

# **Daiwabo Group CSR Procurement Guidelines**

## **[Introduction]**

The Daiwabo Group\* has adopted the management philosophy of “creating a future that benefits society and the global environment.” The philosophy of putting the customer first is at the core of our management, and as a responsible member of the global supply chain, we recognize that efforts are needed to resolve human rights and environmental issues not just in the Daiwabo Group but across the supply chain. As such, we will endeavor to identify issues in relevant parts of the supply chain through our business activities, and ensure a stable supply of sustainable products and raw materials.

Furthermore, in order to promote sustainable and responsible procurement activities, it is necessary to obtain the understanding and cooperation of suppliers.

From this point of view, we have compiled and enacted these CSR Procurement Guidelines as items that we would like everyone to work on together.

We kindly ask our suppliers to support the goals of these Guidelines and to implement measures to comply with the standards of conduct contained in these Guidelines.

In order to recognize status of supplier efforts regarding each item, we will carry out checks using the CSR Procurement Self-Assessment Questionnaire. We thank you in advance for your cooperation.

\*The “Daiwabo Group” refers collectively to Daiwabo Holdings Co., Ltd., and our consolidated subsidiaries.

## **[CSR Procurement Standards]**

### **1. Corporate Governance**

#### **1-1 Respect for international norms**

Comply with the laws and regulations of relevant countries and ensure fair trade and anti-corruption measures in consideration of international rules and practices.

#### **1-2 Establishment of a CSR promotion system**

Establish a system for ESG (Environment, Social, Governance) risk management and execution of its PDCA cycle.

#### **1-3 Establishment of internal controls**

Analyze risks related to business activities (laws and regulations, environmental, quality, etc.) and establish a company-wide management system.

#### **1-4 Establishment of a Business Continuity Plan (BCP)**

Establish a system for critical operations and business continuity/early recovery in the event of a disaster (natural disaster, major fire, terrorist attack, etc.).

#### **1-5 Establishment of an internal reporting system**

Establish a dedicated contact point that employees can report to and consult with directly when they become aware of violations of laws and regulations or wrongful acts, etc. When that occurs, secrecy should be strictly observed so that no disadvantageous treatment is received.

#### **1-6 Dissemination of information both internally and externally**

Respond to the need for transparency and accountability in corporate activities and appropriately disseminate CSR-related information to society and stakeholders.

### **2. Human Rights**

#### **2-1 Basic stance on human rights**

Support and respect the protection of internationally declared human rights and do not participate in (or encourage) human rights violations.

#### **2-2 Respect for human rights and prohibition of discrimination**

Respect individual diversity and all fundamental human rights. In accordance with the laws and regulations of each country, do not participate in any human rights violations or discriminate based on gender, age, nationality, race, physical characteristics, beliefs, religion, values, etc.

#### **2-3 Avoid complicity and encouragement of human rights violations**

Give due consideration to the purchase and use of raw materials suspected to be involved with human rights violations so that decisions, business activities, products, and services do not contribute to (or promote) human rights violations by consumers, community members, or supply

chain members.

#### **2-4 Respect for indigenous lives and communities**

When operating in areas inhabited by indigenous peoples and minorities, respect their unique cultures and histories, giving due consideration to the rights of indigenous peoples.

### **3. Labor**

#### **3-1 Basic stance on labor**

Recognize the labor principles expressed in international norms, etc., and apply them to the fundamental principles of the workplace as universal values.

#### **3-2 Prohibition of discrimination in employment**

When hiring, it shall be prohibited to discriminate on grounds other than reasonable factors, such as with regard to gender, age, nationality, race, physical characteristics, beliefs, religion, values, family, etc.

#### **3-3 Provision of equal opportunities to employees regarding human resource development**

Provide opportunities such as promotion and training equally without impairing fairness due to birth, nationality, race, ethnicity, creed, religion, sex, sexual orientation, gender identity, age, various disabilities, hobbies, educational background, family, health status, etc.

#### **3-4 Prohibition of inhumane treatment**

Respect the human rights of employees and refrain from inhumane acts such as abuse, corporal punishment, and harassment.

#### **3-5 Payment of fair wages**

Comply with the legal minimum wages of each country and region, enter into appropriate collective labor agreements on overtime work, etc., and ensure fair compensation, payment methods, etc.

#### **3-6 Fair application of working hours**

Comply with local laws and regulations regarding overtime work, strive to maintain a healthy work environment that is conducive to working, and appropriately manage the working hours of employees.

#### **3-7 Prohibition of forced labor**

Do not allow forced labor or any form of modern slavery, including bonded labor and human trafficking.

#### **3-8 Prohibition of child labor**

Do not allow child labor and observe the legal minimum working age. Furthermore, do not allow persons under 18 years of age to engage in dangerous or hazardous work.

#### **3-9 Respect the religious traditions and customs of the countries and regions in which you operate**

Respect the traditions and customs of each country and region, as well as the religious traditions and customs of employees, and give due consideration to ensure that uniform work regulations do not interfere with said traditions and customs.

#### **3-10 Recognition and respect for freedom of association and the right to collective bargaining**

Hold dialogues and consultations with employees or their representatives in good faith. Furthermore, recognize the right of employees to freely associate or not associate in accordance with the laws and regulations of each country and region.

### **3-11 Appropriate management of employee health and safety**

Assess the risk of accidents that may occur during work, harmful chemical substances, noise, foul odors, etc., and take appropriate safety measures. Furthermore, take measures to ensure the mental health of employees.

## **4. Environment**

### **4-1 Basic stance on the environment**

Develop a system for solving environmental issues internationally. Also, identify and control factors that affect the environment.

### **4-2 Management of chemical substances**

Promote products that do not contain chemical substances which are prohibited by local laws and regulations.

### **4-3 Management and reduction of waste water, sludge, and exhaust emissions**

In addition to complying with the laws and regulations of each country and region concerning the prevention of pollution of water, soil, air, etc., set voluntary environmental impact reduction targets, and continuously undertake efforts to monitor and reduce pollutants.

### **4-4 Sustainable and efficient use of resources (energy, water, raw materials, etc.)**

Set voluntary targets for implementing resource and energy conservation, and strive for effective utilization of sustainable resources and energy.

### **4-5 Reduction of GHG (greenhouse gases) emissions**

As a response to global warming, set and disclose voluntary reduction targets for GHGs such as carbon dioxide and work to reduce them.

### **4-6 Identification, management, and reduction of waste**

Comply with the laws and regulations of each country and region concerning the proper disposal and recycling of waste, and set voluntary reduction targets to reduce waste.

### **4-7 Initiatives regarding biodiversity**

Study the direct and indirect impacts of business activities on ecosystems, and work toward conservation and sustainable use regarding biodiversity.

## **5. Fair Corporate Activities**

### **5-1 Basic stance on fair corporate activities**

Conduct fair business activities, such as preventing corruption, responsible political engagement, fair competition, and eliminating relations with anti-social forces and organizations.

### **5-2 Maintaining an appropriate relationship with politics and governments**

Comply with the laws and regulations of each country and region concerning political contributions, donations, etc., and maintain a sound and transparent relationship with politics and governments.

### **5-3 Maintaining appropriate relationships with customers, business partners, etc.**

Avoid inappropriate exchange of profits with customers, business partners, etc., with regard to sales and procurement activities.

### **5-4 Prevention of competition law violations**

Comply with competition laws for each country and region, and do not engage in unfair trade

practices such as private monopolization, unfair trade restrictions, or abuse of superior status.

**5-5 Elimination of relations with anti-social forces/organizations**

Eliminate ties with organized crime groups, corporate racketeers, etc.

**5-6 Protection of intellectual property**

In addition to complying with the laws and regulations of each country and region concerning intellectual property, make appropriate use of the intellectual property rights owned by or belonging to the company, endeavor to preserve such rights, and do not engage in unauthorized acquisition, unauthorized use, or infringement of the rights of third parties.

**5-7 Complaints and consultations from outside parties**

If there is a direct report or consultation by a business partner or customer who has learned important risk information in relation to a transaction with the company, confidentiality will be strictly maintained and the business partner or customer will not be subjected to any adverse treatment.

**5-8 Prohibition of insider trading**

Do not buy or sell shares, etc., of the company using internal information obtained in the course of conducting business, including with regard to the company itself, affiliated companies, or business partners.

**5-9 Prohibition of conflicts of interest**

In situations where the interests of an employee conflict with those of the company, it is prohibited to harm the interests the company for personal gain.

**6. Quality and Safety**

**6-1 Basic stance on quality and safety**

Ensure the quality and safety of products and services provided through business activities, and respond appropriately to customers and consumers when an accident occurs.

**6-2 Ensuring quality and safety**

Ensure quality and safety when providing products and services to the market.

**6-3 Appropriate measures in the event of an accident or distribution of a defective product**

Establish systems for disclosing information, contacting the competent authorities, recovering products, implementing safety measures for suppliers, etc., in the event an accident or the distribution of a defect regarding a product or service.

**7. Information Security**

**7-1 Basic stance on information security**

Properly manage and protect information obtained through business activities and take protective measures against threats on computer networks.

**7-2 Protecting against threats to computer networks**

Defend against threats on your computer network and manage them so they don't harm you or others.

**7-3 Manage and protect personal and sensitive information**

Comply with the laws and regulations for each country and region concerning personal and

confidential information, obtaining such information in a legitimate manner and managing it appropriately. In addition, do not disclose or leak said information outside the company without permission, nor use it for any reason other than its intended purpose.

## **8. Supply Chain**

### **8-1 Basic stance on the supply chain**

In order to practice CSR procurement not only within the company itself but also throughout the supply chain, endeavor to establish CSR procurement guidelines and disseminate them both internally and externally.

### **8-2 Purchase and use of raw materials not involved in conflict or crime (efforts against conflict minerals)**

Prevent the purchase and use of minerals such as tin, tantalum, tungsten, gold, and cobalt related to conflicts and human rights violations or produced in conflict-afflicted and high-risk areas, investigating and confirming with business partners.

## **9. Coexistence with Local Communities**

### **9-1 Efforts to reduce negative impacts on local communities**

Make efforts to eliminate damage to local communities and residents due to in-house products and production processes.

### **9-2 Initiatives with local communities toward sustainable development**

Contribute to the development of a sustainable society through social contribution activities such as cooperation with local communities.

- Reference Materials -

- These CSR procurement standards are based on the CSR procurement Self-Assessment Questionnaire compiled by GCNJ\* based on international guidelines such as the UNGC 10 Principles and ISO 26000.

\*Global Compact Network Japan

Supplementary Provisions

- These guidelines were established on June 22, 2023.
- While these Guidelines apply to our Group as a whole, each Group company may have its own guidelines and policies in accordance with the specific circumstances of the industry and field in which it operates, and to the extent that they do not violate the basic concept of these Guidelines.