

CSR Procurement Guidelines

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Nissha Co., Ltd.

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I. Nissha Group CSR

Nissha Group views sustainability as “initiatives for sustainable growth and development for both the company and society”. Based on this view, we consider social issues to be business opportunities. We strive not only to leverage our strengths to provide products and services that help solve these issues on a continuous basis, but also to strengthen the management foundation underpinning our business activities, reduce risks that could hamper business continuance, and promote governance to ensure these are all carried out appropriately. These activities will create the economic and social values stated in our Mission, allowing us to enrich people’s lives.

Nissha Group has signed the United Nations Global Compact. We support and actively engage in CSR (Corporate Social Responsibility) activities based on the 10 principles of the Global Compact related to "human rights," "labor," "environment," and "anti-corruption."

To advance our CSR initiatives, it is crucial to share a sense of "social responsibility" with our suppliers and collaborate closely. We believe that through this cooperation, we can achieve mutual prosperity across the entire supply chain.

We kindly request our suppliers to understand and adhere to the principles of this guideline, and to actively implement them. Additionally, we seek your cooperation in promoting and disseminating these principles throughout your supply chain.

II. Purchasing Principles

Nissha Group achieves sustainable procurement by building relationships of trust with our suppliers through mutually fair purchasing.

Nissha Group evaluates our suppliers in terms of fairness, impartiality, and comprehensively based on the following criteria.

1. Stable business foundation and reliable management principles
2. Excellent technology development and the abilities to propose products or services that consider environmental impacts
3. Provision of stable, high-quality products or services
4. Price competitiveness
5. Stable production capacity and lead times
6. Effective business continuity management plans

Nissha Group achieves sustainable procurement by working with our suppliers in the following areas.

1. Labor and human rights
2. Health and safety
3. Environment
4. Ethics
5. Information security

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III. Nissha Group CSR Procurement Guidelines

To fulfill social responsibility in the supply chain, we request our suppliers to adhere to the following principles.

1. Labor and Human Rights

1) Prohibition of Forced Labor

- Freedom of Labor - forced, restrained (including debt bondage) or prison labor using threats, coercion, abduction or fraudulent means, involuntary or exploitative prison labor, slavery or human trafficking shall not be permitted (including the transportation, harboring, recruitment or receipt of workers by similar means).
- There shall be no unreasonable restrictions on workers' freedom of movement within the facility in addition to unreasonable restrictions on entering or exiting company- provided facilities including, if applicable, workers' dormitories or living quarters.
- In the process of hiring workers, an employment contract that details working conditions written in the worker's native language shall be signed before the worker leaves the country of origin, and the contract shall not be changed prior to arrival in the host country.
- The contract shall comply with the laws of the host country, and no substitutions or changes shall be allowed in the employment agreement unless these changes are made to meet local laws and provide equal or better terms.
- All work shall be voluntary (not forced labor), and workers shall be given the freedom to take leave and terminate their employment contracts.
- Employers and employment agencies shall not take possession of (except as required by law), destroy, conceal, confiscate or prevent a worker from using any worker's identity documents, passports, work permits or immigration documents.
- When hiring a worker, employers and employment agencies shall not demand any money, such as fees for job placement or other employment-related fees. If they do require the worker to pay such fees, they shall refund them to the worker.

2) Young Workers

- Child labor shall not be used in any workplace, including the manufacturing process. The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.
- Workers under the age of 18 (young workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime.
- Companies shall comply with laws and regulations and properly manage their student workers by protecting the rights of students regarding their grades and education.

- Unless otherwise required by law, companies shall pay students, interns, and apprentices the same wage as regular workers performing the same or similar work.
- 3) Working Hours
- Working hours shall not exceed the maximum set by local law. Further, a workweek shall not exceed 60 hours per week, including overtime, and workers shall be allowed at least one day off every seven days.
- 4) Wages and Benefits
- Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits.
 - Workers shall be compensated for overtime at pay rates greater than regular hourly rates.
 - Deductions from wages as a disciplinary measure shall not be permitted.
 - For each pay period, workers shall be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed. All use of temporary, dispatch, and outsourced labor shall be complied with the law.
- 5) Humane Treatment
- There shall be no harsh or inhumane treatment including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion; nor is there to be the threat of any such treatment.
 - Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.
- 6) Non-Discrimination
- Companies shall commit to a workplace free of harassment and unlawful discrimination, and shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity or expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status in hiring and employment practices such as wages, promotions, rewards, and access to training.
 - Workers shall be provided with reasonable accommodation for religious practices and disabilities.
 - Workers or potential workers shall not be subjected to medical tests or physical exams that could be used in a discriminatory way.
- 7) Freedom of Association
- In accordance with laws and regulations, companies shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities.

- Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

2. Health and Safety

1) Occupational Health and Safety

- Potential hazards to workers (e.g., chemicals, electrical supplies and other energy sources, fire, vehicle, and fall hazards) shall be identified, assessed, and managed through proper design, engineering and practical controls, preventive maintenance, safe work procedures (including lockout/tagout), and continuous safety training.
- Where hazards cannot be adequately controlled by these means, workers shall be provided with appropriate, well-maintained personal protective equipment, and educational materials about risks associated with these hazards.
- In addition to providing adequate facilities for childcare mothers, companies shall remove childcare mothers from work performed in high-risk working environments and remove or reduce the occupational health and safety risks associated with work for pregnant women and childcare mothers.

2) Emergency Preparedness

- Potential emergency situations and events shall be identified and assessed in advance. Their impact shall be minimized by implementing emergency plans and response procedures including emergency reporting, worker notification and evacuation procedures, worker training, appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans.

3) Occupational Injury and Illness

- Companies shall develop a plan to implement procedures and systems to prevent, control, track, and report occupational accidents and illnesses (encourage worker reporting, classify and record cases of occupational accidents and illnesses, provide necessary medical treatment, investigate specific cases, and implement corrective actions to eliminate the causes, and ensure that workers' return to work).

4) Industrial Hygiene

- Worker chemical, biological, and physical exposures shall be identified, evaluated, and controlled in accordance with the management system, and hazards shall be eliminated and controlled through appropriate design, engineering, and operational controls.
- When hazards cannot be adequately controlled, workers shall be provided with and use personal protective equipment, and risk prevention training shall also be provided for hazards.

5) Physically Demanding Work

- The risks of physically demanding tasks such as manual handling of raw materials, heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly work that can strain workers' bodies shall be identified, evaluated, and controlled.

6) Machine Safeguarding

- Production and other machinery shall be evaluated for safety hazards.
- Physical guards, interlocks, and barriers shall be provided and properly maintained where machinery presents an injury hazard to workers.

7) Sanitation, Food, and Housing

- Workers shall be provided with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities.
- Worker dormitories provided by the company or a labor agent shall be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting, conditioned ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8) Health and Safety Communication

- Companies shall provide workers with appropriate health and safety information and education in their native language or a language they understand about workplace hazards (including but not limited to electrical, chemical, fire, and physical hazards).
- Health and safety-related information shall be clearly posted in the facility or placed in a location identifiable and accessible by workers.
- Training shall be provided for all workers prior to the beginning of work and regularly thereafter and workers shall be encouraged to raise any health and safety concerns without retaliation.

3. Environment

1) Environmental Permits and Reporting

- The factory shall obtain permits for waste and other environmental regulations and comply with and keep up to date with operational and reporting requirements to maintain and obtain subsequent permits and registrations.

2) Pollution Prevention and Resource Conservation

- When emitting pollutants and waste, companies shall install pollution prevention equipment and review production, maintenance, and facility processes to minimize or eliminate emissions prior to discharge from the

- factory.
 - Companies shall conserve the use of natural resources such as water, fossil fuels, minerals, and native forest products, and practice pollution prevention and resource reduction through production, maintenance, equipment process changes, material substitution, reuse, conservation, recycling, or other means.
- 3) Hazardous Substances
- Chemicals, waste, and other materials posing a hazard to humans or the environment shall be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal. Hazardous waste data shall be tracked and documented.
- 4) Solid Waste
- Companies shall review and systematically address their organizational systems for disposing of and recycling solid waste (other than hazardous waste) to manage and reduce it.
- 5) Air Emissions
- Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting substances, and combustion by-products generated from operations shall be characterized, routinely monitored, controlled, and treated as required prior to discharge.
- 6) Materials Restrictions
- Companies shall adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.
- 7) Water Management
- Companies shall implement a water management program that documents, characterizes, and monitors water sources, use and discharge, seeks opportunities to conserve water and controls channels of contamination.
 - Companies shall characterize, monitor, control, and treat all wastewater as necessary prior to discharge or disposal.
 - The operation of wastewater treatment methods and disposal systems shall be routinely monitored to ensure optimal operation and regulatory compliance.
- 8) Energy Consumption and Greenhouse Gas Emissions
- Greenhouse gas emissions under Scope 1 and 2 in the GHG Protocol shall be recorded and clearly stated so that they can be tracked at the facility and/or company level.
 - Scope 1 and 2 emissions shall be reduced by setting reduction targets.
 - Companies shall look for methods to improve energy efficiency and to minimize their energy consumption and greenhouse gas emissions.
 - Companies shall strive to identify and reduce their Scope 3 emissions.

9) Environmental Management System

- Companies shall obtain ISO 14001 certification or establish an equivalent environmental management system, and it shall be maintained.

To respond to the requests of our stakeholders, we define all the above environment-related items as green procurement and ask our suppliers to make efforts in this area.

4. Ethics

1) Business Integrity

- The highest standards of integrity shall be upheld in all business interactions. Companies shall have a zero-tolerance policy to prohibit all forms of bribery, corruption, extortion, and embezzlement.

2) No Improper Advantage

- Bribes or other means of obtaining undue or improper advantage shall not be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.
- Monitoring and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.

3) Elimination of Terrorist Activities, Weapons Manufacturing, and Money Laundering in the Supply Chain

- Companies shall confirm that they are not involved in terrorist activities, financing terrorists, manufacturing weapons, financing weapons production, or money laundering throughout the entire supply chain.

4) Disclosure of Information

- All business dealings shall be transparently performed and accurately reflected on the Participant's business books and records.
- Information regarding the participant's labor, health and safety, environmental practices, business activities, structure, financial situation, and performance shall be disclosed in accordance with applicable regulations and prevailing industry practices.
- Falsification of records or misrepresentation of conditions or practices in the supply chain shall be unacceptable.

5) Intellectual Property

- Intellectual property rights shall be respected. Transfer of technology and know-how shall be done in a manner that protects intellectual property rights, and customer and supplier information shall be safeguarded.

- 6) Fair Business, Advertising and Competition
 - Standards of fair business, advertising, and competition shall be upheld.

 - 7) Protection of Identity and Non-Retaliation
 - Programs that ensure the confidentiality, anonymity, and protection of supplier and worker whistleblowers* shall be maintained, unless prohibited by law.
 - * Whistleblower definition: Any person who makes a disclosure about improper conduct by a worker or officer of a company, or by a public official or official body.
 - Companies shall have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

 - 8) Responsible Sourcing of Minerals
 - Companies shall have a policy of reasonably assuring that the tantalum, tin, tungsten, and gold in the products they manufactures do not directly or indirectly benefit or finance armed groups that commit serious human rights abuses in the Democratic Republic of the Congo or adjacent countries.
 - Companies shall perform due diligence on the origin and distribution area of minerals and disclose their measures to customers upon request.
5. Information Security
- Companies shall understand the importance of information security, appropriately manage and protect personal information and confidential information obtained through business activities and prevent leakage or loss of such information. In addition, companies shall not use such information for any purpose other than business purposes.
- 1) Information Security Management System
 - Companies shall establish and continuously improve an information security management system to prevent leakage and loss of information obtained from customers and third parties, and to manage and use such information appropriately.
 - 2) Information Security Threats
 - Companies shall take appropriate measures to prevent cyber-attacks and other information security threats from affecting both internal and external parties.
 - 3) Personal and Confidential Information
 - Companies shall comply with the laws and regulations of each country and region concerning personal and confidential information and shall properly manage and protect such information.

In preparing these guidelines, the RBA "Responsible Business Alliance Code of Conduct" and other guidelines were used as references.

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