

Nittobo Group

Sustainable Procurement Policy

Introduction

As a corporate group, the Nittobo Group will seek to enhance its significance by striving to create healthy and comfortable lifestyles, thereby continuing to contribute to the realization of prosperous communities. Based on this Corporate Philosophy, we pursue our business activities with a strong sense of our corporate mission and roles in society.

Our business activities are built on a sense of partnership with the suppliers who make up our supply chain. Activities across the entire supply chain are vital for putting into practice and achieving our missions and roles.

We have established the Nittobo Group Sustainable Procurement Policy to share with our suppliers the ideas and issues underlying the Group's social missions and to promote our concerted efforts to put them into practice, thereby contributing to our mutual progress and further contributing to society as a whole across the entire supply chain. We kindly request the understanding and compliance with this policy of our suppliers, as well as their cooperation in enlisting the support of their upstream suppliers.

1) Compliance and business ethics

1. Compliance broadly defined

- ◆ Comply with not just national and regional laws and regulations, but their intent and purpose and the social norms of local communities.
- ◆ Strive to ensure a thorough understanding of compliance within your organization and to ensure that all employees understand that their personal conduct must be based on compliance.

2. Fair transactions, anticorruption

- ◆ Employ fair transaction methods and refrain from actions that qualify as abuse of advantageous positions.
- ◆ Refrain from bribery and offering improper gains, and other such acts.
- ◆ Refrain from improper accounting practices and transactions that might create the impression thereof.

3. Protecting intellectual property rights

- ◆ Refrain from improperly obtaining or using patents, utility model rights, design rights, trademark rights, copyrights, and other intellectual property rights.

4. Security trade controls

- ◆ Maintain internal structures capable of controlling export transactions in accordance with laws and regulations, including periodic internal inspections.

5. Avoidance of conflict minerals

- ◆ Tin, tantalum, tungsten, or gold, which might be conflict minerals (i.e., minerals related to funding sources for armed forces and human rights violations) or products containing them used by you or by your suppliers must be inspected in advance to confirm that they are not sourced from the Democratic Republic of the Congo or neighboring countries.

6. Exclusion of antisocial forces

- ◆ Maintain internal structures to exclude antisocial forces and groups that threaten the order and safety of civil society.

7. Whistleblowing programs, corporate culture

- ◆ Establish whistleblowing programs pursuant to laws and regulations.
- ◆ Establish structures to protect whistleblowers from retaliation and similar actions.
- ◆ Establish as a top management policy the maintenance of a free and open corporate culture wherein compliance violations and related matters can be reported to management in a timely manner.

2) Respect for human rights

1. Prohibition of discrimination and respect for diversity

- ◆ Prohibit discrimination in employment, including hiring, promotion, transfer, wages, and discipline, based on gender, ethnicity, origin, creed, religion, or disability.
- ◆ Respect individual diversity and create workplace environments in which individuals can demonstrate their capabilities to the utmost.

2. Prohibition of harassment

- ◆ Prohibit all forms of harassment, including sexual harassment, abuse of power, maternity harassment, and pressure to conform.
- ◆ Respect individual dignity and refrain from interacting with others with intimidating or overbearing attitudes.
- ◆ Maintain systems to receive reports and complaints of harassment or potential harassment.

3. Prohibition of child labor and forced labor

- ◆ Prohibit employment of children under legal working age.
- ◆ Prohibit employment contrary to the will of workers, whether through violence, intimidation, debt, fraud, etc.

4. Consideration for youth, seniors, and expectant mothers, and work-life balance

- ◆ When employing youth, seniors, and expectant mothers, employ consideration regarding matters such as hazardous or dangerous jobs and workplaces, as well as working hours.
- ◆ Maintain employment systems that duly consider work-life issues, including childcare, long-term care, self-improvement, and recuperation leave.

5. Human resource development

- ◆ Maintain organized and systematic human resource development structures to strengthen the skills of individual employees.
- ◆ Actively support the attendance of external seminars, networking across industry boundaries, and skills development.

6. Wages and working hours

- ◆ Pay at least the legal minimum wage and comply with laws and regulations regarding working hours.

7. Protecting the right to organize

- ◆ Respect employees' right to organize.
- ◆ Engage in sincere discussions and dialogue with employee representatives.

3) Occupational safety and accident prevention

1. Workplace environments reflecting consideration for occupational health and safety

- ◆ Managers should make it clear in policies that employee health and safety are top priorities in production workplaces.
- ◆ Require the establishment of a risk assessment system and safety measures based on the results of risk assessments (e.g., failsafe structures, foolproof structures, and interlocks), to keep workplaces safe.
- ◆ Promote awareness among employees concerning health and safety management through proactive prevention of potential accidents and maintaining Five S activities (*seiri* [sorting], *seiton* [straightening], *seiso* [systematic cleaning], *seiketsu* [standardizing], and *shitsuke* [sustaining]).

2. Mental health

- ◆ Promote mental health measures and strive to be aware of and respond appropriately to mental health issues (e.g., by encouraging employees to greet each other regularly, speaking up to each other, and encouraging everyday communication).
- ◆ Develop structures for managing working hours and addressing overwork (e.g., through meetings with industrial physicians).

3. Disaster prevention

- ◆ Carry out periodic inspections to prevent damage to your facilities due to fires, explosions, earthquakes, etc.
- ◆ Implement disaster drills to ensure preparation for earthquakes, fires, floods, etc.; formulate and publicize emergency guidance and evacuation routes.

4. Business continuity planning

- ◆ Draft a business continuity plan and implement drills to ensure preparedness for disasters.

4) Environmental protection, resource conservation

1. Greenhouse gas reduction and energy conservation

- ◆ Strive to improve and manage production methods, processes, and equipment to reduce greenhouse gas emissions and conserve energy in connection with product manufacturing.

2. Waste reductions and recycling

- ◆ Practice product design based on consideration for waste reduction and ease of recycling when commencing use, during use, and after use.
- ◆ Set targets for waste reductions and recycling in production workplaces; take action to achieve these targets.

3. Use and management of water resources

- ◆ Promote measures such as effective use of water resources (e.g., recycling and cascading) and water conservation with consideration for the local water environment.

4. Control of chemical substances

- ◆ Refrain from use of prohibited substances in connection with manufacturing. Use and control chemical substances, including harmful and dangerous substances, appropriately.
- ◆ If releasing chemical substances into the environment through smoke or water discharge, strictly maintain levels called for in laws and regulations; strive to minimize environmental impact.

5. Green procurement

- ◆ Establish green procurement standards and procure eco-friendly products and materials with low environmental impact.

6. Coexistence with nature

- ◆ Ascertain the impact of business activities on biodiversity; carry out business activities and contribution activities reflecting consideration for the preservation of the natural environment.

5) Quality control, cost controls

1. Quality first

- ◆ Supply products of the highest quality for customers.
- ◆ Maintain inspection and assurance structures to ensure quality.

2. Product safety

- ◆ Ensure that products are safe for users and meet the safety standards of laws and regulations.
- ◆ Provide appropriate product safety information.

3. Cost competitiveness

- ◆ Strive to reduce costs based on ongoing production technology development.

4. Traceability

- ◆ Ensure traceability of raw materials, other materials, parts, etc., for use in solving quality and safety issues.

6) Information management and communication

1. Control of trade secrets

- ◆ Strictly control trade secrets and use them appropriately.
- ◆ When obtaining information and other materials concerning other companies, do so by fair and appropriate methods.

2. Collection and use of personal information

- ◆ Obtain, retain, and dispose of personal information concerning employees, trading partners, and customers appropriately and in compliance with laws and regulations.
- ◆ Prohibit use of personal information for purposes other than those intended; refrain from collecting information not needed for business operations. Promptly dispose of personal information that is no longer needed in accordance with laws and regulations.

3. Disclosure

- ◆ Provide timely and appropriate disclosure of management information, financial information, and other information concerning stakeholders.
- ◆ Strive to achieve mutual progress through appropriate communication with stakeholders.

4. Cybersecurity

- ◆ Fully implement cybersecurity measures to protect IT information essential for social and business activities.
- ◆ Educate employees concerning cybersecurity threats (e.g., unauthorized access, infection with computer viruses, spoof email).

7) Social contributions to and consideration for the community

1. Contribute to local community development

- ◆ Communicate with local communities through dialogue and other means, as a good corporate citizen, and cooperate and participate in community activities to contribute to community development.

2. Consideration for local communities

- ◆ Engage in business activities based on due consideration for local culture, customs, and circumstances.

8) Cooperation with the supply chain

1. Involvement of your supply chain

- ◆ Fulfill your responsibilities throughout the supply chain by promoting the concepts of this Sustainable Procurement Policy to your own suppliers.

2. Communication

- ◆ Deepen mutual understanding and contribute to mutual progress through surveys and site visits (or site inspections).

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