

Nissan Chemical Corporation Sustainable Procurement Guideline

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Nissan Chemical Corporation

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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, 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 Supply Chain CSR Promotion Guidebook published in August 2006 by the Japan Electronics and Information Technology Industries Association (JEITA).

Nissan Chemical Corporation

Sustainability Promotion Group, Sustainability Promotion & IR Department

Purchasing 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 personalities, and promoting health of employees.
6. Conduct ourselves as good corporate citizens and decent members of society.

3. 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

4. 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.

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

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

5. Nissan Chemical Group Human Rights Policy

The Nissan Chemical Group supports international standards including 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, and shall apply to all officers and employees working for the Nissan Chemical Group.

1) 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, age, all kinds of disability, preference, academic background, pregnancy, language, economic background, and political views.

2) 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. It shall ask its business partners and suppliers for on-going support and respect of this Policy.

3) Employment and Labor

<Prohibition of Forced Labor and Child Labor>

The Nissan Chemical Group shall not employ children under the legal working age stipulated in the law of the relevant countries or regions. It shall prohibit any labor by forced labor, slave labor and/or trafficking. It shall ask its business partners to do the same. 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.

<Good Labor-Management Relations>

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

< 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 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.

4) 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 shall make efforts to remedy and correct such impact through appropriate means.

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.

7. Responsible Care Basic Policy

- (1) Safeguard the environment, health and safety in domestic and overseas through strong leadership by management.
- (2) Strive to continually improve environmental, health and safety performance and the security of facilities, processes and technologies throughout the entire chemical lifecycle of our products from development to disposal, and disclose the results of such efforts to the society.
- (3) Further reduce consumption of resources and energy and strive to reduce, reuse and recycle waste.
- (4) Protect the environment and people's health and safety by promoting continual improvement in chemical product safety and stewardship[※], throughout the supply chain.
- (5) Strengthen chemicals management systems by participating in the activities related to development and implementation of lifecycle-oriented, science-based, and risk-based sound chemical management legislation and best practice.
- (6) Influence business partners to promote the safe management of chemicals within their own operations.
- (7) Endeavor to engage in dialogue with local authorities and communities by heeding their concerns regarding the effects of our products and business activities on the environment, health and safety, and by providing them with necessary information to help them understand properly.
- (8) Further expand dialogue with our stakeholders in order to better meet their expectations regarding our efforts with respect to the environment, health and safety.
- (9) Contribute to the sustainable development of society by developing and providing innovative technologies and other solutions.

※ Product Stewardship: An initiative concerned with ensuring environmental protection, health, and safety throughout the entire life cycle of a product from development to disposal.

8. Explanation of items

1. Human Rights and Labor

(1-1) Prohibition of Forced Labor

Companies shall employ all employees of their free will and must not force them labors.

Forced labor refers to all labor that does not depend on one's will.

Examples of forced labor include:

- Forced labor against one's will, debt labor to which the free turnover is restricted for repayment of debts, slave labor conducted as a result of human trafficking, and inhumane prison labor in a harsh working environment.
- The absence of the rights to free turnover, obligation to deposit identification, passport and work permit with employers, and unreasonable restriction on accessing to and moving within the facilities provided by the companies are also included as a kind of forced labor.

(1-2) Prohibition of Inhumane Treatment

Companies shall respect the human rights of all employees and prohibit oppressive and inhumane treatment, including abuse and various types of harassment.

Inhumane treatment includes abuse, physical punishment, sexual harassment, and power harassment (harassment by verbal abuse or intimidating behavior). It is also necessary to formulate a disciplinary policy for those who have caused these problems and how to respond based on the policy, and to publicize them to workers.

(1-3) Prohibition of Child Labor

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.

Child labor refers to the employment of people who are under the minimum age for employment stipulated in the ILO (International Labour Organization) Conventions and Recommendations (15 years old), the age of completion of compulsory education in the country concerned, or the minimum age for employment stipulated by the country concerned, whichever is the highest, and neglecting to protect young workers (under the age of 18 years). However, experience of appropriate practical training programs in the workplace is permitted as long as the relevant laws and regulations are complied with. In Japan, for example, employing people under the age of 15 and violating laws and regulations for the protection of young workers correspond to prohibited child labor.

Examples of laws and regulations that protect young workers from working that could harm health, safety and moral include restrictions on night shift, manual transport of heavy objects and hazardous work.

(1-4) Prohibition of Discrimination

Companies shall eliminate discrimination in recruitment and employment, and strive to achieve equality of opportunity and fairness of treatment.

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.

Examples of discrimination factor include origin, nationality, race, ethnicity, skin color, beliefs, religion, gender, gender identity, age, all kinds of disabilities, presence of infections such as HIV and viral hepatitis, preference, academic background, marital status, pregnancy, language, economic background, political view, and union membership status. Health checkup and pregnancy tests are considered discriminatory practices if they impair equality of opportunity and fairness of treatment.

(1-5) Adequate Wages

Companies shall pay legal minimum wage or more to the employees and must not make unreasonable reductions of wages.

Minimum wage means the lowest wage stipulated in each country's laws and regulations. This item also includes the payment of overtime allowances and other allowances such as statutory benefits. The overtime allowances shall be paid at an additional rate on the regular hourly wage in accordance with local laws.

Unreasonable reductions of wages refer to the reduction in violation of labor-related laws and regulations.

Companies shall pay wages to the employees at least once a month without delay on a fixed date and provide a comprehensible payroll statements to the employees at the appropriate time, including sufficient information to ascertain the correct remuneration for the operation performed.

(1-6) Appropriate Management of Working Hours

Companies shall appropriately manage employees' working hours, holidays, and leaves to prevent from exceeding the statutory limits.

Appropriate management refers to the following actions:

- The prescribed annual working days does not exceed the statutory limit.
- The weekly working hours (excluding emergency cases) including overtime does not

exceed the statutory limit.

- At least one holiday per week is given.
- The right to annual paid leave stipulated by law are granted.
- Initiatives to control long working hours are implemented.

(1-7) Respect for Employees' Right to Organize

Companies shall respect employees' right of organize as a means to realize consultations between labor and management on the working environment, wage levels, etc.

Respect for employees' right to organize refers to giving consideration to the freedom of association, the freedom to join labor unions in accordance with laws and regulations, the freedom to take protests, and the freedom to join the workers council without subjecting retaliation, intimidation, or harassment. At the same time, the rights of workers who do not agree with these activities shall be respected.

2. Environmental Considerations

(2-1) Environmental Policy

Companies shall 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.

(2-2) Chemical Substances Management

Companies shall adhere to all applicable laws and regulations of each country to handle chemical substances in all business activities.

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

Examples of chemical substances management include the following:

- Identifying 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.
- Free from chemical substances prohibited by the laws and regulations of each country or region in the products

(2-3) Effective Use of Resources and Energy

Companies shall set voluntary targets for resource and energy saving, and promote effective use of them continuously.

Examples of measures for resource saving 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.

Energy saving 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 energy saving efforts.

(2-4) Reduction of Greenhouse Gas (GHG) Emissions

Companies shall set voluntary reduction targets of GHG emissions, and strive for continuous reductions.

GHG refers to carbon dioxide, methane, nitrous oxide, HFCs, PFCs, SF₆ and NF₃ in particular.

Continuous reduction activities include setting voluntary reduction targets for these seven types of GHG, 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.

(2-5) Reduction of Wastes

Companies shall set voluntary targets for reducing final waste, and strive for continuous reductions.

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

Continuous reduction activities include promoting 3R (Reduce, Reuse, Recycle) in all business activities and setting voluntary targets for reduction final waste, formulating plans, and ensuring their implementation.

(2-6) Waste Discharge Management

Companies shall appropriately manage and dispose of waste from business activities in accordance with the applicable laws and regulations in each country.

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

(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) Understanding of the Impact on Water Resources

Companies shall 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.

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.

(2-9) Minimization of Environmental Impact (Environmental Pollution) (Waste Water, Sludge, Air Emissions, etc.)

Companies shall comply with the laws and regulations of each country in which they operate, including those relating to wastewater, sludge and air emissions, and strive to minimize environmental impacts by making further improvements through setting voluntary standards as necessary.

Voluntary standards refers to the targets in excess of levels stipulated in laws and regulations for reducing environmental impacts. In addition to preventing the occurrence of environmental pollution, activities for further improvement include, for example, improvement of monitoring methods, control methods, and treatment methods for wastewater, sludge, and air emissions (sulfur oxides (SO_x), nitrogen oxides (NO_x), dust, volatile organic compounds, ozone-depleting substances, etc.) and reduce of the amount of their spills.

(2-10) Procurement of Raw Materials Considering the Environment and Society

Companies shall engage in sustainable procurement activities taking into account not only economic rationality but also the environment and society.

Procurement activities based on economic rationality mean conducting procurement based on a comprehensive evaluation of quality, price, stable supply, technology development capabilities, and stable management.

In order to build a sustainable society, it is necessary to conduct procurement activities that consider not only economic rationality, but also global environmental conservation and social issues such as human rights, occupational health and safety, compliance, etc.

(2-11) Disclosure of Information on Environmental Activities

Companies shall actively disclose information on the status and results of environmental conservation activities.

The results of environmental conservation activities refer to measures implemented to conserve the environment and restore the ecosystem, emissions into the atmosphere, water sources, and soil, etc., resource consumption, and disposal volume, and also include environmental negative impacts caused by business locations. In order to compile the results regularly, it is necessary to have organizations and persons in charge of environmental conservation activities, and to keep records on the indicators, achievement level of targets, and other important environment-related matters continually.

Websites, sustainability reports, environmental reports, integrated reports, etc., and briefings for stakeholders are included in the disclosure methods.

3. Health and safety

(3-1) Secure of Safety for Business Operation

Companies shall take appropriate safety measures for machinery and equipment used in-house, as well as assess risks to workplace safety and secure safety with appropriate design and technical and management measures.

Appropriate safety measures for machinery and equipment refer to management for the prevention of accidents and health impairment that occur during work, such as adoption of safety mechanisms called fail-safe (*1), fool-proof (*2), interlock (*3), etc., warning indications for hazards, installation of safety devices and protective walls, periodic inspection and maintenance of machinery and equipment, etc.

Risk to workplace safety refers to the potential risk of accidents or health impairment that occur during work, such as electricity and other energy, fires, vehicles, slippery or easy-to-stumbling floors, heavy or fallen objects.

Appropriate designs, technologies, and management measures include monitoring hazardous areas by sensors, shutoff by locking power source supplied to machinery and equipment (lockout), placing of tags that indicate prohibition of operation of power-source locking devices during shutoff (tagout), posting safety signs in hazardous areas, continuous training, and providing protective equipment such as protective glasses, safety caps, and gloves. Appropriate supervision and patrols by the safety managers are also important.

*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.

(3-2) Health and Safety at Workplace

Companies shall understand status of workers' exposure to hazardous organisms and chemical substances, noise, and odors, etc. in the workplace, and take appropriate measures.

Hazardous chemical substances include soot, steams, mists, and dust, as well as 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 (lead, asbestos, etc.). In addition, noise, odors, and extreme temperature or humidity are also included as hazardous to the human body. Appropriate measures include, for example, identifying and assessing opportunities for direct exposure with these, establishing and promoting management standards, and providing appropriate education and protective equipment to employees. Appropriate supervision and patrols by the health managers are also important.

(3-3) Consideration for Physically Taxing Work

Companies shall identify physically taxing operations and appropriately manage to prevent occupational accidents and illnesses.

Physically taxing operations include heavy work, such as manual hauling of heavy objects, as well as long standing works, long repetitive and continuous tasks, such as assembling and data entry.

Appropriate management includes periodic short breaks, provision of work auxiliary tools, and sharing and cooperation among multiple workers.

(3-4) Occupational Accidents

Companies shall understand the status of occupational accidents, take appropriate measures, and share the information on occupational accidents to all employees.

Appropriate measures include systems and measures that enable employees to promote reporting, classify and record occupational accidents, provide medical treatment as needed, investigate occupational accidents, implement corrective measures to eliminate causes, and encourage employees to return to work (including participation in workers accident insurance). It also includes the implementation of necessary procedures for the administration in accordance with the provisions of laws and regulations.

Sharing the information of occupational accidents with all employees enables to prevent similar accidents.

(3-5) Response for Emergency

In order to protect the safety of employees, companies shall establish emergency response programs considering potential disasters and accidents, and publicize them within all employees.

Emergency response programs focus on minimizing damage to life, the environment and property, which include emergency reporting, notices to employees, clarify of evacuation methods, installation of evacuation facilities, stockpiling of emergency medical supplies,

publicizing first aid measures, installation of fire detection systems, installation of fire control equipment, securing external communication means, formulation of recovery plans, and collaboration with local communities in the event of a disaster.

Examples of the methods of thoroughly publicizing these information in the workplace are to provide emergency training (including evacuation drills) to employees, and to keep or post emergency response procedures at easily accessible locations in the workplace.

(3-6) Health and Safety at Facilities

Companies shall ensure appropriate safety and health at facilities provided for the lives of employees.

Facilities provided for the lives of employees refers to facilities provided at the workplace (e.g., toilets, water drinking places, locker rooms, cafeterias) and outside the workplace (e.g., dormitories).

Examples of ensuring health and safety include maintaining cleanliness and hygiene, as well as safe drinking water, hot water for bathing and showers, fire prevention, ventilate, temperature control, emergency evacuation routes, and safe storage of individual holdings.

(3-7) Employee Health Management

Companies shall conduct appropriate health management for all employees.

Appropriate health management refers to the prevention and early detection of illness among employees by conducting periodic medical check, etc. at least at the level in accordance with laws and regulations. At the same time, it is necessary to give due consideration to the prevention of health impairment caused by excessive work and to mental health and other care.

It is also necessary to provide health and safety information and training to employees.

4. Ethics

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

Companies shall 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) Prohibition of Bribery, Corruption, Extortion, Embezzlement, etc.

In all business relationships, companies shall maintain sound and normal relationships and must not engage in bribery, illegal political contributions, extortion, or embezzlement

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.

Extortion 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 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 observed (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.

(4-4) Prohibition of Provision and Receipt of Improper Benefit

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

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.

(4-5) Development of Whistle-blowing Program

Companies shall provide internal reporting programs for the prevention and early detection of fraudulent to employees and protect informants from revenges.

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.

Examples of protecting informants from revenges 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

(4-6) Prevention of Confidential Information Leakage

Companies shall appropriately manage and protect the confidential company information and personal information pertaining to individuals and employees of the companies.

Confidential information refers to the significant information that is not expected to be disclosed externally, such as research reports, manuals, proposals, inventory information, customer information, supplier lists, payroll information, and information related to personnel transfer.

Personal Information refers the information concerning a living individuals that can identify a specific individual by name, date of birth or other description contained in the information (including information that can be easily collated with other information and thereby can identify specific individuals).

Appropriate management refers to the establishment and promotion of an overall management system for information, including the preparation of codes and policies to be complied by employees, and formulation of plans, implementation of measures, audits, and reviews in accordance with them.

Appropriate protection means not to illegally or improperly obtain, utilize, disclose or leak information.

(4-7) Prohibition of Anticompetitive Practices

Companies must not engage in activities that interfere fair, transparent and free competition.

Anticompetitive practices include making collusion such as agreements for the price, volume and sales territory of products and services with other companies in the same industry (cartels), and agreements for successful bidders and winning bid prices with other bidders (bid rigging).

Illegally obtaining or utilizing trade secrets of other companies, making false representations regarding other companies' products or making misleading representations to customers, etc. are also included as the anticompetitive practices.

(4-8) Responsible Minerals Procurement

Companies shall formulate a policy not to procure and use conflict minerals, and ensure non-use in the supply chain.

Conflict minerals are minerals mined in conflict areas in the Democratic Republic of the Congo and surrounding countries (gold, tin, tantalum, tungsten: 3TG), 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.

In addition, 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 post-conflict 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>

※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.

(4-9) Prohibition of Insider Trading

Companies shall prohibit insider trading

Insider trading refers to the trading of shares of own company, its business partners or other third parties based on non-public information that can affect the company, etc and only be known to the corporate insiders. Not only trading of the corporate insiders themselves but also trading of their relatives, acquaintances, etc. who receive information from the corporate insiders are included the category of insider trading and are prohibited by the Financial Instruments and Exchange Law.

(4-10) Elimination of Antisocial Organizations

Companies must not have any relationships with antisocial organizations or persons that threaten the order and safety of a sound society.

Examples of relationships with antisocial organizations include the following actions:

- Transactions with antisocial organizations and business partners which have relationships with antisocial organizations
- The actions to resolve by delivering money, etc. in the event of unreasonable demands from antisocial organizations, etc.
- The actions of using antisocial organizations to benefit the company or themselves

(4-11) Respect for Intellectual Property Rights

Companies must not infringe any intellectual property rights of any third party.

Intellectual property means patents, utility model rights, design rights, trademark rights,

copyrights, trade secrets, etc.

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.

Technology and know-how must be transferred in a manner that protects intellectual property rights.

5. Building Risk Management System

(5-1) Establishment of Business Continuity Plans (BCPs)

Companies shall conduct risk assessments to prepare for disasters, accidents and other contingency, and establish business continuity plans (BCPs) for early recovery.

BCPs means a plan not to disrupt critical operations even in the event of a crisis or emergency, or if they are disrupted, to resume them within the target recovery period set in advance and to minimize the impact. BCPs includes consideration of preventive measures, 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 Production Sites and Alternative Production Sites

In preparation for the damage of production sites, companies shall secure multiple production sites or alternative production 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 production sites that can perform manufacturing 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) Protection against Threats on Computer Network

Companies shall take defensive measures against threats on computer network and manage them to prevent damages of own companies and other companies.

Threats on computer networks refers to, for example, computer viruses, computer worms, and spyware.

If a computer connected to the internet is infected by computer viruses, etc., client information or confidential information stored in the computer may be leaked, and the computers of other companies may be attacked, resulting in a serious loss of operation stagnant, loss of trust, etc. Therefore, it is important to take measures against the threats on computer network to prevent from affecting both inside and outside the company.

(5-6) Prevention of Confidential Information Leakage of Clients and Third Parties

Companies shall appropriately manage and protect confidential information received from clients and third parties.

Generally, confidential information from clients and third parties refers to information disclosed by documents agreed to be confidential (including data information recorded electromagnetically and optically) or orally disclosed after notifying that it is confidential. Appropriate management refers to the establishment and promotion of an overall management system for confidential information, including the preparation of codes and policies to be complied by employees, and formulation of plans, implementation of measures, audits, and reviews in accordance with them.

Appropriate protection means not to illegally or improperly obtain, utilize, disclose or leak confidential information.

6. Product Safety and Quality

(6-1) Provision of Accurate Information on Products and Services

Companies shall provide the consumers and clients the accurate information for products and services.

Accurate information means, for example:

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

(6-2) 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.