

# Sodick Sustainable Procurement Guidelines (2nd Edition)

Sodick Co., Ltd.

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Sodick Group, under the founding spirit of “Create,” “Implement,” and “Overcome Difficulties,” sets its guiding principle to provide the highest value to customers, and to contribute for a sustainable society as a company that “Create Your Future”. As society’s expectations on sustainability efforts have recently increased, in addition to activities of Sodick Group, it has become necessary to ask Sodick’s suppliers to implement corporate social responsibility activities. In order to promote sustainability in the supply chain, Sodick has decided to issue these guideline, and, Sodick asks that Sodick’s suppliers promote activities based on these Guidelines within their company and supply chain.

## 1. Human Rights and Labor

### ● Prohibition of Discrimination and Human Rights Violations

In any employment situation(\*1), suppliers will not violate human rights or discriminate on the basis of gender, age, nationality, race, ethnicity, place of origin, creed, religion, disability, sexual orientation, gender identity, genetic information, marital status, parental status, etc.

\*1 Application, recruitment, job grant, assignment of duties, education/training, wages, benefits, promotion, punishment, dismissal, resignation, etc.

### ● Prohibition of Harassment

Suppliers do not tolerate acts that harm the dignity of individuals through workplace harassment (\*2) and or peer pressure.

Suppliers will report and investigate complaints of harassment so that employees(\*3) can report harassment without fear of retaliation, intimidation, or harassing behavior.

\*2 Sexual harassment, workplace bullying, etc.

\*3 All people employed by suppliers regardless of their contract type. (The same shall apply hereinafter.)

- **Prohibition of Forced Labor**

Suppliers will not engage in the use of forced labor, prison labor, slavery labor, or take part in human trafficking through the use of violence or intimidation, debt bondage, etc.

Suppliers guarantee the right of employees to enter into employment voluntarily and freely.

Suppliers will not require employees to submit their passport, identification documents, or work permit without a valid business reason.

Suppliers will not unreasonably restrict employees from entering or leaving the facilities of suppliers or their movements within the said facilities.

- **Prohibition of Child Labor**

Suppliers do not allow the labor of children who have not reached the minimum working age under the laws and regulations of each country and region.

The minimum working age shall be the highest age among the following ages: 15 years old, the legal minimum working age under applicable national and local laws and regulations, or the age when compulsory education is completed.

- **Appropriate Payment of Wages**

Suppliers will pay salaries to employees in compliance with the applicable national and local laws and regulations concerning minimum wage, overtime, payroll deduction, benefits, etc.

Suppliers provide pay stubs to their employees.

- **Working Hours Management**

Suppliers will comply with the applicable national and local laws and regulations when deciding the working hours (including overtime) of employees and granting vacation days and paid annual leave.

- **Freedom of Association**

Suppliers will respect the right of employees to or not to associate freely in compliance with the applicable national and local laws and regulations.

Suppliers consult and interact in good faith with their employees or their representatives.

- **Ensuring Occupational Health and Safety**

Suppliers place the highest priority on ensuring the safety and health of their employees in the course of their duties, and strive to prevent accidents and disasters by complying with the laws and regulations of each country and region.

- **Action on Conflict Minerals**

Suppliers will conduct procurement activities taking into account the impact on local communities due to the use of raw materials (conflict minerals, etc.) that cause human rights violations, and strive to avoid their use if there are concerns.

## **2. Compliance**

- **Compliance with Laws and Regulations**

Suppliers will comply with the applicable national and local laws and regulations.

In order to ensure the said compliance, suppliers will work to develop policies and systems, action guidelines, reporting systems, education and other mechanisms.

- **Corruption Prevention**

Suppliers will make political contributions and donations in accordance with the laws and regulations of each country and region, and ensure transparency in their relationships with politics and government.

Suppliers will not entertain, give money or gifts to, or receive money or gifts from customers, suppliers, and other business partners for the purpose of gaining or maintaining improper benefits.

- **Management of Confidential Information**

Suppliers will protect confidentiality by obtaining confidential information of customers and third parties from legitimate authorized persons in a legitimate manner, and confirming the conditions such as the scope of use before using it only within that scope.

Suppliers will obtain all personal information of customers, business partners, employees, etc. in a legitimate manner, and suppliers will strictly manage the obtained information and use and protect it within an appropriate range.

- **Compliance with Competition Laws**

Suppliers will not engage in any act that violates the competition laws of each country or region, such as abuse of a dominant position, private monopolization, or unfair trade practices.

- **Intellectual Property Protection**

Suppliers will not infringe rights of third party intellectual property(\*4) such as by unauthorized acquisition, use, or copying of intellectual property of any third parties.

\*4 Patents, utility models, designs, trademarks, etc.

- **Export Control**

Suppliers will carry out appropriate export procedures and controls for the export of products, technologies, etc. regulated by the laws and regulations of each country and region.

- **Whistleblower Protection**

Suppliers will protect employees and other stakeholders who report a complaint from adverse actions such as dismissal, intimidation, and harassment.

- **Information Disclosure**

Suppliers will disclose information on management, finances, business activities, etc., to stakeholders in an appropriate manner, and strive to maintain and develop mutual understanding and relationships of trust with stakeholders through open and fair communication.

### **3. Environment**

- **Reduction of Greenhouse Gas Emissions**

In order to contribute to the prevention of global warming, suppliers will work to reduce the amount of greenhouse gases emitted by themselves by utilizing energy efficiently, using renewable energy, etc.

- **Contribution to a Recycling-Based Society**

Based on the idea of a recycling-based society, suppliers will appropriately dispose of waste in compliance with the applicable national and local laws and regulations, work to reduce the final waste disposal volume, and use resources efficiently.

- **Chemical Substance Management**

Suppliers will not allow their products to contain chemical substances prohibited by the laws and regulations of each country or region.

Suppliers will not use the said chemical substances in the production process either, and suppliers will monitor emissions and report to the government in accordance with the laws and regulations of each country and region.

- **Prevention of Air, Water, and Soil Pollution**

Suppliers will comply with the applicable national and local laws and regulations concerning the prevention of air, water, soil, and other types of pollution, and strive to protect the environment.

## **4. Quality and Safety**

- **Ensuring Quality**

Suppliers will strive to ensure adequate quality so that the level of performance required for the product/service is stably demonstrated.

- **Ensuring Safety**

Suppliers will produce and provide products and services that comply with the laws and regulations of the relevant country and region concerning safety.

## <Operation of the Guidelines>

- **Submit the Confirmation of Acknowledgement**

Sodick is asking all members of its supply chain to comply with these Guidelines. Sodick Group asks that suppliers submit the attached Confirmation of Acknowledgement by Suppliers to confirm that they have acknowledged with these Guidelines.

- **Introduce the Guidelines in Your Supply Chain**

Please ask the members of your supply chain to disseminate the policies included in these Guidelines.

- **Understanding of Current Status**

Sodick may ask to visit suppliers' factory, etc., to understand how much the policies included in these Guidelines are disseminated.

- **In Case of Problems**

If Suppliers find a situation that would be a problem in light of the policies included in these Guidelines, Suppliers are encouraged to report it to Sodick and to improve the situation. It is noted that Sodick may not be able to continue business with suppliers who Sodick thinks are not making adequate effort to improve the situation.

## Confirmation of Acknowledgement by Suppliers

Sodick is asking all suppliers who have received these Guidelines (Sodick Sustainable Procurement Guidelines 2nd Edition) to submit this Confirmation of Acknowledgement by Suppliers signed with the signature of their legal representative.

By submitting this Confirmation of Acknowledgement by Suppliers, suppliers will be understood that they have acknowledged these Guidelines regarding all products and services to be supplied to Sodick Group after the submission.

\* Sodick asks that this Confirmation of Acknowledgement by Suppliers be signed by an executive with the right of representation (CEO & President) or an executive delegated by the representative (e.g., executive officer).

Company name:

Signer title:

Signer name:

Signature date:

Signature (handwritten or filled in + representative's seal):

Please submit this document by email or postal mail to Sodick's procurement division specified on a separate document.