

Toyodenso Supplier Sustainability Guidelines

Toyodenso Co., Ltd.
April 2024

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I. Introduction

The environment surrounding companies is undergoing rapid changes, such as global virus outbreaks, conflicts, and climate change. Despite such situation, we have strived to fulfill our corporate social responsibility of consistently producing and providing safe, high-quality products in a safe manner, with the cooperation of our valued partners like yourselves.

Previously, we have issued the "Supplier CSR Guidelines" in 2016 and revised them over time. Furthermore, in 2020, we introduced the "Supplier SDGs Guidelines" to further clarify the expectations we wished you to understand.

However, due to the recent rapid changes in societal conditions, the objectives we must achieve together with our partners are constantly evolving.

Therefore, we have integrated the previous "Supplier CSR Guidelines" and "Supplier SDGs Guidelines" into the newly revised "Toyodenso Supplier Sustainability Guidelines," incorporating new content.

In November 2022, when our 75th anniversary, we revisited our founding spirit, reaffirmed our corporate philosophy, and redefined it as follows: "We, by cherishing harmony, contribute to the future society by providing products full of dreams with reliable technology." We believe that the achievement of this corporate philosophy relies not only on us but also on the understanding and cooperation of all stakeholders.

Once again, we kindly ask our valued partners to understand the essence of these guidelines, implement them within your company, and request similar understanding and cooperation from your suppliers.

II. Purchasing Basic Policy

To achieve our corporate mission, which is our corporate philosophy "Harmony is the key to our philosophy, with safe and reliable technology, Products inspired from our dream, we will contribute to the society of the future". We conduct business activities not only with customers who use our products but also with our partners who cooperate with us.

Therefore, our purchasing department actively seeks and supports those suppliers who excel in global quality, cost, delivery, technology, environment, and ethical procurement, and starts transactions with suppliers who meet our standards based on these fundamental principles.

April 2024

Production Department, Purchase Department

III. Operation of this Guideline

This guideline is organized alongside not only the corporate philosophy, code of conduct, human rights policy, and environmental declaration of the Toyodenso Group, but also consolidates the content that our trading partners are expected to adhere to, referencing internationally recognized norms and frameworks such as the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the Universal Declaration of Human Rights and International Human Rights Treaties, the United Nations Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multinational Enterprises. aiming for compliance with our trading partners.

<Scope of Application>

This guideline applies to all suppliers including those involved in the procurement of products, materials, raw materials, and services by our company. In this guideline, "employees" refer to directly employed personnel such as regular employees, contract employees, part-time workers, temporary staff and part-time workers, while "workers" encompass indirect employees including dispatched workers and subcontracted laborers.

<Request Items for Operations>

1) Establishment of Management Structure

To promote efforts corresponding to the sector-specific requirements of this guideline, we ask you to establish an internal structure and strive for continuous improvement through appropriate operation.

2) Supply Chain Management

Please ensure that your company's policies, standards, and guidelines, including those that incorporate the content of this guideline, are disseminated to your suppliers (including subcontractors and subcontracted companies), and make efforts to understand the actual situation of suppliers and initiate corrective actions if issues arise.

3) Confirmation of Response Status

The Response status with this guideline may be confirmed through monitoring surveys conducted by our company in the future (including self-assessment surveys, on-site inspections, third-party audits, etc.). Monitoring surveys aim not only to identify potential risks but also to enhance the sustainability of the entire supply chain through continuous dialogue and collaboration, including the sharing of exemplary practices.

We ask all our trading partners to create and maintain documents and records to demonstrate their activities. Moreover, as part of monitoring, we may request disclosure and sharing of these documents and records from our company and/or third parties designated by us, conduct on-site inspections, and carry out interviews with workers. If any issues contrary to this guideline arises, we request prompt reporting to our company and efforts towards improvement.

4) Agreement to this Guideline

Our company commits to compliance with this guideline throughout the entire supply chain supporting manufacturing. We ask all our trading partners to thoroughly read and understand this guideline and collaborate with us in promoting initiatives together. All trading partners who receive this guideline are requested to confirm their agreement with our company's principles and sign and submit the designated form for compliance with the requirements of this guideline regarding all products and services supplied to our company.

1 . Safety·Quality

1.1 Provision of Products that Meet Customer (Client/Consumer) Needs

Understanding customer (client/consumer) needs and developing/providing socially useful products.

※Socially useful products refer to products that are easy to use for anyone regardless of age, gender, disability, etc., which Easy to use for everyone or environmentally friendly products such as energy-saving, resource-saving, and environmental conservation products.

1.2 Provision of Appropriate Information on Products/Services

Providing appropriate information about products/services to client / consumers.

1.3 Ensuring Product/Service Safety

Producing/providing products that comply with safety regulations established in each country/region.

1.4 Ensuring Product Quality

Establishing and operating a company-wide system to ensure quality.

2 . Human Rights·Labor

Basic policy of Toyodenso

Toyodenso has established the "Toyodenso Group Human Rights Policy" (hereinafter referred to as "this policy") based on the corporate philosophy of valuing "WA", which means harmony. This policy applies to all officers and employees of the Toyodenso Group. We expect understanding and support from our trading partners and business partners.

2.1 Prohibition of Discrimination

In all employment situations, discrimination based on race, ethnicity, nationality, religion, gender, or any other grounds is prohibited.

※In all employment contexts, this includes but is not limited to recruitment, hiring, promotion, compensation, termination, assignment of tasks, and disciplinary actions.

2.2 Prohibition of Harassment

Not only within the workplace but also in the advancement of business objectives, harassment in any form against any party is not tolerated.

2.3 Prohibition of Child Labor

We do not permit the employment of children who have not reached the legal working age as defined by the laws and regulations of each country or region. ※The legal working age generally refers to the age specified in conventions or recommendations

of the International Labor Organization (ILO) (ILO Convention No. 138: Principle 15 years old).

2.4 The Prohibition of Forced Labor, Modern Slavery, and Human Trafficking.

We ensure that all labor is voluntary and that employees are free to resign, and we do not engage in forced labor, slavery, or human trafficking.

2.5 Wages

We adhere to the laws and regulations of each country or region regarding minimum wage, overtime work, wage deductions, piece-rate wages, and other benefits.

※Minimum wage refers to the level set by wage-related laws and regulations in the respective country.

2.6 Labor Hours

We comply with the laws and regulations of each country or region regarding the determination of employees' working hours (including overtime), as well as the granting of holidays, annual paid leave, and other related matters.

2.7 Dialogue and Consultation with Employees

We recognize the right of employees to freely associate or not associate in accordance with the laws and regulations of each country or region. Additionally, we engage in sincere individual and/or collective negotiations through dialogue and consultation with employees directly or through their representatives on matters mutually affecting the workplace, such as wages and other working conditions.

2.8 A Safe and Healthy Working Environment

We prioritize ensuring the safety and health of employees in the performance of their duties and strive to prevent accidents and disasters.

2.9 Human Resource Development

We support employee career development and skill enhancement through human resource development.

3 . Environment

Basic Policy of Toyodenso

To promote harmony with nature and the environment as part of our corporate philosophy, Toyodenso establishes the ' Toyodenso Group Environmental Declaration' and ' Toyodenso Group Environmental Action Challenge' (hereinafter referred to as 'this policy') with the aim of achieving carbon neutrality by 2050. We hope for the understanding and support of our business partners and customers for this policy.

3.1 Environmental Management

To promote a wide range of environmental activities, we comply with the laws and regulations of each country or region and establish a company-wide management system to continually operate and improve.

3.2 Reduction of Greenhouse gas Emissions

To contribute to the prevention of global warming, we manage greenhouse gas emissions in our business activities and promote reduction efforts. Additionally, we strive for the efficient utilization of energy.

3.3 Prevention of Environmental Pollution in the Atmosphere, Water, Soil, etc.

Compliance with laws and regulations concerning pollution prevention in the atmosphere, water, soil, etc. in each country or region, along with continuous monitoring and reduction of pollutants, to prevent environmental pollution.

3.4 Resource Conservation and Waste Reduction

Reduce consumption of natural resources (such as water and energy), while complying with laws and regulations regarding proper waste disposal, recycling, etc., in each country or region, and strive to reduce the amount of waste through effective resource utilization.

3.5 Chemical Substance Management

We ensure the safe management of chemical substances with potential for environmental pollution. For products, we ensure compliance with regulations in each country or region by excluding chemicals prohibited by local laws and regulations. In manufacturing processes, we refrain from using banned chemicals and adhere to regulations by monitoring emission levels and reporting to authorities as required.

3.6 Biodiversity conservation

We understand the importance of biodiversity conservation and take maximum care.

3.7 Data Collection and Progress Reporting

We provide as much information as possible regarding the status of initiatives and acquired data related to environmental activities in response to requests from our business partners, including our company.

4. Responsible Sourcing of Minerals

We do not use minerals that could serve as a source of funding for armed groups in conflict regions, or that could lead to human rights abuses and environmental pollution. In the procurement of mineral resources used in our products (such as conflict minerals(※) and cobalt), we engage with suppliers who refrain from using minerals that pose risks to human rights and environmental pollution, and who engage in

conflict-free refining and processing. Additionally, we conduct investigations into these issues within our supply chain."

※Tin, tantalum, tungsten, gold

5. Compliance

5.1 Compliance with Laws

We comply with laws and regulations in each country and region. To ensure thorough compliance, we establish and implement company-wide policies, systems, and mechanisms such as codes of conduct, reporting systems, and education.

5.2 Compliance with Competition Law

We comply with competition laws in each country and region (such as the Antimonopoly Act and Subcontract Act in Japan), and do not engage in acts such as private monopolization, unfair trade practices (cartels, bid rigging, etc.), unfair trading methods, or abuse of dominant positions.

※A cartel refers to agreements among competitors regarding product prices, quantities, sales territories, etc.

※Bid rigging refers to agreements among bidders to determine the winning bidder or bid price.

※Abuse of dominant position refers to the unilateral determination or modification of transaction terms, imposition of unreasonable demands or obligations on trading partners, etc., utilizing the position of purchaser or contractor.

5.3 Prevention of Corruption

We do not engage in any form of corrupt behavior, including bribery, collusion, money laundering, fraudulent accounting, embezzlement, etc., and do not facilitate such corrupt acts through third parties. Political contributions and donations are made in accordance with the laws and regulations of each country and region, and efforts are made to establish healthy and normal relationships with politics and administration. No entertainment, gifts, monetary exchanges, or favors are provided or received to obtain or maintain unfair advantages or preferential treatment through conflicts of interest transactions or business partners.

5.4 Protection of Whistleblowers and Reports

Protection of whistleblowers and reports

We create an environment conducive to internal whistleblowing, and internal whistleblowers are protected from retaliatory actions such as dismissal by the employer,

as internal whistleblowing is considered a legitimate act.

5.5 Management and Protection of Confidential Information

We obtain and manage customer, supplier, third-party, and employee personal information, as well as confidential information from customers, suppliers, and third parties, through legitimate means. We handle this information with strict confidentiality, use it within appropriate boundaries, and protect it.

5.6 Export Trade Management

We conduct appropriate export procedures and management for the export of goods and technologies regulated by laws and regulations in each country and region.

※Goods and technologies regulated by laws and regulations in each country and region refer to components, products, technologies, equipment, software, etc., subject to export regulations based on international agreements and other regulations.

5.7 Protection of Intellectual Property

We protect our own intellectual property rights and those belonging to us, and refrain from obtaining or using third-party intellectual property rights through illegitimate means or infringing upon them.

※Infringement of intellectual property rights refers to the unauthorized infringement of patents, utility models, designs, trademarks, copyrights, etc. This includes illegal replication of computer software and other copyrighted materials, as well as the illegal acquisition and utilization of third-party trade secrets.

6. Risk Management

6.1 Risk Management Framework

We analyze the risks associated with corporate activities and establish and operate a company-wide management framework.

6.2 Development of Business Continuity Plan

We developed a Business Continuity Plan (BCP) for prompt recovery in response to disasters or accidents.

※A Business Continuity Plan (BCP) refers to a plan aimed at ensuring that critical business functions continue without interruption even in the event of a disaster or accident, and to expedite resumption if interruption occurs. This involves the formulation of plans, training, and periodic reviews to establish necessary mechanisms for business continuity.

7. Information Disclosure

7.1 Disclosure of Information to Stakeholders

We endeavor to disclose information such as financial status, performance, and business activities to stakeholders (interested parties) in a timely and appropriate manner and strive to maintain and develop mutual understanding and trust with stakeholders through open and fair communication.

8. Social Contribution

8.1 Contribution to the Community

We continue our activities towards building a better future society, including engagement in activities within the local community where our business operates.

9 Self and Supplier Deployment

9.1 The Framework and Implementation of Sustainable Activities Within Our Company

We establish and appropriately implement company-wide policies, structures, codes of conduct (guidelines), and educational mechanisms for the deployment of sustainable activities within our company.

9.2 The Framework and Implementation of Sustainable Activities from Our Company to Our Suppliers

We strive to understand the actual implementation of sustainable activities by our suppliers and provide education and support as necessary.

9.3 Approaches and Policies Towards Suppliers

When building positive relationships with suppliers, we establish internal regulations and conduct ongoing efforts based on principles of 'fairness' and 'impartiality', striving to lead by example.

IV. Supplier Self-Inspection

For sustainable initiatives, we encourage all our business partners to conduct self-audits (assessments) and voluntarily make necessary improvements. To facilitate this process, please utilize our guidelines provided for your reference.

[Consideration on Gifts and Entertainment]

To establish a healthy and positive business relationship with our business partners, employees are prohibited from requesting or hinting at any gifts, entertainment, or socializing from our business partners.

Furthermore, we prohibit accepting any gifts, entertainment, or socializing from our business partners that exceed the bounds of social norms. We appreciate your understanding and cooperation in this matter.

Specifically, we prohibit the following gifts, entertainment, and socializing:

- (1) Prohibition of dining entertainment from business partners except for company-designated events.
- (2) Prohibition of golfing, traveling, and other activities with business partners except for company-designated events.
- (3) Prohibition of accepting gifts from business partners.
- (4) Prohibition of receiving monetary gifts, checks, gift certificates, and similar items from business partners.
- (5) Prohibition of acquiring stocks based on undisclosed information or insider information from business partners.
- (6) Prohibition of receiving discounts on products through arrangements made by business partners.
- (7) Prohibition of receiving any other personal benefits from business partners.

Sincerely