

Kanematsu Group

Sustainable Supply Chain Handbook

Purpose of This Handbook

We at the Kanematsu Group established [“the Action policy for building a sustainable supply chain”](#) in March 2024. Furthermore, with the [“Advancement of Supply Chain Management”](#) as our objective, we are currently developing our own Supply Chain Management process in line with the practical steps for corporate due diligence published by the Organization for Economic Co-operation and Development (OECD).

This handbook has been created as a common set of guidelines to support the Kanematsu Group in working together with our diverse suppliers, business partners, and others around the world (“suppliers and other relevant parties”) to achieve responsible procurement. In recent years, the business environment has undergone significant change, and companies are increasingly expected to demonstrate responsible behavior throughout the entire supply chain, including respect for human rights, environmental protection, and compliance with laws and regulations. Addressing these issues appropriately is important not only from a risk management perspective for both the Kanematsu Group and our suppliers, but also for securing social trust and fostering sustainable business growth.

The purpose of this handbook is as follows:

1. To enable our suppliers to gain a deep understanding of our approach to supply chain management.
2. To request the cooperation of our suppliers in implementing our policies and advancing supply chain management.
3. To provide information on sustainability-related issues and examples that may assist our business partners in addressing these issues.

The Kanematsu Group strives to build a supply chain that helps realize a sustainable society in partnership with our valued suppliers.

The Kanematsu Group's Approach to Supply Chain

Management

Ensuring Sustainable Supply Chains as a Responsibility of a Trading Company

We at the Kanematsu Group have the Corporate Principle on the basis of the words of founder, Fusajiro Kanematsu, "Let us sow and nurture the seeds of global prosperity." We make it our mission to contribute to the development of the global community and economy. Our business covers both the domestic and global markets. As a company rooted in the trading business, the information we receive daily from our suppliers is one of our greatest strengths. Further refining this strength and building sustainable competitive advantages into the future is not only our strategy but also our responsibility as a trading company.

We recognize that achieving stable and sustainable procurement, supply, logistics and services is one of our key issues in our diverse business activities.

To address this issue, we believe it is essential to appropriately recognize the negative impacts that our business activities or transactions with supply chain partners and other suppliers may have on human rights, the environment, and society, and to conduct risk-based due diligence to mitigate these impacts. This approach aligns with the risk-based approach as advocated by the Organisation for Economic Co-operation and Development (OECD) in its Guidelines for Multinational Enterprises; we formulated "Kanematsu Group's Human Rights Policy" in February 2023 and the "Action policy for building a sustainable supply chain" in March 2024.

We ask for the understanding and cooperation of our suppliers regarding the policies set forth below.

Kanematsu Group's Human Rights Policy

Our Corporate Principle of "Let us sow and nurture the seeds of global prosperity" is currently a concept that is tied to the public interest, social contributions, as well as contributions to international society and to humanity in general. This is reflected in our corporate philosophy as the starting point for our corporate activities.

The Kanematsu Group's Human Rights Policy ("the Policy") is based on our corporate philosophy and clarifies our measures to respect human rights in order to fulfill our responsibilities to all stakeholders.

The Kanematsu Group conducts business not only in Japan but also globally, and recognizes that respect for human rights in a wide range of value chains is an important social responsibility. We take steps to remedy any adverse human rights impacts caused or contributed to by our business operations. In addition, even if adverse impacts are not caused or contributed to by our business operations, we work to remedy any adverse human rights impacts that our products or services are directly linked to through business relationships. We ensure the sustainability and resilience of our business by fulfilling our responsibility to respect human rights.

1. Scope of Application

The Policy applies to all officers and employees (including contract and temporary employees) of the Kanematsu Group. We also require our suppliers, clients, business partners, and other relevant parties to respond appropriately in accordance with the principles of the Policy and work with them to promote respect for human rights.

2. Compliance with International Standards and Laws

As a signatory to the United Nations Global Compact, we support and respect international standards on human rights including the International Bill of Human Rights (Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights), the International Labor Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work

(conventions related to core labor standards), and the Children's Rights and Business Principles. We also respect human rights based on the UN Guiding Principles on Business and Human Rights.

We comply with the laws and regulations of the countries and regions in which we operate. If there is a conflict between internationally recognized human rights and the laws and regulations of each country or region, we seek ways to respect international standards of human rights.

3. Governance

An officer in charge of sustainability is responsible for the Policy and promotes efforts to respect human rights in accordance with the Policy. The Sustainability Management Committee comprising executive officers discusses the necessary measures to promote efforts and reports them to the Board of Directors. The Board of Directors supervises compliance with the Policy and the progress of efforts.

4. Human Rights Due Diligence

We identify and assess adverse human rights impacts of stakeholders involved in our business operations. We establish and continuously implement a human rights due diligence system to prevent and mitigate any adverse impacts.

- Scope and Human Rights Issues

We have designated salient human rights issues among the human rights issues that may arise in the value chain relating to the Kanematsu Group's business operations as outlined in the appendix and implement appropriate measures to address these issues.

- Identification and Assessment of Adverse Human Rights Impacts

We identify and assess potential and actual adverse human rights impacts.

- Human Rights Impact Assessment

In order to prevent and mitigate adverse human rights impacts, we take appropriate

measures based on impact assessment results. When multiple adverse human rights impacts are identified, priority is given to those that have most severe impacts on stakeholders and where delayed response would make them irremediable.

- Continuous Monitoring

In order to fulfill our responsibility to respect human rights, we continuously monitor the implementation of measures to prevent and mitigate adverse human rights impacts, and periodically review the effectiveness of these measures.

5. Information Disclosure

We appropriately disclose the progress and results of our efforts to respect human rights both internally and externally through our website and other media.

6. Dialogue and Consultation with Stakeholders

We strive to improve our efforts to respect human rights by engaging in dialogue and consultation with relevant stakeholders regarding the progress and results of our efforts.

7. Dissemination and Periodic Review of the Policy

We provide all officers and employees with appropriate education and training to promote understanding and awareness of the Policy and human rights. We also strive to deepen the understanding of our suppliers, clients, and business partners regarding the Policy. Based on the ongoing implementation of human rights due diligence and the results of dialogue and consultation with stakeholders, we identify salient human rights issues on a case-by-case basis and implement periodic reviews of the Policy.

8. Remedy

If adverse human rights impacts are caused or contributed to by our business operations, or if such trends become apparent, we take appropriate steps to remedy them. As an effective remedy, we pledge to establish a reporting channel that is available to internal and external stakeholders, to ensure anonymity and confidentiality to those who report to the channel, and to protect whistleblowers from any disadvantages that may arise as a result of

making a report.

Established:2/28/2023

JP : <https://www.kanematsu.co.jp/sustainability/social/human-rights>

EN : <https://www.kanematsu.co.jp/en/sustainability/social/human-rights>

Kanematsu Group's Human Rights Policy Appendix

We have set forth our policy regarding salient human rights issues based on the Kanematsu Group's Human Rights Policy as follows.

Prohibition of human trafficking, forced labor and child labor

We prohibit all labor practices that violate human rights, including all forms of human trafficking, forced labor, and child labor.

Respect for rights to freedom of association and collective bargaining

We respect basic labor rights including the right to freedom of association and workers' right to collective bargaining.

Prohibition of discrimination and harassment

We respect human rights and prohibit discrimination and all forms of harassment based on race, skin color, beliefs, religion, nationality, age, gender, origin, physical or mental disability or other factors.

Establishment of a safe and healthy work environment

We manage the adequate working hours of our employees, avoid excessive work, and secure minimum wage or higher based on the labor standards of respective countries. The maintenance and improvement of employee health is an important management issue, and we strive to promote health management and establish a safe working environment.

Employment of security company

In promoting our business activities around the world, we employ security companies when deemed necessary to protect the safety and security of employees, and we recognize that the use of weapons for security purposes entails a potential risk of human rights violations. We strive to respect human rights with regard to the employment of security companies by supporting the laws and international norms of the countries and regions in which we conduct business operations, as well as relevant international agreements such as the Voluntary Principles on Security and Human Rights, the Code of Conduct for Law

Enforcement Officials, and the Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.

Indigenous rights

We respect international norms and standards concerning the rights of indigenous peoples, such as the United Nations Declaration on the Rights of Indigenous Peoples, Indigenous and Tribal Peoples Convention, 1989 (ILO Convention No. 169), Free, Prior and Informed Consent (FPIC), and give due consideration to the human rights and cultures of indigenous peoples.

We also address human rights issues in the Materiality identified by the Kanematsu Group.

Promoting respect for human rights in the supply chain

We encourage all stakeholders to respect human rights in a wide range of value chains, and work with our suppliers, clients, and business partners to achieve stable and sustainable procurement, supply, logistics, and services and ensure the sustainability and resilience of our business.

Efforts toward a decarbonized society

We strive to avoid adverse human rights impacts associated with the progress of climate change, and work to reduce the environmental burden toward realizing a decarbonized society.

Addressing human rights issues in local communities

We contribute to the sustainable growth and development of local communities by addressing human rights issues in the communities in which we operate.

Established:2/28/2023

JP : <https://www.kanematsu.co.jp/sustainability/social/human-rights#sec02>

EN : <https://www.kanematsu.co.jp/en/sustainability/social/human-rights#sec02>

The Action policy for building a sustainable supply chain

1. Prohibition of forced labor and child labor

We prohibit labor practices that infringe human rights, such as forced labor and child labor.

2. Prohibition of discrimination and harassment

We respect human rights and prohibit discrimination and all forms of harassment based on race, skin color, beliefs, religion, nationality, age, gender, origin, physical or mental disability or other factors.

3. Respect for rights to freedom of association and collective bargaining

We respect basic labor rights, including the right to freedom of association and workers' right to collective bargaining.

4. Proper management of working hours and wages

We manage the working hours of our employees appropriately, avoid excessive working hours and ensure that they are paid at least the minimum wage in accordance with the labor standards of the respective country.

5. Maintenance of the working environment

We regard the maintenance and promotion of employee health as an important management issue, promote health management and strive to create a safe working environment.

6. Impact on local communities

We give consideration to human rights issues in the communities in which our Group operates and contribute to the sustainable growth and development of local communities.

7. Ensuring fair trade and anti-corruption

We comply with the laws and regulations of the countries and regions in which we operate, and ensure fair trade and anti-corruption.

8. Consideration for the global environment

In our business activities, we shall give consideration to the impact on biodiversity, environmental pollution and other environmental issues, and strive to reduce consumption of energy, water and other resources, as well as emissions of greenhouse gases and waste.

9. Safety and security of products and services

To ensure the safety of the products we handle, we shall comply with relevant laws and regulations and conduct appropriate product safety management.

10. Corrective action in cases of non-compliance

In the event of identified cases of non-compliance with this policy, we request corrective action from the supplier or other relevant party and, where necessary, provide guidance and support to the supplier or other relevant party. If it is deemed difficult to rectify the situation despite the ongoing guidance and support, we will take measures including a potential reconsideration of the business relationship with the suppliers or other relevant party.

11. Disclosure of information

We disclose information relating to the above policy in a timely and appropriate manner.

March 26, 2024

JP : https://www.kanematsu.co.jp/sustainability/social/supply_chain_management

EN : https://www.kanematsu.co.jp/en/sustainability/social/supply_chain_management

Advancement of Supply Chain Management

The Kanematsu Group is currently strengthening its supply chain management processes in line with the practical steps for due diligence recommended by the OECD. As part of these efforts, we are working to establish a supplier risk assessment framework that evaluates risks from multiple perspectives, including human rights, labor conditions, and environmental impacts. Going forward, we will continue to enhance collaboration both within the Group and with external partners to build a sustainable supply chain.

We may ask our suppliers to respond to questionnaires based on the 17 sustainability issues that we prioritize at the Kanematsu Group, to engage in discussions during our visits, or to cooperate with onsite inspections.

The following pages provide explanations and practical examples from the general public published in the appendix (General case studies) for each sustainability issue. We hope you will find them a useful reference, and we kindly request your understanding and cooperation as we work together to build a sustainable supply chain aligned with the Kanematsu Group's goals.

Kanematsu Group's 17 Priority Sustainability Issues

■ Human Rights



Forced Labor



**Excessive Labor/
Working Hours**



Child Labor



**Payment of Appropriate
Wages/Living Wages**



Discrimination



**Occupational Health
and Safety**



**Rights to Associate and
Join Labor Unions**



**Impact on Local
Communities**

■ Environment



**Climate Change (GHG
Emission Reduction,
Energy Conservation)**



**Effective Use of
Resources**



**Conservation of
Biodiversity**



**Conservation of Water
Resources**



Pollution Prevention

■ Governance



Business Continuity



Information Security



**Ethical Business
Practices**



**Quality Control/Health and
Safety of Users**



• Forced Labor

Forced labor refers to any work or service performed against a person's free will. The International Labour Organization (ILO) Convention No. 29 defines forced labor as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily."

Forced labor is also part of the broader concept of modern slavery, which includes practices such as debt bondage and human trafficking.

Examples of Applicable Cases

- An employer or third party involved in employment or recruitment, such as an agent, subcontractor, or broker (hereinafter "parties involved in employment or recruitment"), confiscates a worker's passport or identity documents, thereby restricting the worker's freedom of movement.
- Parties involved in employment or recruitment impose debts on workers, placing them in a situation where they are not able to freely leave their employment (i.e., debt bondage).
- Parties involved in employment or recruitment force individuals to work through human trafficking.
- Parties involved in employment or recruitment unilaterally impose excessive fees on workers.
- Parties involved in employment or recruitment imply or threaten disadvantages or retaliation for leaving their employment or refusing to work, causing workers to feel compelled to accept long working hours or unpaid overtime.
- Parties involved in employment or recruitment require workers to sign contracts written in a language they do not understand and that contain unfavorable terms.



Child Labor

Child labor refers to work that hinders the healthy development of children and violates International Labour Organization (ILO) conventions and recommendations.

In general, child labor includes the following:

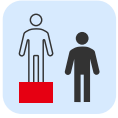
- Employing children who have not reached the minimum age for employment.
- Having children work before they have completed compulsory education.
- Engaging children in work that may harm their health, safety, or morals, such as hazardous tasks and night work.

Under the ILO Minimum Age Convention (No. 138), employment is prohibited for children under 15 years old (or under 14 in developing countries), and hazardous work is prohibited for individuals under the age of 18. Light work* may be permitted under certain conditions for children aged 13-14 (or 12-13 in developing countries).

*Light work refers to tasks or duties that impose a relatively low physical or mental burden.

Examples of Applicable Cases

- Children under 15 years of age are regularly engaged in work on farms or in factories.
- Children who have not completed compulsory education are working.
- Workers under 18 years of age are engaged in tasks involving hazardous machinery or the handling of chemicals.
- Workers under 18 years of age are engaged in night work or working long hours.
- No labor contracts or age-verification measures are in place, creating a risk of age misrepresentation.
- Children are assigned work on family-run farms that interferes with their schooling.



Discrimination

Discrimination refers to creating unfair distinctions in employment or treatment for reasons unrelated to an individual's abilities, aptitude, or performance. Unequal treatment in hiring, promotion, compensation, or access to training based on personal attributes constitutes discrimination.

Attributes that may be subject to discriminatory treatment include race, ethnicity, nationality, gender, age, disability, sexual orientation, religion, political beliefs, place of origin, marital status, and more.

Examples of Applicable Cases

- Rejecting job applicants due to their nationality or age.
- Considering gender or marital status when making promotion or evaluation decisions.
- Refusing to allow leave for religious reasons.
- Failing to provide necessary reasonable accommodations* for persons with disabilities.
- Giving unfavorable treatment based on medical examination results or pregnancy tests.
- Restricting training opportunities due to someone's sexual orientation or political beliefs.

*Examples of reasonable accommodation include adjustments to the work environment such as installing ramps or providing training materials in Braille.



• Rights to Associate and Join Labor Unions

The right to associate and join labor unions refers to the freedom of workers to establish or join organizations and participate in union activities without retaliation or undue interference from their employer. This includes the right to engage in collective bargaining regarding working conditions and the workplace environment.

Examples of Applicable Cases

- Providing disadvantageous treatment in promotions or performance evaluations because an employee joined a labor union
- Retaliating against or threatening employees for their participation in union activities
- Obstructing workers from independently establishing a labor union
- Failing to provide opportunities for collective bargaining and disregarding workers' demands for improved working conditions.
- Restricting employees' participation in workers' councils or consultative committees



Excessive Labor / Working Hours

Excessive work and long working hours refer to situations in which workers are required to work beyond statutory working hours or company policy, resulting in prolonged or excessive working hours. This includes cases where adequate breaks or days off are not provided, as well as non-payment of wages for overtime work. Long working hours may adversely affect workers' health and increase risks related to workplace safety and may also contribute to conditions that constitute forced labor.

Examples of Applicable Cases

- Working overtime beyond statutory working-hour limits has become routine.
- Overtime pay or premium pay for work performed on days off is not provided.
- Workers are not given sufficient break time or days off.
- Workers are forced to work excessive hours to meet performance quotas.
- The company does not record workers' actual overtime hours, effectively normalizing unpaid "off-the-clock" work.
- Long working hours are causing health problems or mental and physical strain.



Payment of Appropriate Wages / Living Wages

Fair compensation refers to wages that do not fall below the statutory minimum wage and include all legally required payments, such as overtime premiums and statutory benefits.

A living wage is defined as a level of pay sufficient for workers and their dependent family members to meet their basic needs. This concept of a living wage includes access to food, water, housing, education, healthcare, transportation, clothing, and savings for unforeseen circumstances, and generally exceeds the statutory minimum wage.

Examples of Applicable Cases

- Employing workers at wages below the statutory minimum wage.
- Making unfair deductions from wages (e.g., deposits, penalties, or other unjust charges).
- Delaying the payment of wages.
- Unilaterally changing the payment terms for compensation outlined in the employment contract.
- Failing to explain the conditions or breakdown of incentive-based pay or commission wages to workers.

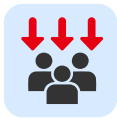


Occupational Health and Safety

Occupational health and safety refers to the measures implemented to reduce the risks of accidents and illnesses that workers may encounter while performing their duties, and to ensure a safe and healthy working environment. This includes securing the safety of equipment, proper management of chemical substances, operation and maintenance of sanitary facilities, and the establishment of emergency response systems.

Examples of Applicable Cases

- Machinery and equipment lack safety guards or emergency stop devices.
- Hazards such as electric leakage, fire risks, or slippery floors are left unaddressed.
- Hazardous chemicals are poorly managed, and appropriate protective equipment is not provided.
- No measures are taken to address environmental risks such as excessive noise or foul odors.
- Facilities such as toilets or cafeterias are unsanitary or do not meet safety standards.
- Emergency preparedness measures, such as evacuation routes and fire extinguishers, are not in place.
- Regular emergency evacuation drills are not conducted.



Impact on Local Communities

Impact on local communities refers to actions or circumstances related to business activities or supply chains that negatively affect the lives, rights, or environment of nearby residents. This includes land acquisition and forced displacement, deterioration of living conditions caused by noise or wastewater, and the excessive use of local natural resources.

Examples of Applicable Cases

- Forcing residents to relocate without obtaining their consent in the course of land acquisition.
- Failing to address noise or wastewater associated with factory construction, thereby worsening the living conditions of local residents.
- Undermining the living conditions of local communities through the excessive use of water and forest resources.
- Releasing pollutants from factories and causing health problems among local residents.
- Destroying the traditional hunting and gathering areas of Indigenous peoples through business-related deforestation, thereby depriving them of their means of livelihood.

Environment



Climate Change (GHG Emission Reduction and Energy Conservation)

Climate change refers to long-term changes in global average temperatures and weather patterns caused by increased emissions of greenhouse gases (GHG). These changes may lead to more frequent extreme weather events, rising sea levels, shortages of food and water resources, disruptions to ecosystems, and serious damage to economic activities and human health. In corporate activities, CO₂ and methane are emitted through manufacturing processes, transportation, and energy consumption; therefore, efforts to reduce these emissions and conserve energy are essential.

Examples of Applicable Cases

- Using energy-intensive equipment in manufacturing processes.
- Using power generation facilities that primarily rely on fossil fuels.
- Engaging in operations that result in refrigerant leakage and fluorocarbon emissions.
- Using high-emission transportation methods (such as aging trucks).



Conservation of Biodiversity

Biodiversity refers to the variety of living species on Earth, their ecosystems, and the genetic diversity that supports them. This diversity forms the foundation for human society and corporate activities by enabling essential functions such as the supply of food and water resources, climate regulation, and soil formation. However, when biodiversity is lost due to habitat destruction or the overexploitation of natural resources, the resilience of the natural environment declines, leading to increased business risks such as instability in resource procurement. Corporate activities, including raw material sourcing, land use, and waste emissions, may have significant impacts on ecosystems. Companies are therefore expected to conduct business with consideration for biodiversity conservation in order to maintain healthy and sustainable natural environments over the long term.

Examples of Applicable Cases

- Destroying habitats of endangered species through deforestation associated with raw material procurement.
- Illegally converting wetlands or natural forests into agricultural land.
- Altering ecosystem balance through illegal fishing or overharvesting.
- Damaging the habitats of surrounding species due to the discharge of chemical substances.



Pollution Prevention

Pollution prevention refers to efforts aimed at preventing wastewater, emissions, waste, chemical substances, and other outputs associated with business activities from causing adverse impacts on the environment. If these emissions are not properly managed, they may lead to air, water, or soil contamination, posing serious risks to the health of local residents and ecosystems. In addition to complying with laws and regulations, companies

are expected to continuously reduce environmental impacts and take proactive measures to prevent pollution.

Examples of Applicable Cases

- Wastewater treatment facilities are not in place, resulting in factory wastewater being discharged directly into rivers.
- Emissions of volatile organic compounds (VOCs) and dust are not adequately controlled.
- Chemical substances are improperly stored or disposed of, thereby creating a risk of leakage.
- Wastewater volumes or chemical usage are not recorded, which prevents the tracking of improvements.
- When outsourcing sludge or waste disposal, companies do not verify the contractor's compliance with applicable laws and regulations.



Effective Use of Resources

Effective use of resources refers to the sustainable and optimized utilization of finite resources such as energy, water, and raw materials. Continued wasteful or excessive consumption may lead to rising procurement costs and increased risks of resource depletion. Accordingly, companies are expected to reduce environmental impacts by promoting reuse and recycling, improving process efficiency, and adopting alternative materials to optimize resource utilization.

Examples of Applicable Cases

- Low material yield in the manufacturing process, resulting in large amounts of scrap.
- Discarding by-products that could otherwise be reused.
- Using excessive packaging materials or failing to use recyclable packaging.
- Insufficient waste segregation leading to a low recycling or resource recovery rate.

- Failing to consider recyclability or product longevity during product design.
- Not measuring or managing water and energy consumption, resulting in a lack of visibility into usage levels.



· Conservation of Water Resources

Conservation of water resources refers to the proper management of water usage in business operations and efforts to maintain a sustainable water cycle while preventing water pollution. Water is a finite resource, and its scarcity or contamination may significantly affect local communities as well as corporate activities. Therefore, it is essential for companies to minimize their impact on water resources by promoting efficient water use and reuse, and by ensuring appropriate wastewater management, in order to secure a sustainable water environment.

Examples of Applicable Cases

- Discharging wastewater that does not meet required water quality standards.
- Using large volumes of water in factory operations without any reuse or recirculation systems.
- Using cooling water or cleaning water on a single-use basis without reuse.
- Failing to record or manage water consumption or wastewater volumes, resulting in a lack of visibility into usage.
- Not implementing water-saving measures in regions where water resources are under strain.

Governance



Business Continuity

Business continuity measures refer to initiatives aimed at preparing for risks that may disrupt business operations, such as natural disasters, infectious disease outbreaks, cyberattacks, or political instability, and ensuring that critical operations continue or be restored quickly. These risks may affect a company's supply structure and social infrastructure; therefore, advance planning and the establishment of robust systems are essential.

A key initiative in this area is the development of a Business Continuity Plan (BCP).

Examples of Applicable Cases

- No risk assessment has been conducted.
- Raw material procurement is concentrated on a single supplier, making stable supply difficult during emergencies.
- No alternative production sites or logistics routes are secured for use in the event of a disaster.
- No backup systems are in place for IT system failures.
- No plans exist to ensure employee safety or adjust work arrangements during infectious disease outbreaks.
- Emergency communication networks and chains of command are not clearly defined.
- A BCP is in place but is not regularly tested or reviewed.



Ethical Business Practices

Ethical business practices refer to conducting business with integrity and transparency while complying with applicable laws and international standards. Unfair practices, such as bribery, improper benefits, anticompetitive behavior, or infringement of intellectual property rights, may damage a company's credibility and social reputation, thereby increasing

business risks. Ensuring ethical business practices and strengthening compliance under appropriate governance structures form the foundation for a company's sustainable growth.

Examples of Applicable Cases

- Receiving gifts or monetary items from customers or business partners that exceed socially acceptable courtesies.
- Engaging in prior agreements with competitors on pricing or sales territories (i.e., cartels).
- Imposing unreasonable contract terms unilaterally on suppliers.
- Providing improper benefits to antisocial forces.
- Offering money or entertainment to public officials or business partners to gain business advantages.
- Engaging in money laundering.
- Trading securities using non-public information (i.e., insider trading).
- Failing to accurately record or manage transactional information.



Information Security

Information security refers to the protection of information assets, such as customer data, transactional information, and technical data held by companies and business partners, from the perspectives of confidentiality, integrity, and availability. Information leaks, data tampering, or system failures may severely impact a company through loss of trust or operational shutdowns. Therefore, ensuring security through access control, data protection, and stable system operations is essential.

Confidentiality: Ensuring that information is accessible only to authorized individuals

Integrity: Ensuring that information is accurate and has not been altered

Availability: Ensuring that information is accessible when needed

Examples of Applicable Cases

- Storing or transmitting customer information or employee data without encryption.
- Allowing unauthorized third-party access due to password sharing or inadequate authentication mechanisms.
- Permitting the removal of confidential information via USB drives or other external storage devices.
- Insufficient access-rights management when using cloud services.
- Lack of countermeasures against cyberattacks such as ransomware or phishing.



Quality Control / Health and Safety of Users

Quality control refers to the systems and processes that ensure products and services consistently meet defined quality standards from design through manufacturing and delivery. Health and safety of users refers to ensuring that products do not pose risks of accidents or health hazards to users and that safety is secured in accordance with applicable laws, regulations, and international standards. Companies are expected to ensure high levels of quality and safety through safe product design, quality verification, and the appropriate provision of information.

Examples of Applicable Cases

- Using components that do not meet required safety standards.
- Omitting quality inspections during the manufacturing process.
- Failing to disclose information on chemical substances or allergens contained in products.
- Presenting performance claims in advertisements or catalogs that differ from actual specifications.
- Providing incorrect information on product labels or instruction manuals.
- Lacking a system for responding to customer quality complaints.

Sources

•International Bill of Human Rights

EN: <https://www.ohchr.org/en/what-are-human-rights/international-bill-human-rights>

JP: https://www.unic.or.jp/activities/humanrights/document/bill_of_rights/

•UN Guiding Principles on Business and Human Rights

EN: <https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights>

JP: https://www.unic.or.jp/texts_audiovisual/resolutions_reports/hr_council/ga_regular_session/3404/

•International Labour Organization (ILO) ILO Declaration on Fundamental Principles and Rights at Work

EN: <https://www.ilo.org/resource/conference-paper/ilo-1998-declaration-fundamental-principles-and-rights-work-and-its-follow>

•Children's Rights and Business Principles

EN: <https://www.unicef.org/documents/childrens-rights-and-business-principles>

JP: <https://www.ungcjin.org/activities/topics/detail.php?id=123>

•OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

EN: https://www.oecd.org/en/publications/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en.html

JP: <https://www.mofa.go.jp/mofaj/gaiko/csr/housin.html>

•United Nations Global Compact/Global Compact Network Japan

EN: <https://www.unglobalcompact.org/>

JP: <https://www.ungcjin.org/>

•Responsible Business Alliance (RBA) Code of Conduct

EN: <https://www.responsiblebusiness.org/code-of-conduct/>

JP: https://www.responsiblebusiness.org/media/docs/RBACodeofConduct8.0_Japanese.pdf

•Japan Electronics and Information technology Industries Association (JEITA)

JP: <https://www.jeita.or.jp/cgi-bin/public/detail.cgi?id=769&cateid=1>