

Guidelines for Supplier's Assessment

We consider suppliers as our business partners vital to *Yoki-Monozukuri* and select them based on our Policies for Procurement in accordance with these Guidelines for Supplier's Assessment.

To contribute to realizing a sustainable society, we respect the Ten Principles of the United Nations Global Compact in procurement activities. Accordingly, we request our suppliers to fulfill social and environmental responsibilities, and prioritize suppliers that fulfill them.

We also ensure that these guidelines are understood by all of our suppliers and check their compliance through audits and other means. If our suppliers are found to be in contravention of these guidelines, we take appropriate action such as requesting improvements or discontinuing our business relationship with them.

We ask suppliers to implement activities along the same lines as our activities. We pursue *Yoki-Monozukuri* throughout the supply chain as a whole.

Social responsibility considerations for suppliers

- Implementation of measures to ensure compliance with laws and regulations and social norms;
- Maintenance of fair and transparent corporate governance;
- Formulation and implementation of measures to ensure compliance with corporate policies on ethics, including elimination of all forms of discrimination and prohibition of complicity in human rights violations;
- Implementation of measures to prevent forced labor, according to the following principles: every worker should have freedom of movement, no worker should pay for a job and no worker should be indebted or coerced to work;
- Implementation of measures to prevent child labor and illegal labor;
- Provision of a safe and hygienic working environment and compliance with labor laws;
- Compliance with labor conditions, including minimum wages and living wages, specified in laws and ordinances that are applicable in the relevant region;
- Respect for freedom to form or join a labor union;
- Support for measures that promote coexistence with society;

- Compliance with laws regarding business transactions, such as antitrust laws, and fair trade;
- Establishment of systems for the prevention, early discovery and rectification of misconduct (including thorough confidentiality of reporting except cases where disclosure is necessary for proper investigation, and prohibition of retaliation against whistleblowers, etc.);
- Establishment of rules on entertaining/being entertained by suppliers and giving/receiving business gifts to prevent unfair transactions, and a ban on bribing public officials;
- Appropriate reporting of any conflicts of interest;
- Strict control of confidential information in business activities, including personal information, and appropriate disclosure of information including cases based on social demands, for example information on animal testing;
- Implementation of measures to prevent infringement of intellectual property rights; and
- Implementation of necessary measures to ensure the stable supply of products, including Business Continuity Plan (BCP) preparations.

Environmental considerations for suppliers

- Establishment, maintenance and improvement of environmental management systems;
- Proper management of chemical substances;
- Establishment of a system to assess and control compliance with laws and environmental aspects of products;
- Self-management of biodiversity conservation, reduction of greenhouse gas emissions, resource and energy savings, and effective use of water;
- Waste reduction and proper waste treatment;
- Disclosure of environmental efforts including the publication of environmental reports; and
- Disclosure of product information (contents and information on environmental impact).