

Requests to Suppliers

Supplier Guidelines: Explanatory Notes

1- Respect for Human Rights

- 1-1. Do not engage in discrimination in employment opportunities, wages, promotion, or advancement on the basis of race, nationality, gender, religion, social status, physical condition, etc.**

[Commentary]

What is discrimination in the workplace?

This refers to treating people differently in hiring, evaluation, training, assignment, wages, salary increases, promotions, or other opportunities and conditions of employment, without just cause and based on attributes unrelated to the work to be performed.

Attributes unrelated to the work to be performed include:

Race, ethnicity, nationality, gender, gender identity, sexual orientation, disability, skin color, physical characteristics, illness, age, religion, ideology, creed, political or other opinions, social status, and family origin.

- 1-2. Do not engage in violence, abuse, corporal punishment, conduct or language that causes mental distress, or any form of harassment against employees.**

[Commentary]

What is harassment in the workplace?

This refers to acts of harassment or bullying. It includes words or actions by supervisors, colleagues, or others that, regardless of intent, cause discomfort, harm, or disadvantage to someone and thereby damage the working environment.

Major types of harassment include:

- Sexual harassment, including sexual abuse
- Power harassment meaning physical or psychological harassment that exploits one's position or authority in the workplace
- Harassment on the grounds of pregnancy, childbirth, childcare, or nursing care
- Other inhumane treatment, such as violence or abuse, or threats of such treatment

- 1-3. Prohibit all forms of forced labor, including work performed against an individual's will, labor that restricts the freedom to resign, and labor imposed through unfair means of restraint.**

[Commentary]

What is forced labor?

This refers to all work that is not voluntarily undertaken, such as work imposed under compulsion or restraint through threats of punishment. It also includes any form of modern slavery, such as debt bondage, control through violence, threats, or fraud, and human trafficking.

- 1-4. Do not employ children under the legal working age in the countries and regions in which operations are conducted. Do not allow children to engage in work that is detrimental to their health, safety, or moral well-being.**

[Commentary]

What is child labor?

This refers to work performed by persons below the legally stipulated minimum age for employment.

Specifically:

- As a rule, work performed by persons under 15 years of age
- Work by persons under 18 years of age that may endanger their health, safety, or moral well-being (such as night work, overtime, or potentially hazardous work)

- 1-5. Comply with the working hours stipulated by the laws and regulations of the countries and regions in which operations are conducted. Prohibit excessive overtime and strive to reduce overtime work.**

[Commentary]

Working hours, breaks, overtime, night work, holidays, and leave must comply with the laws and regulations of the countries and regions in which operations are conducted, as well as applicable labor-management agreements (such as Article 36 agreement in Japan).

What is excessive overtime?

This refers to work which exceeds the legal limits in terms of both the annual number of working days and the weekly working hours (including overtime).

- 1-6. Enter into appropriate labor contracts with employees and pay fair wages and allowances in accordance with the laws and regulations of the countries and regions in which operations are conducted. Pay appropriate compensation for overtime work.**

[Commentary]

Workers must be paid at least the minimum wage, as well as legally mandated benefits and allowances, based on appropriate working hours and overtime.

- 1-7. Respect the rights of employees to form labor unions in accordance with their own personal desires, to decide whether to participate in such unions, and to engage in collective bargaining, and provide opportunities for constructive dialogue between labor and management.**

[Commentary]

Employees have the right to form a labor union of their own choosing, to join and manage that union, and to bargain collectively with the company on behalf of employees.

Companies must respect this right, and ensure that employees can engage in dialogue and exchange views with management regarding working conditions and business practices without being subject to discrimination, retaliation, or intimidation.

- 1-8. Take into account the mental and physical health of employees, strive to ensure a safe and healthy working environment, comply with laws, regulations, and rules relating to occupational safety and health, and take appropriate measures to address health risks.**

[Commentary]

What is ensuring a safe and healthy working environment?

This means complying with all applicable laws and regulations in each country and region, while

striving to prevent occupational accidents and diseases and to improve working conditions so that employees can work safely and in good health.

2- Environmental Protection

2-1. Comply with environmental laws and regulations applicable in each country and region in which operations are conducted, and strive to reduce environmental impact.

[Commentary]

Initiatives are encouraged to give due consideration to environmental conservation, establish voluntary standards as necessary, and continuously review and improve the environmental impact of business activities, while taking into account all laws, regulations, and standards relating to the environment in the countries and regions in which operations are conducted.

2-2. Strive to reduce greenhouse gas (GHG) emissions through the efficient and sustainable use of energy and the introduction of renewable energy sources.

[Commentary]

In order to make effective use of resources and energy, initiatives are encouraged to monitor usage and improve efficiency. Continuous efforts are also recommended to reduce both direct and indirect GHG emissions from business activities, by improving energy efficiency and expanding the use of renewable energy.

2-3. Actively engage in reducing waste, recycling, and reusing materials, and strive to make effective use of resources.

[Commentary]

Efforts are encouraged to properly manage and reduce waste, and to make effective use of resources through recycling and reuse. In addition, the development of facilities and mechanisms for waste collection and sorting to promote responsible waste disposal is also recommended.

2-4. Strive to reduce wastewater, sludge, exhaust, and other types of discharge.

[Commentary]

Efforts are encouraged to reduce emissions with reference to the levels established by the laws and regulations of the countries and regions in which operations are conducted, by striving to voluntarily reduce environmental impact, prevent pollution, and reduce emissions through monitoring and controlling wastewater, sludge, exhaust, and other types of discharge.

2-5. Ensure the safe management of chemicals that may pose risks of environmental pollution.

[Commentary]

In line with the laws and regulations of the countries and regions in which operations are conducted, efforts are encouraged to prevent environmental pollution and health hazards by clarifying procedures for the safe storage, use, and disposal of chemical substances contained in products and raw materials during the manufacturing stage, and by managing such substances appropriately.

2-6. Assess the direct and indirect impacts of business activities on ecosystems and strive to conserve and use biodiversity sustainably.

[Commentary]

With respect to the impact of business activities on the environment, ecosystems, and biodiversity, it is recommended that considerations be given not only to direct impacts, but also to indirect impacts due to the procurement of products and raw materials. In addition, continuous initiatives that take biodiversity conservation into account are encouraged.

3- Information Security

3-1. Implement and manage defenses against threats to computer networks in order to prevent damage to the company and to other companies.

[Commentary]

Management methods include establishing cybersecurity processes that comply with relevant standards in each country and region, and implementing appropriate countermeasures against threats such as cyberattacks, which may result in the leakage of trade secrets, including personal, customer, and business partner information and other confidential data, or in damage such as the encryption of important files through malware infection from targeted emails or directing to malicious websites.

3-2. Ensure reasonable measures to respect and protect the privacy of employees and all parties engaged in transactions, including suppliers, customers, and consumers.

[Commentary]

What is the right to privacy?

This refers to the right not to have one's private life, family, residence, or correspondence interfered with arbitrarily, unreasonably, or unlawfully, and not to have one's private factual information, non-public information, or information that a general person would not want disclosed to the public, improperly made public.

Recognizing the importance of protecting privacy in communications, including on the internet and social media, and taking the utmost care to prevent infringement are required.

3-3. Comply with laws and regulatory requirements relating to personal information protection and information security when collecting, storing, processing, transferring, and sharing personal information.

[Commentary]

What is personal information?

This refers to information about a living individual that can be used to identify that person, such as a name or date of birth.

Companies must establish and operate mechanisms to appropriately manage personal information, not only of their own employees but also of suppliers, business partners, customers, and third parties involved in their business. Personal information must be collected, stored, modified, transferred, and shared only within the scope of the specified purposes of use. In addition, if information is to be used beyond the stated purposes, prior consent from the individual concerned must be obtained.

3-4. Appropriately manage and protect confidential information received from customers and third parties.

[Commentary]

What is confidential information?

This refers to information disclosed in documents (including electronically or optically recorded data) that have been designated as confidential, or information disclosed orally with an accompanying notice that it is confidential.

Companies are expected to establish and operate appropriate mechanisms and management systems to control confidential information received from their employees, suppliers, business partners, customers, and others. (This includes developing codes and policies for employees to follow, planning, implementing, auditing, and reviewing measures in line with those codes and policies, setting information management levels, and providing employee education and training.)

4- Fair and Transparent Business Activities

4-1. Comply with laws, regulations, and international rules in all transactions, prohibit bribery and the improper transfer of benefits, protect fair competition, and eliminate unfair business practices.

[Commentary]

Examples include maintaining a policy of zero tolerance for bribery, corruption, extortion, and embezzlement of any kind; not promising, offering, authorizing, providing, or accepting any means to obtain undue or improper advantage; complying with competition laws in each country; and engaging in fair, free, and lawful competition through transparent processes in both domestic and international operations.

4-2. Eliminate relationships with anti-social forces from all business activities.

[Commentary]

Examples include systematically cutting off all relationships with anti-social forces that threaten the order and safety of civil society, firmly rejecting any demands by such forces to gain undue economic advantage, and cooperating with the police and other authorities to ensure that such relationships are eliminated.

4-3. Respect intellectual property rights, including patent rights, copyrights, and trademark rights, and prevent unauthorized use of third-party intellectual property and the illegal reproduction of copyrighted works.

[Commentary]

What are intellectual property rights?

These include patent rights, utility model rights, design rights, trademark rights, and copyrights. Intellectual property also includes trade secrets and technical know-how, and protection extends not only to the supplier's own intellectual property but also to that of third parties such as customers and suppliers.

This means protecting intellectual property owned by or belonging to the company from infringement by third parties, as well as refraining from any unauthorized acquisition or use of intellectual property of third parties, including suppliers, business partners, and customers, and from any infringement of their rights, including unauthorized copying of software and books.

4-4. To provide customers with safe and reliable products and services, comply with legal standards in Japan and other countries and regions in which products are sold, as well as

quality standards requested by customers, and strive to improve and enhance product quality.

[Commentary]

What is the provision of safe and reliable products and services?

This refers to fulfilling the responsibility of a supplier by designing, manufacturing, and selling products and services that meet the safety standards stipulated by the laws and regulations of each country and region, and that ensure sufficient product safety.

Efforts are required to establish and operate a management system for quality and safety, strive for continuous improvements in quality assurance, provide accurate and non-misleading information on products and services to customers, and respond to customer inquiries regarding products and services, promptly disclose information in the event of a serious accident, notify the relevant authorities, and establish systems for conducting product recalls.

- 4-5. Strive to establish hotlines through which employees, business partners, and consumers can report or consult on issues such as legal violations or human rights violations with confidence. In operating such contact points, strictly maintain confidentiality and prohibit disadvantageous treatment.**

[Commentary]

What are the reporting and consultation hotlines?

These refer to channels through which employees, business partners, or consumers who become aware of a compliance problem, such as a violation of laws or regulations and misconduct, or other potential wrongdoing by their companies, suppliers or their business partners, or who have suffered a human rights or labor-related infringement, can report or consult directly, either under their own name or anonymously.

Reporting and consultation channels must ensure that the confidentiality of the informant and the content of the report are secured, and that the informant does not suffer any disadvantageous treatment from the supplier or individuals as a result of having made a report.

- 4-6. Prevent the purchase and use of conflict minerals and raw materials that may be associated with crime.**

[Commentary]

What are conflict minerals and raw materials that may be associated with crime?

These refer to rare ores with a high risk of causing negative human rights or environmental impacts at the point of origin or during distribution, or those that may cause or contribute to serious human rights abuses, environmental destruction, corruption, or conflict in conflict zones and high-risk areas.

Efforts are expected to prevent the purchase or use of such materials, in cases where it cannot be reasonably assured that they are neither directly nor indirectly involved.

5- Contribution to Local Communities

- 5-1. Contribute to the sustainable development of the regions in which operations are conducted, work with local communities and residents to foster collaboration and build good relationships, and engage in activities such as job creation, skills development, prioritizing the purchase of local products and services, and developing suppliers.**

[Commentary]

Companies are expected to fulfill their roles as members of the local community, and to conduct business activities that contribute to the community's growth and development.

5-2. Conduct responsible business operations with consideration for affected communities.

[Commentary]

Recognizing that business activities may affect the local economy, society, and environment, companies are expected to take initiatives to eliminate harm to the health and safety of local communities and residents caused by production processes, products, and services.