP) based on the spirit of observing the highest level of ethical standards, complying with applicable laws and regulations in all countries and regions where the Group operates its businesses, and respecting fair business practices. Under this program, the Group will make constant efforts to accomplish its mission under the highest standards of ethics and integrity.

### **A-4 Proterial Group Human Rights Policy**

Proterial Group (hereinafter “Proterial”) will continue to operate business in a sincere, fair and transparent manner under its corporate philosophy. For the company’s fair business operation, Proterial is committed to fulfill its responsibility to respect human rights and not to be involved in operations and business relationship where human rights are infringed.

#### **1. The Responsibility to Respect Human Rights**

Proterial strives to meet its responsibility to respect human rights by not infringing on human rights and addressing negative human rights impacts with which the company may be involved through its operations and business relationships. Proterial understands human rights to be, at a minimum, those outlined in the International Bill of Human Rights and the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work. The responsibility to respect human rights applies to all officers and employees of Proterial and its consolidated subsidiaries.



Proterial expects its business partners and other parties whose own impacts may be directly linked to Proterial' operations, products or services to respect and not infringe upon human rights and will respond appropriately where they are not respecting human rights.

## **2. Relationship to Proterial' Values and Policies**

Proterial is aware that as a business enterprise it is a member of society and can contribute to creating an environment in which human rights are respected. Meeting the responsibility to respect human rights is key to operating as a responsible business, and is accepted to be a baseline expectation for all companies. It is an expression of Good Practice Guidance for Proterial Group Companies. This policy supplements the Code of Conduct for Proterial Group Companies and CSR policy.

## **3. Implementing the Responsibility to Respect Human Rights**

Proterial is committed to meeting the responsibility to respect human rights through implementing the UN Guiding Principles on Business and Human Rights.

Proterial adheres to national laws and regulations in each market in which it operates. Where Proterial faces conflicts between internationally recognised human rights and national laws, the company will follow processes that seek ways to honour the principles of international human rights.

Where Proterial identifies that it has caused or contributed to a negative human rights impact, the company will provide for or cooperate in legitimate processes to provide remediation.

Proterial will provide appropriate training and capacity building in order to embed this policy commitment into all of its activities and to ensure human rights due diligence is understood and effectively implemented. Proterial is committed to engaging in dialogue with and consulting relevant external stakeholders about addressing potential and actual human rights impacts.

Formulated on December 12, 2013

Revised on January 5, 2023

## **B-1 Proterial Group Policy Basic Stance on Materials Procurement**

### **1. Open and Global Procurement**

Our procurement activities shall be based on principle of free and open competition, without consideration for nationality, corporate scale or past performance.

### **2. Fair and Impartial Transactions**

The selection of Procurement Partners shall be based on fair and impartial evaluations, taking into consideration quality, price, deadline, technological capacity, business reliability, service and other elements of economic logic. No employee shall accept gifts or personal benefits from Procurement Partners.

### **3. Building Partnerships**

Transactions with all Procurement Partners shall be done from a fair and equal position. We shall make every effort to uphold and improve mutual understanding and relations of trust from a long-term perspective so that we can build partnerships capable of supporting mutual growth and development on a sustained basis.

### **4. Legal Compliance**

Our procurement activities shall comply fully with all relevant laws and regulations, and in accordance with existing social standards. These shall be no relationships with anti-social forces, which pose a threat to the safety and peace of society.

### **5. Consideration for Human Rights, Workplace Safety and Health**

We shall carry out our procurement activities with uncompromising regard for human rights, workplace safety and health. Procurement partners shall likewise be required to make firm commitments to upholding human rights, workplace safety and health.

### **6. Preservation of Confidential Information**

The confidential information of procurement partners we acquire during procurement activities shall be handled with discretion equal to how we treat our company's own information. We shall not disclose this data to third parties or use it for any purpose other than what we have stated without the consent of the procurement partners in question.

### **7. Conservation of the Environment**

We shall place priority on procuring materials from Procurement Partners devoted to the active pursuit of environmental conservation, and on materials characterized by low environmental loads.

## **B-2 Proterial Group's policy for Responsible Supply Chain of Minerals**

The Proterial Group is committed to responsible procurement activities as its policy to ensure that the procurement of materials containing conflict minerals (tin, tantalum, tungsten, and gold) and cobalt does not encourage the activities of armed groups, human rights violations including child labor, corruption, and environmental destruction in the conflict and high-risk regions.

The Group also respects the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and conducts more detailed investigations based on the Guidance while understanding social issues and the expected roles of companies in the regions.

For its procurement partners, the Group will continue to inquire into their minerals' country of origin and supply chains using the Conflict Minerals Reporting Template (CMRT) issued by the Responsible Minerals Initiative (RMI) and request its procurement partners to procure minerals from smelters certified under RMI's Responsible Minerals Assurance Program (RMAP).

### **1-2. Proterial Group Procurement Initiatives**

Proterial Group attaches great importance to sustainability in its value chains. In dealings with its procurement partners, the Group commits itself thoroughly to procurement activities based on its policies and codes of conduct introduced in "1-1. Proterial Group Policies." The Group has formulated the Proterial Group's policy for Responsible Supply Chain of Minerals to address the issue of materials containing conflict minerals and is promoting responsible procurement activities based on international guidelines.

Proterial Group is advancing its initiatives with a strong belief that developing business activities with a focus on sustainability will lead to mutual prosperity for the Proterial Group and its procurement partners. Proterial deeply appreciates its procurement partners carefully reading and following these Guidelines with the above purposes in mind.

## **2. Proterial Group Supplier Code of Conduct**

### **A. Labor**

Your company must uphold the human rights of workers and treat them with dignity and respect as understood by the international community. This applies to all types of workers, including temporary staff, migrant workers, students, and direct employees.

#### **(1) Recruitment and Employment of Workers**

Your company must not use forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or human trafficking. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or services. Unreasonable restrictions must not be imposed on workers entering and exiting company-provided facilities (including, if applicable, worker dormitories and living quarters) and workers' freedom of movement in the facilities.

As part of the hiring process, your company must provide all workers with a written employment agreement that includes employment terms and conditions stated in their native language or a language properly understood by them. Foreign migrant workers must receive the employment agreement prior to departure from their home country, and no substitution or changes are permitted in the employment agreement upon arrival in the destination country unless these changes are made to meet local laws and provide equal or better terms. All work must be voluntary, and workers are free to leave work at any time or terminate their employment without penalty or punishment if reasonable notice is given as per their contract.

Your company must not retain or otherwise destroy, conceal, or confiscate workers' identification certificates or immigration documents (government-issued identification, passport, work visa, personal ID card, etc.). Employers are allowed to retain these documents only if such retention is required by law, but even in this case, workers are always allowed access to their documents.

Your company must not make workers bear recruitment fees or other expenses related to their employment charged by employers' agents or sub-agents. Any such costs found to have been paid by workers will be refunded to the workers.

#### **(2) Employment of Young Workers**

Your company must not use child labor at any stage of manufacturing. The term "child" refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in each country, whichever is highest. Your company must have an appropriate mechanism to verify the age of its workers. Legitimate workplace learning programs are approved as long as they comply with all laws and regulations. Workers under the age of 18 (young workers) are not to

engage in work, including night shifts and overtime, that may jeopardize their health or safety.

Your company must ensure appropriate management of student workers by properly maintaining their employment records, conducting rigorous due diligence of educational partners, and protecting student workers' rights in accordance with applicable laws and regulations. Your company must also provide all student workers with appropriate support and training for their tasks. As for student workers' wages, in the absence of local laws, the wage rates for student workers, interns, and apprentices will be at least the same as those for other entry-level workers performing equal or similar tasks.

### **(3) Working Hours**

Studies on business practices have revealed that overwork is clearly linked to lower productivity, higher turnover, and a greater risk of injury and illness. Your company must therefore ensure that working hours do not exceed the limit set by local laws. Further, the total weekly working hours, including overtime, must not exceed 60 hours or the legal working hour limit, except in the case of emergencies or unusual circumstances. All overtime work must be voluntary. Efforts must also be made to prevent workers from being overworked, and workers will be granted appropriate days off (at least one holiday that complies with local laws or 24 consecutive hours of rest in any seven-day period, whichever is longer).

### **(4) Wages and Benefits**

Compensation paid to workers must comply with all applicable wage laws, including those relating to minimum wages, overtime work, and legally mandated benefits. In compliance with local laws, workers must be paid for overtime work at a rate higher than their regular hourly rate. Workers must be timely provided with easy-to-understand pay slips that include sufficient information to verify accurate compensation for the work performed during each payment period. All temporary, dispatch, and outsourced workers are to be used within the limits of local laws.

### **(5) Humane Treatment of Workers**

No workers will be subjected to harsh or inhumane treatment that includes violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse; nor will there be the threat of any such treatment. Your company must clearly define and communicate to workers its disciplinary policies and procedures in support of these requirements.

### **(6) Non-Discrimination/Non-Harassment**

Your company must be committed to a workplace free of harassment and unlawful discrimination, and not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, veteran status, protected genetic information, or marital status in recruitment and employment practices such as wages, promotions, rewards, and access to training opportunities.

Workers must be provided with reasonable accommodation for religious practices. In addition, workers or potential workers must not be subjected to medical tests, including pregnancy and virginity tests, or physical exams that could be used in a discriminatory way.

**(7) Freedom of Association**

Your company must respect the right of all workers to form and join trade unions of their own choosing, bargain collectively, and participate in peaceful assembly as well as the right to refrain from such activities in accordance with local laws. Workers and/or their representatives must be able to openly communicate and share their ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

## **B. Health and Safety**

Your company must recognize that a safe and healthy work environment enhances the quality of products and services, product consistency, and workforce stability and morale, in addition to minimizing the occurrence of work-related injuries and illnesses. Your company must also recognize that continuously providing information and education to workers is essential to identify and resolve health and safety issues in the workplace. Widely recognized management systems, such as ISO 45001 and the ILO Guideline on Occupational Safety and Health Management Systems, may provide useful information to formulate corporate codes.

### **(1) Occupational Safety**

Your company must identify and assess its workers' exposure to potential health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and falls), and mitigate the hazards using the Hierarchy of Controls. This approach includes eliminating hazards, substituting processes and materials, controlling through proper design, implementing engineering and administrative controls, preventive maintenance, and safety work procedures (including lockout/tagout), and providing ongoing occupational health and safety training. When hazards cannot be controlled properly by these means, workers must be given appropriate, well-maintained personal protective equipment, and education on the risks related to these hazards must be provided effectively in a language properly understood by workers. Appropriate measures must also be taken for pregnant women and nursing mothers, such as work reassignment to avoid serious hazards, eliminating or reducing occupational health and safety risks involving their work assignment, and providing reasonable accommodation for nursing mothers.

### **(2) Emergency Preparedness**

Your company must identify and assess potential emergency situations and events, and minimize the impact by implementing emergency plans and response procedures, including emergency reports, notification to employees, evacuation procedures, and training and drills for workers. Emergency drills must be conducted at least once a year or as required by local laws, whichever is more stringent. Emergency measures include appropriate fire alarm and suppression systems, visible and unobstructed exit routes, facilities with appropriate emergency exits, contact information for emergency responders, and recovery plans. These measures and procedures must focus on minimizing harm to life, the environment, and property.

### **(3) Occupational injury and illness**

Your company must have procedures and systems in place to prevent, control, track, and report occupational injuries and illnesses. These procedures and systems must include provisions to encourage reporting from workers, classify and record injury and illness cases, provide the necessary medical treatment, investigate the cases in detail, implement corrective measures to eliminate the causes, and facilitate the workers' return to work.

### **(4) Industrial Hygiene**

Your company must identify, assess, and control workers' exposure to chemical, biological, and physical agents based on the Hierarchy of Controls. If potential hazards are identified, your company must seek opportunities to eliminate or reduce the hazards.

If elimination or reduction is not feasible, the hazards must be controlled through proper design, and engineering and administrative controls. When hazards cannot be controlled properly by these means, workers must be provided with and use appropriate, well-maintained personal protective equipment free of charge. Protection programs must be implemented continuously and include education on the risks associated with these hazards.

**(5) Accommodation for Physically Demanding Work**

Your company must identify, assess, and control the risk of injury for workers engaged in such work as manual material handling, physically demanding tasks, repetitive heavy lifting, prolonged standing, and forceful assembly tasks in order to prevent problems from occurring.

**(6) Machinery Safeguarding Measures**

Your company must assess safety hazards of production and other machinery. Physical guards, interlocks, and barriers must be installed and properly managed and maintained where machinery poses an injury risk to workers.

**(7) Sanitation, Food, and Housing**

Your company must provide workers with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities. Worker dormitories provided by your company must be maintained in a clean and safe condition, and be equipped with appropriate emergency exits, hot water for bathing and showering, proper lighting, heating, ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space with easy access.

**(8) Health and Safety Communication**

Your company must provide appropriate workplace health and safety information and training on all identified workplace hazards (including, but not limited to, mechanical, electrical, chemical, fire, and physical hazards) to workers in their native language or a language properly understood by them. Health and safety-related information must be clearly posted in facilities or placed in locations identifiable and accessible to workers. Training will be provided to all workers prior to the beginning of work and regularly thereafter. Workers will be encouraged to raise health and safety concerns without retaliation.



## **C. Environment**

Your company must recognize that environmental responsibility is integral to the manufacture of world-class products and identify the environmental impact of manufacturing activities and minimize the adverse effects on the community, the environment, and natural resources while safeguarding public health and safety. For Proterial Group's green procurement approaches, please refer to the Proterial Group Green Procurement Guidelines.

### **(1) Environmental Permits and Reporting**

Your company must obtain, maintain, and update all required environmental permits (e.g., discharge monitoring), approvals, and registrations, and comply with their operational and reporting requirements.

### **(2) Pollution Prevention and Resource Reduction**

Your company must minimize or eliminate pollutant emissions and waste generation at the source by installing additional pollution control equipment, modifying production, maintenance, and facility processes, or implementing other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, must be controlled through modifications of production, maintenance, and facility processes, materials substitution, reuse, conservation, and recycling, or other means.

### **(3) Environmentally Hazardous Materials**

Chemicals, waste, and other materials posing a hazard to humans, or the environment must be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

### **(4) Solid Waste**

Your company must implement a systematic approach to identifying, managing, reducing, and responsibly disposing of or recycling solid waste (non-hazardous).

### **(5) Air Emissions**

Your company must characterize, routinely monitor, and control air emissions of volatile organic chemicals (VOCs), aerosols, corrosives, particulates, ozone depleting substances, and combustion byproducts generated from operations, and treat these substances as required prior to discharge. Ozone depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. Your company must routinely monitor its handling of substances emitted into the air and the performance of its air emission treatment systems.

### **(6) Materials Restrictions**

Your company must comply with all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and during manufacturing, including labeling for recycling and disposal.

## **(7) Water Management**

Your company must implement a water management program that documents, characterizes, and monitors water sources, use, and discharge, while seeking opportunities to conserve water and controlling contamination routes. All wastewater must be characterized, monitored, controlled, and treated as required prior to discharge or disposal. Your company must routinely monitor its wastewater treatment systems and water tanks to ensure optimal performance and regulatory compliance.

## **(8) Energy Consumption and Greenhouse Gas Emissions**

Your company must establish a corporate-wide greenhouse gas reduction goal. Energy consumption and all relevant Scope 1 and 2 greenhouse gas emissions must be tracked and documented, and their comparisons with the reduction goal publicly reported. Your company must seek ways to improve energy efficiency and minimize its energy consumption and greenhouse gas emissions.

## **(9) Conservation of Biodiversity and Ecosystems**

To conserve biodiversity and ecosystems that serve as the foundation for the survival of both humanity and business, your company must procure raw materials and products with an awareness of their impact while keeping the following items in mind.

- Preferential procurement of paper and office supplies confirmed to be produced with consideration given to biodiversity and ecosystems
- Ecologically friendly approaches to mining raw materials and developing, producing, and procuring raw materials, components, and products
- Consideration for the local ecosystem, such as protecting rare species in the region before land acquisition or rebuilding and avoiding habitat fragmentation
- Promotion of nature conservation activities, including growing forests with native species and planting trees to conserve ecosystems
- Pollution prevention from the perspective of ecosystem conservation, 3R (reduce, reuse, and recycle) activities, and continuous improvements of energy conservation activities
- Request for suppliers to promote ecosystem conservation

## **D. Business Ethics**

Your company must uphold the following highest standards of business ethics to meet its social responsibilities and to achieve success in the marketplace.

### **(1) Continuing Commitment to Business Integrity**

Your company must maintain the highest level of integrity to continue its business, and uphold a zero-tolerance policy that prohibits all forms of bribery, corruption, extortion, and embezzlement. All business transactions must be conducted with transparency and accurately reflected in your company's accounting books. Monitoring and procedures must be implemented to ensure compliance with anti-corruption and related laws.

### **(2) Elimination of Improper Advantages**

Your company must not promise, offer, authorize, give, or accept bribes or other means of obtaining undue or improper advantages. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly, through a third party in order to acquire or retain business, assign business to someone else, or otherwise gain improper advantages. Monitoring, record keeping, and procedures must be implemented to ensure compliance with anti-bribery and anti-corruption laws.

### **(3) Disclosure of Information**

All business transactions must be conducted with transparency and accurately reflected in your company's accounting books and records. Your company must disclose information regarding its labor, health and safety, environmental conservation efforts, business activities and structures, financial status, and performance in accordance with applicable regulations and prevailing industry practices. Falsification or misrepresentation of events occurring in your company's supply chains or implemented measures is unacceptable.

### **(4) Intellectual Property**

Your company must respect and protect intellectual property rights. Transfer of technology and knowhow must be conducted in a way that does not infringe on intellectual property rights, and information of customers and suppliers must also be safeguarded.

### **(5) Compliance with Fair Business, Advertising, and Competition Laws**

Your company must conduct its business activities in accordance with fair competition rules, and its activities must comply with all applicable competition laws, such as accuracy and integrity in advertising. Appropriate measures must also be taken to protect customer information.

### **(6) Protection of Whistleblowers and Elimination of Retaliation**

Your company must maintain a program to ensure the protection of supplier and employee whistleblowers, unless prohibited by law, and disseminate and support a process to enable its personnel to raise concerns without fear of retaliation. A system that allows allegations of wrongdoing to be reported must be guaranteed.

## **(7) Responsible Minerals Procurement**

To reasonably assure the procurement of minerals is consistent with the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or equivalent due diligence frameworks. Your company must adopt policies and conduct due diligence on the sources and chains of custody for minerals such as tin, tantalum, tungsten, and gold contained within its manufactured products. Please refer to the Proterial Group's policy for Responsible Supply Chain of Minerals to better understand our procurement approaches.

## **E. Management System**

Your company must adopt or establish a management system with a scope related to the contents of this Code. The management system must be designed to ensure the following:

- a. Compliance with applicable laws, regulations, and customer requirements related to your company's operations and products.
- b. Conformance with these Guidelines; and Identification and mitigation of operational risks related to these Guidelines.
- c. The management system must also facilitate continual improvements.

The management system must contain the following elements:

### **(1) Company Commitment**

Your company must provide corporate social and environmental responsibility policy statements affirming its commitment to compliance and continual improvements that are endorsed by the executive management and posted in its facilities in the local language.

### **(2) Management Accountability and Responsibility**

Your company must clearly identify the senior executive and company representative(s) responsible for ensuring the implementation of its management system and associated programs. Senior management must review the status of the management system on a regular basis.

### **(3) Response to Legal and Customer Requirements**

Your company must establish a process to identify, monitor, and understand the applicable laws, regulations, and customer requirements, including the items listed in these Guidelines.

### **(4) Risk Assessment and Management**

Your company must establish a process to identify legal compliance, environmental, health and safety risks (\*) as well as labor practices and ethical risks associated with its operations. To manage identified risks and ensure regulatory compliance, your company must determine the relative significance of each risk and implement appropriate procedural and physical controls.

(\*) Areas to be included in a risk assessment of the environment, health, and safety are production bases, warehouse/storage facilities, plant/facility support equipment, laboratories and test areas, sanitation facilities (toilets), kitchens/cafeterias, and worker housing/dormitories.

### **(5) Setting of Improvement Objectives**

Your company must present written performance goals, targets, and implementation plans to improve its social, environmental, and health and safety performance, including a periodic assessment of your company's performance in achieving these objectives.

## **(6) Development of Training Programs**

Your company must establish training programs for managers and workers to implement its policies, procedures, and improvement objectives and to meet the applicable legal and regulatory requirements.

## **(7) Communication with Workers, Suppliers, and Customers**

Your company must establish a process to communicate clear and accurate information about its policies, practices, expectations, and performance to workers, suppliers, and customers.

## **(8) Worker Feedback, Participation, and Grievance**

Your company must establish ongoing processes, including an effective grievance mechanism, to assess workers' understanding of the practices and conditions covered by these Guidelines and promote continuous improvements after obtaining feedback and identifying violations. A safe environment must be provided for workers to voice grievances and offer feedback without fear of reprisal or retaliation.

## **(9) Audits and Assessments**

Your company must implement periodic self-evaluations to ensure conformity with legal and regulatory requirements, these Guidelines, and customer contract requirements related to social and environmental responsibility.

## **(10) Corrective Actions**

Your company must establish a correction process to respond to the deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

## **(11) Documentation and Records**

Your company must create and maintain documents and records to ensure regulatory compliance, conformity with company requirements, and appropriate confidentiality to protect privacy.

## **(12) Supplier Responsibility**

Your company must establish a process to communicate these Guidelines to suppliers and monitor their compliance.

## **F. Product Quality and Safety**

### **(1) Product Safety**

Your company must ensure sufficient product design safety and sell products with an awareness of its responsibility as a manufacturer. Product safety must be ensured in compliance with laws and regulations, with consideration also given to the safety that should be expected from products. Laws, regulations, and safety and other standards related to product safety (Japan: Act on Product Safety of Electrical Appliances and Materials, Consumer Product Safety Act, Household Goods Quality Labeling Act, detailed rules in various laws and regulations, Japanese Industrial Standards (JIS), etc.; overseas: Underwriters Laboratories (UL), British Standards Institution (BSI), Canadian Standards Association (CSA), etc.) must be observed. Product safety must also include traceability (procurement of parts and materials, manufacturing processes, etc.) and other management methods and prompt response to problem solving.

### **(2) Promotion of Quality Assurance Activities**

Your company must formulate a quality assurance policy and accordingly proceed with quality assurance activities daily to make continuous improvements through the Plan-Do-Check-Act (PDCA) cycle. To this end, your company will establish and promote a quality management system that develops an organizational structure, outlines an activity plan, and specifies responsibility assignment and procedures. For major quality management systems, please refer to ISO9000, ISO/TS16949, and ISO13485.

## **G. Prevention of Personal and Confidential Information Leakage**

### **(1) Protection against Threats to Computer Networks Including Cyberattacks**

Your company must take measures to prevent threats to computer networks, including cyberattacks, from affecting its internal and external operations. These threats include viruses, worms, spyware, ransomware, social engineering, and targeted attacks. Computers or servers infected with viruses and other malware may leak customer and confidential information or attack other companies' computer networks, causing serious harm due to the stagnation of daily operations and the loss of trust. In addition, careful attention must be paid to targeted attacks and other types of threats by hackers who may break into computer networks and leak or destroy a variety of information, resulting in similar damage.

### **(2) Privacy Protection**

Your company must be committed to effectively protecting personal information and privacy of all people involved in its business, including suppliers, customers, consumers, and workers. Personal information must be collected, stored, processed, transmitted, and shared in accordance with laws and regulations related to privacy and information security.

### **(3) Measures to Prevent Personal Information Leakage**

Your company must ensure that personal information (\*) is not obtained, used, disclosed, or leaked illegally and unfairly by formulating codes and policies to be complied with by workers, while thoroughly managing the information through the PDCA cycle.

(\*) Personal information refers to information about a living individual that can be used to distinguish that specific individual's identity, such as name, date of birth, and other descriptions (including anything that easily matches other information to identify a specific individual).

### **(4) Measures to Prevent Leakage of Customer and Third-party Confidential Information**

Your company must ensure that all confidential information (\*) of customers and third parties is not obtained, used, disclosed, or leaked illegally and unfairly by thoroughly managing the information through the PDCA cycle.

(\*) Confidential information refers to information disclosed in a written form (including electromagnetically or optically recorded data information) that is designated as confidential in an agreement or information orally disclosed after confidentiality is notified.



### **3. Revision History**

Edition	Revised Date	Details
1	January,2023	Created the 1st edition of the "Proterial Group Sustainable Procurement Guidelines".