

Guidelines for Sustainable Procurement

Introduction

These guidelines have been established with the aim of promoting procurement activities that balance environmental impact reduction, social contribution, and economic benefits in order to realize a sustainable society. We will cooperate with our suppliers and practice procurement in accordance with these guidelines.

Scope of Application

These guidelines apply to Yamada Electric Ind. Co., Ltd. and the affiliated companies that make up the YAMADA Group, and their suppliers. We expect primary suppliers with whom we have direct business with to understand the purpose of this guideline and deploy it to their suppliers to strengthen the entire supply chain.

Data disclosure and reporting methods

Each goal will be incorporated into quantitative management issues as our important KPIs, and data will be compiled and reported primarily in sustainability reports in accordance with the GRI Standards, an international reporting framework.

Respect for Human Rights

1. Basic Stance on Human Rights

Companies shall support and respect the protection of internationally proclaimed human rights and ensure that they are not complicit in (or contributing to) human rights abuses.

Examples of major international frameworks and norms on human rights: Universal Declaration of Human Rights, UN Global Compact's 10 principles, UN Guiding Principles on Business and Human Rights, etc.

2. Respect for human rights and prohibition of discrimination

Companies have a responsibility to respect human rights and to conduct their decision-making and business activities without discrimination based on race, nationality, gender, sexual orientation, age, ancestry, religion, ethnicity, immigration, etc., or against children, the elderly, people with disabilities, indigenous people, the poor, people infected with HIV/AIDS, etc.

3. Avoidance of complicity (facilitation) in human rights abuses

We take sufficient care to ensure that our decisions, business activities, products and services do not contribute to (encourage) human rights abuses by consumers or members of the community.

4. Respect and consideration for the life and culture of local communities or indigenous peoples

We respect the unique culture and history of indigenous peoples and minorities, and give consideration to the rights of indigenous peoples by observing not only local laws and regulations but also international standards. We will also operate our business responsibly, taking into consideration the local communities affected by our operations.

Providing an appropriate working environment

1. Basic stance on labor practices

Companies are expected to recognize the labor principles expressed in international norms and other standards, and apply them as universal values to the basic principles of the workplace.

Examples of key international frameworks and norms on labor:

Universal Declaration of Human Rights, ILO Core Labour Standards, UN Global Compact's 10 principles,

UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, UK Modern Slavery Act, etc.

2. Prohibition of discrimination in employment

No discrimination shall be made in hiring on the basis of race, nationality, gender, sexual orientation, age, ancestry, religion, ethnicity, immigration, disability, or any other factor other than reasonable factors such as the ability and aptitude of the individual.

3. Providing equal opportunities for employees regarding human resource development and career advancement, etc.

Provide equal opportunities for promotion, access to training, etc., without any loss of equity on the basis of race, national origin, gender, sexual orientation, age, ancestry, religion, ethnicity, immigration, disability, marital status, health status, or other factors.

4. Prohibition of inhumane treatment

Respect the human rights of employees and prohibit inhumane treatment, including abuse, corporal punishment, and harassment. In addition, a system such as an internal reporting system shall be established in case any behavior contrary to the above is recognized.

5. Payment of proper wages

Comply with the legal minimum wage in the country or region where the company operates, conclude appropriate collective labor agreements regarding overtime work, etc., and fairly apply premium wages, payment methods, etc.

6. Fair application of working hours, vacation, paid vacations, etc.

The statutory or pre-agreed working hours must be observed. Employees' working hours must be properly managed and they must be entitled to paid leave; they must be given at least one day off per week; they must be allowed to work up to two days per week; and they must be allowed to work up to three days per week.

7. Prohibition of forced labor

Do not allow workers to work against their will or to work in a manner that restricts their freedom to leave their jobs. We will not use unfair means of restraint to coerce workers or force them to work overtime. We will not unreasonably take custody of identification documents or improperly collect deposits.

8. Prohibition of child labor

We do not employ children under the legal working age in the country or region. We do not allow children to work in a manner that may be detrimental to their health, safety, or morals.

Examples: age verification at the time of employment, etc.

9. Respect for national and regional religious traditions and customs

Respect the traditions and customs of the country or region in which it operates, as well as the religious traditions and customs of its employees, and ensure that these are not interfered with by uniform work rules or other regulations.

10. Recognition and respect for freedom of association and the right to collective bargaining

Respect the freedom of employees to associate, join labor unions, and stage protests without reprisal, intimidation, or harassment, and provide opportunities for dialogue between labor and management.

11. Proper management of employee health and safety

Identify the risks of accidents that may occur during work, as well as the occurrence of chemical substances, noise, and odors that are harmful to the human body, and take appropriate safety measures, etc. (including responses to legal inspections, protective measures, hazard labels, chemical substance handling management, measures for hazardous work, designation of protective equipment, etc.). In addition, measures should be taken to ensure the mental health of employees.

Environmental Initiatives

1. Basic Stance on Environmental Initiatives

Companies are required to establish a system to recognize and resolve environmental issues in their business processes. They are also expected to take responsibility for identifying and managing causes and factors that affect the environment.

Examples of major international frameworks and norms related to the environment:

Rio Declaration on Environment and Development, 10 principles of the UN Global Compact, ISO 14001, Paris Agreement, Basel Convention

2. Control of chemical substances specified by laws and regulations in manufacturing processes, products and services

In addition to controlling chemical substances in products, the company will also monitor the amount of chemical substances handled and report to the government.

3. Control and reduce generation of wastewater, sludge, and exhaust air
Set voluntary environmental impact reduction targets at or above the levels required by law. In addition, prevent pollution, monitor and control wastewater, sludge, exhaust, etc., and work to reduce the amount of runoff.
4. Sustainable and efficient use of resources (energy, water, raw materials, etc.)
Set voluntary targets to implement resource and energy conservation, and continuously strive for effective use of resources and energy.
5. Reduction of greenhouse gas emissions
Set voluntary reduction targets for greenhouse gases such as carbon dioxide, methane, and chlorofluorocarbons as a response to climate change and global warming prevention, and work to reduce them.
6. Waste identification, management, reduction, and responsible disposal or recycling
Set voluntary reduction targets for waste and work to reduce them.
7. Biodiversity initiatives
Examine the direct and indirect impacts of our business activities on ecosystems, and work to conserve and sustainably use biodiversity.

Ensuring fair transactions

1. Basic stance on fair trade
Companies are required to conduct fair activities (anti-corruption, responsible political involvement, fair competition, elimination of relationship with antisocial forces and groups, etc.) in the business process of creating products and services.

Examples of major international frameworks and norms related to fair business practices:

UN Global Compact's 10 principles, OECD Guidelines for Multinational Enterprises, UN Convention against Corruption

2. Establishing appropriate relationships with local governments and public officials in Japan and abroad where we do business
Maintain healthy relationships between companies and public officials, including managing hospitality to public officials to prevent corruption.
3. Preventing the transfer of inappropriate benefits to and from customers, business partners, etc. in sales, purchasing, and other activities
Maintain healthy relationships with customers.
4. Prevention of violation of competition laws in business activities, etc.
Prevent unfair trade practices such as bid rigging, cartels, and abuse of a superior bargaining position.
5. Exclusion of Relationships with Antisocial Forces and Groups
Eliminate relationships with gangs, etc.
6. Prevention of unauthorized use of intellectual property of third parties and illegal reproduction of copyrighted works
Respect intellectual property rights such as patents, copyrights, and trademarks.
7. Contact for external complaints and consultations
Establish a system whereby a business partner or consumer who becomes aware of important risk information concerning transactions with the company can directly report or consult with a dedicated department or contact outside the company. In such cases, confidentiality shall be strictly maintained, and no disadvantageous treatment shall be inflicted.
8. Prohibition of insider trading
Prevent related persons, etc. of a listed company from using undisclosed corporate information to buy or sell shares, etc. of that company.
9. Prohibition of Conflicts of Interest
In situations where the interests of the employee and the interests of the corporation are in conflict, it is prohibited for the employee to enjoy personal benefits to the detriment of the corporation's interests. This applies to sales contracts between the company and its directors and gifts of company property.
Approval by a general meeting of shareholders or the board of directors is required.

Quality and safety of products and services

1. Basic stance on quality and safety of products and services We are required to ensure the quality and safety of the products and services they provide through their business activities, and to respond appropriately to customers, consumers, and others in the event of an accident.

Examples of major international frameworks and norms related to quality and safety:

ISO9001, IEC/ISO Guide 51, New Approach European Directive, HACCP, etc.

2. Ensuring quality and safety of products and services

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

3. Appropriate response in the event of product or service accidents or distribution of defective products

In the event of such a situation, a system for information disclosure, notification to the competent authorities, product recall, safety measures for suppliers, etc. shall be established.

Information management

1. Basic stance on information security

Companies are responsible for properly managing and protecting the information obtained through their business activities and taking protective measures against threats on their computer networks.

2. Protection against attacks on computer networks

Take protective measures against threats on computer networks and manage them so that they do not cause damage to the company and other companies.

3. Personal information and privacy protection

Appropriately manage and protect the personal information of customers, third parties, and employees.

4. Prevention of unauthorized use of confidential information

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

Ensure supply chain stability

1. Basic stance on the supply chain

Companies are expected to fulfill their social responsibilities in the business process of creating products and services. In order to practice sustainable procurement not only within the company but also throughout the supply chain, it is desirable to establish such a policy and to disseminate it both internally and externally. In accordance with this policy, it is expected that suppliers of the company will be informed of the items listed in the guideline, and that they will practice compliance with the guideline.

2. Selection of Procurement Partners

In accordance with our basic stance toward the supply chain, we will select procurement partners based on their quality, delivery time, price, technological development capabilities, and other factors, as well as on whether they fulfill their social responsibilities, and will conduct appropriate procedures to evaluate them. The specific evaluation method shall be specifically stipulated in the Sustainable Procurement Operation Procedures.

3. Use of raw materials free from conflict and criminal involvement (conflict minerals initiatives)

Prevent the purchase and use of gold (Au), tantalum (Ta), tungsten (W), and tin (Sn), which are conflict minerals related to inhumane acts by local armed forces in the Democratic Republic of Congo and neighboring countries, etc., and investigate and confirm with suppliers.

4. Feedback

If you have any comments regarding business activities with us, we will proactively share them with our company as a partner in enhancing value together.

Coexistence with local communities

1. Efforts to reduce damage to the health and safety of communities and residents

Work to eliminate noise, chemical substances, accidents, and other damage to local communities and residents caused by production processes, products, and service operations.

2. Contribution to and collaboration with local communities and residents toward sustainable development

Examples of initiatives with local communities:

Job creation and skills development, preference for purchasing local products and services, and supplier development.

Corporate governance

1. Companies are expected to comply with the law, follow social norms, meet social expectations, and strive to realize a sustainable society while taking care to avoid negative impacts on society and the environment, and must work to put these ideas into practice while making them known within the company. To this end, it is necessary to establish a system to manage risks related to ESG (Environment, Social, Governance) and implement the PDCA cycle (Plan, Do, Check, Act - Plan, Do, Check, Act - Plan, Do, Check, Assess, Improve).
2. Establishment of internal controls
To establish an organizational structure for sound corporate management, the company shall have in place management systems and mechanisms to ensure the effectiveness and efficiency of its operations as a corporation, the reliability of its financial reporting, compliance with laws and regulations governing its business activities, and the preservation of its assets.
3. Establish a business continuity plan (BCP) system
Establish a system for the continuation or early recovery of important operations and businesses in the event of a disaster (natural disaster, major fire, terrorist attack, etc.).
4. Establishment of an internal reporting system
Establish a system whereby any employee who becomes aware of a compliance problem or potential compliance problem, such as a violation of law or wrongful act in the company's overall corporate activities, or an employee who has suffered a human rights or labor infringement can directly report or consult with a dedicated department or contact outside the company. In such cases, confidentiality shall be strictly maintained, and the employee shall not be subjected to any prejudicial treatment.
5. Disseminate information on sustainability internally and externally
To ensure transparency by appropriately disclosing information internally and externally in response to demands for transparency and accountability from society and stakeholders (interested parties) with respect to corporate activities.

Reporting system

If any supplier becomes aware of any violation of the Sustainable Procurement Policy or the Guidelines in its dealings with the Company, the supplier shall immediately report such violation to the reporting desk set up by the Company.

Develop policies, select responsible parties, and train employees

Based on each guideline, create a policy, select a person responsible for the efforts, and educate employees on a regular basis to ensure that the policy takes root.

Monitoring and evaluation

1. Regular monitoring

We regularly monitor, evaluate, and provide feedback on our suppliers' sustainable procurement efforts.

2. Audits and improvement activities

To achieve our sustainability goals, we will conduct audits and remediation activities on an individual basis when our evaluation of the supplier under investigation does not meet the standards we have established. In such cases, we will not issue unilateral instructions or demands, but will work together as partners to improve the supplier's performance.

3. Review of transactions

We may revisit a transaction if the results of the survey at the time of a new contract or if the existing supplier does not show continuous improvement.

Conclusion

Through sustainable procurement, we will pursue a balance between environmental protection, social contribution, and economic benefits, and contribute to the realization of a sustainable society. Together with our suppliers, we will promote initiatives in line with these guidelines, and we ask for your understanding and cooperation in this endeavor.