

Nisshinbo Group  
Sustainable Procurement Guideline

Revision 1

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Nisshinbo Holdings Inc.

## Introduction

The Nisshinbo Group has a corporate philosophy of "Change and Challenge! For the creation of the future of Earth and People". The group is united in its business activities to realize a sustainable society in accordance with the philosophy, also VALUE and the Business Conduct Guidelines.

Companies must not only comply with the laws and regulations of the countries in which they do business, but also respect the human rights of workers in accordance with international standards on human rights and labor. As stated in the Group Human Rights Statement formulated in August 2023, the Nisshinbo Group supports international human rights standards, including the International Bill of Human Rights (Universal Declaration of Human Rights, International Covenant on Human Rights), the UN Guiding Principles on Business and Human Rights, and the ILO Core Labour Standards, and will fulfill its responsibility to respect, protect, and promote the human rights of all stakeholders in our business, including not only our own employees but also our customers, supply chain partners, and local communities.

In order to solve global issues such as respect for human rights and environmental protection and realize a sustainable society, it is essential to address these issues throughout the supply chain. Therefore, the Nisshinbo Group has established the "Nisshinbo Group Sustainable Procurement Guidelines" in order to cooperate and collaborate with our supply chain partners even more than before.

These guidelines serve as a guide for fulfilling corporate social responsibility together without supply chain partners and are based on the Code of Conduct of the Responsible Business Alliance (RBA), the world's largest organization dedicated to responsible business conduct in supply chains, and "Responsible Business Conduct Guidelines" of the Japan Electronics and Information Technology Industries Association (JEITA). We ask that all members of the supply chain fully understand the purpose of these guidelines and are thoroughly informed and compliant within your company. We also ask you to inform your supply chain partners of these guidelines and ensure that they are properly managed and supervised. We hope that you will encourage your supply chain partners to work together with us to realize a sustainable society.

# Nisshinbo Group

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## Section 1: Code of Conduct

### 1. **Respecting the Laws and Internationally Recognized Standards**

Companies must respect internationally recognized standards while complying with the laws and regulations applied to their countries/regions of operation and with any other requirements they deem necessary.

### 2. **Human Rights and Labor**

Companies must not only comply with relevant laws and regulations, the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), and other requirements deemed necessary by the company, but must also refer to international human rights standards, including the ILO Core Labour Standards, and respect workers' rights. (Workers defined here include not only employees, but also all people related to the business, such as part-time, temporary, and dispatched workers. The same meaning is described below.)

#### 2-1. **Prohibiting Forced Labor**

Companies must not use labor obtained by forced or bonded labor, exploitative prison labor, slavery, or human trafficking. Companies must prohibit all forms of forced labor and must respect workers' rights to leave work at any time or terminate their employment.

#### 2-2. **Prohibiting Child Labor and Respecting the Rights of Young Workers**

Companies must not employ children under the minimum working age. Companies must also not allow young workers under the age of 18 to perform hazardous work that is likely to jeopardize their health and safety, including night shifts or overtime.

#### 2-3. **Decent Working Hours**

Companies must not allow workers to work exceeding the maximum working hours set by local laws and regulations, and must properly manage workers' working hours and days of rest while respecting internationally recognized standards.

#### 2-4. **Adequate Wages and Allowances**

Companies must comply with all applicable laws, regulations and any other requirements they deem necessary regarding compensation for work (including minimum wage, overtime payments, allowances and deductions required by law). In addition, consideration should be given to the payment of a living wage (compensation necessary for the worker and his/her family to maintain an adequate standard of living).

2-5. Prohibiting Inhumane Treatment

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

2-6. Prohibiting Discrimination

Companies must not engage in any form of discrimination or human rights infringement, including harassment. In addition to prohibiting discrimination, it is desirable to create workplaces where individuals with diverse personalities and values, including those of religion and culture, can maximize their abilities.

2-7. Freedom of Association and Right to Collective Bargaining

Companies shall respect the right of workers to organise labor or trade unions as a means of achieving labor-management consultations on working conditions and wage levels while complying with local laws and any other requirements they deem necessary.

2-8. Consideration for Foreign Workers

Companies must ensure that the human rights of foreign workers are not compromised.

2-9. Prohibit infringement on the rights of local residents and indigenous peoples

Companies must not violate the rights of local and indigenous peoples by avoiding acts such as forcing illegal evictions or severely destroying their living environment.

**3. Health and Safety**

In addition to complying with relevant laws and regulations, companies must refer to standards such as ILO health and safety guidelines to minimize injury and illness in the workplace and maintain safe and healthy working conditions.

3-1. Occupational Safety

Companies must identify and assess risks regarding occupational safety and Maintain safety through proper design, engineering and administrative controls. Reasonable care must be given to workers with disabilities and during pregnancy and the lactation period.

3-2. Emergency Preparedness

Companies must prepare for emergency such as natural disasters or accidents that may adversely affect human life or safety by identifying such situations with the probability of

occurrence, establishing procedures in case of emergency to minimize harm to workers and property, installing the equipment required at times of emergency, and conduct trainings and drills to take corresponding actions in case of emergency.

3-3. Occupational Injury and Illness

Companies must identify, assess, record, and report the status of occupational injury and illness, and implement appropriate countermeasures and corrective actions.

3-4. Industrial Hygiene

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

3-5. Physically Demanding Work

Companies must identify and assess worker exposure to the hazards of physically demanding tasks and appropriately control such work to avoid occupational injury and illness.

3-6. Machine Safeguarding

Companies must evaluate safety risks of the machinery used by workers and provide appropriate safety measures.

3-7. Health and Safety at Facilities

Companies must appropriately maintain the health and safety of facilities and accommodations provided to workers (such as dormitories, cafeterias, and toilets).

Dormitories also require appropriate emergency exits to be provided.

3-8. Health and Safety Communication

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

3-9. Worker Health Management

Companies must conduct appropriate health management for all employees.

**4. Environment**

Companies must actively address environmental issues such as resource depletion, climate change, and pollution, as well as regional environmental issues concerning the health and safety of local communities in relation to their business.

4-1. Environmental Permits and Reports

Companies must obtain the permits and approvals required for conducting business as well as register and report according to local laws, regulations and any other requirements they deem necessary.

4-2. Reducing Energy Consumption and Greenhouse Gas Emissions

Companies must improve their energy efficiency and make continuous efforts for reducing greenhouse gas emissions and energy consumption.

4-3. Reduction of hazardous chemical emissions into the environment

Companies must comply with relevant laws, regulations and any other requirements they deem necessary and implement appropriate measures to reduce the release of hazardous chemicals into the environment.

4-4. Effective use and proper management of water resources

Companies must comply with applicable laws, regulations and any other Requirements they deem necessary. Companies must also monitor the source, usage, and discharge of water used, and save water. All wastewater must be tested as required, and monitored, controlled, and processed before discharge or disposal. Sources of pollution that may cause water pollution must also be identified and appropriately managed.

4-5. Effective Utilization of Resources and Waste Management

Companies must comply with applicable laws, regulations and any other requirements they deem necessary, and promote the reduction, reuse and recycle of waste by properly managing resources. Companies must also make effective use of resources and minimize the generation of waste.

4-6. Chemical Substance Management

Companies must comply with applicable laws, regulations and any other Requirements they deem necessary to identify, label, and manage chemical and other Substances posing hazard to humans or the environment, and conduct management to ensure safe handling, transport, storage, use, recycling, reuse, or disposal of such substances.

4-7. Managing Chemical Substances Contained in Products

Companies must comply with all applicable laws, regulations and any other requirements they deem necessary regarding the prohibition or restriction of the use of certain substances in their products.

4-8. Initiatives for biodiversity

In conducting their business activities, companies must take the best possible measures to preserve the global environment and take appropriate measures to ensure that biodiversity, including plants, is not affected.

**5. Fair Trading and Ethics**

Companies must comply with applicable laws, regulations and any other requirements they deem necessary, and conduct their business activities in accordance with high standards of ethics.

5-1. Anti-Corruption and Anti-Social Forces

Companies must not be involved in bribery, corruption, extortion, and Embezzlement of any kind. They must not associate with antisocial groups or persons, and must take a firm stand against unreasonable demands.

5-2. Prohibiting Inappropriate Provision and Improper Benefit

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

5-3. Fair Information Disclosure

Companies must disclose information on labor, health and safety, environmental activities, business operations, organisational structure, financial conditions and performance in accordance with applicable laws, regulations and any other requirements they deem necessary as well as industry practices. Falsification of records or false disclosure of information is not permitted.

5-4. Respecting Intellectual Property

Companies must respect intellectual property rights and the transfer of technology and expertise must be performed in a manner where intellectual property is protected.

Companies must also protect the intellectual property of third parties such as customers and suppliers.

5-5. Conducting Fair Business

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

5-6. Establishment of Whistleblower System and Protection of Whistleblowers

For the purpose of early detection and prevention of legal violations or violations of this guideline, companies are required to establish a point of contact for internal and external parties to report misconduct or violations of laws or guidelines, and to set up an internal reporting system to investigate and respond to such reports. In addition, in order for this system to function effectively, it is necessary to ensure the confidentiality and anonymity of whistleblowers and protect them from unfair treatment. Companies must respond promptly to any misconduct or violations and provide feedback to the whistleblowers on the results of the response as appropriate.

5-7 Collaboration with diverse suppliers

Companies are encouraged to collaborate with diverse suppliers in order to foster a culture of innovation.

**6. Responsible Sourcing of Raw Materials**

Companies must promote efforts to avoid the use of raw materials (minerals, cotton, palm oil, rubber, etc.) which may cause or contribute to serious human rights abuses, environmental destruction, corruption, or conflicts in conflict and high-risk areas.

6-1. Responsible Mineral Procurement

Companies must promote efforts to avoid the use of conflict minerals such as tantalum, tin, tungsten, and gold, and critical minerals such as rare earths, which may cause or contribute to serious human rights abuses, environmental destruction, corruption, and conflicts in conflict and high-risk areas. The following is a list of the key minerals that are not used in the industry.

**7. Quality and Safety**

Companies must ensure the safety and quality and provide correct and accurate information on their products and services.

7-1. Ensuring Product Safety

Companies must fulfill their responsibilities as suppliers by designing, Manufacturing and marketing products that meet the safety standards set out in applicable laws and regulations and any other requirements they deem necessary and ensure adequate product safety.

7-2. **Quality Control**

Companies must not only comply with all applicable laws, regulations and other requirements they deem necessary with regard to the quality of raw materials, products and services, but also with their own quality standards and customer requirements.

7-3. **Provide accurate information about products and services**

Companies must provide correct and accurate information on their products and services to avoid misunderstandings.

**8. Information Security**

Companies must prevent leaks of confidential information and personal information, and enhance information security.

8-1. **Defense from Cyber Attacks**

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

8-2. **Protecting Personal Information**

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

8-3. **Preventing Leak of Confidential Information**

Companies must appropriately manage and protect the confidential information not Only of their own but also of their customers and third parties.

**9. Business Continuity Management (BCM)**

Companies must be prepared to resume production activities as quickly as possible in order to fulfil their supply responsibilities when stakeholders in the supply chain, including themselves, are affected by a major natural disaster.

9-1. **Business Continuity Planning (BCP)**

Companies must identify and assess risks to business continuity, examine their impact on the business, and establish preparatory measures required in the medium to long term and a business continuity plan (BCP) that indicates the status of those initiative.

## **Section 2: Establishing a Management System**

### 10-1. Establishing a Management System

Companies must establish a management system in order to comply with the code of conduct in Section 1.

### 10-2. Supplier Management

Companies must establish a process for communicating the requirements of the code of conduct in Section 1 to suppliers and monitoring supplier compliance.

### 10-3. Proper Import/Export Control

Companies must maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods regulated by law.

### 10-4. Establishing a Grievance Mechanism

Companies must establish a grievance mechanism that can be used by stakeholders including workers and suppliers in order to prevent misconduct, legal violations or violations of this guideline at workplace and throughout the supply chain.

### 10-5. Disclosing the Activities

Companies must disclose information regarding their actions in accordance with these guidelines and relevant laws and regulations.