

Hirata

CSR Procurement Guidelines

July 2024

Hirata Corporation
Procurement Division

Contents

1. Hirata's Basic Procurement Policy	3
2. Requests to Our Suppliers	4
3. CSR Procurement Guidelines	7
(A) Labor and Human Rights	8
(B) Health and Safety	12
(C) The Environment	15
(D) Ethics	18
(E) Management Systems	20
4. Glossary of Terms	23

Introduction

Hirata (“the Company”) endeavors to put into practice sustainable procurement activities by building partnerships with its suppliers through its corporate social responsibility (CSR) and fair trade in compliance with laws and regulations.

The Company will also aim for sound and sustainable growth together with its suppliers.

1. Basic Procurement Policy

We conduct procurement activities

- (1) In compliance with laws and ethics**
- (2) In a fair and just manner as an equal partner with our suppliers**
- (3) That give due consideration to human rights concerns and the reduction of environmental impact in the selection of suppliers and procured items**

Underlined words in text are included in Glossary of Terms from p. 23.

2. Requests to Our Suppliers

We ask that our suppliers understand our Basic Procurement Policy and the following requests and promote the latter to those effects.

- (1) We request that our suppliers assist us in our efforts with regard to Green Procurement, the responsible sourcing of minerals, TSCA regulatory surveys and energy consumption as well as in the ongoing reduction of greenhouse gas (GHG) emissions.**

Due to growing environmental awareness globally, the demands from customers are increasing. For our surveys, we request that suppliers promptly provide information and promote ongoing activities designed to reduce energy consumption and GHG emissions. We also request that they not purchase raw materials produced by labor under conditions that violate basic human rights, such as inhumane treatment.

- (2) We request that our suppliers develop stable supply systems for times when unpredictable disaster situations occur.**

When an unpredictable disaster occurs, we request that our suppliers share information such as the disaster's level of impact between the Company, our suppliers, and each affected supply chain to cooperate toward supply continuation as well as proceed with the implementation of normal risk management activities (contingency plans).

- (3) We aim to conduct business activities in accordance with our Action Guidelines, including our Sustainability Basic Policy*, while contributing to the realization of a sustainable society through the supply of production equipment systems to customers around the world with stakeholders.**

In promoting CSR procurement in our supply chain, we aim for the maximization of corporate value for and the achievement of sustainable growth of both the Company and our suppliers by working together with them on improving aspects that include labor (respect for human rights), ethics, and the environment, as well as health and safety.

* Hirata Group Sustainability Basic Policy: <https://www.hirata.co.jp/en/sustainability/>

- (4) We request that our suppliers obtain stakeholder personal information and customers' confidential information by lawful means. We also request that such information managed strictly, utilized appropriately, and protected.**

Taking measures to protect themselves against threats to their computer networks, we request that our suppliers promote information security management and risk management activities so that no damage is suffered by their companies and others.

- (5) For the export of controlled technologies and goods, we request that our suppliers implement appropriate export controls in accordance with the laws and regulations of each country or region.**

The export of goods, such as parts, products, technologies, equipment, and software is restricted by the laws and regulations of each country based on international agreements (the Wassenaar Arrangement, etc.).

- (6) We have opened a Supplier Helpline and posted the contact point on our website along with the amendment to the Whistleblower Protection Act. We request that our suppliers provide information when they become aware of illegal activities (or suspected illegal activities) by our employees.**

Based on the information provided, the Helpline Office (Compliance & Risk Management Department) will conduct an internal investigation and take corrective and preventative measures. The confidentiality of the reports will be respected, and no retaliation taken against those who file reports.

Supplier Helpline <https://www.hirata.co.jp/en/contact/supplier/>

- (7) We request that our suppliers communicate the requirements of the Hirata CSR Procurement Guidelines or equivalent CSR Procurement Guidelines of their company to their entire supply chain, and to confirm compliance with them.**

To fulfill our corporate social responsibility and provide our customers with reliable products, we request our suppliers' cooperation so that we can ensure through please CSR throughout their entire supply chains.

- (8) As members of the society, we request that our suppliers that actively engage in social contribution activities that assist in the development of international and local communities and help to address global environmental issues through their corporate activities.**

Please utilize your company's management resources to independently carry out social contribution activities.

(9) In response to the growing global interest in human rights, we are giving added impetus to our efforts in promoting respect for human rights. From the perspective of working with our suppliers to implement human rights due diligence, we would appreciate their cooperation when making requests to them with regard to the following:

- Answering CSR self-assessments
- Acceptance of field surveys
- Cooperation in the surveys of Tier 2 and lower suppliers

3. CSR Procurement Guidelines

The CSR Procurement Guidelines (hereinafter referred to as “the Guidelines”) are structured from viewpoints that include whether a supplier’s business environment respects its **workers** in terms of their safety, treats them with dignity, and whether environmental considerations are taken into account in business activities.

As a prerequisite for adopting the Guidelines, it is essential that suppliers understand that they must comply with national laws as well as rules and regulations in all aspects of their business activities. Under the Guidelines, the Company recommends that suppliers engage in even more advanced social and environmental activities. The Company also requests that its suppliers’ own supply chains understand the Guidelines and promote them to that effect.

The Guidelines are divided into five sections.

Sections A, B, C, and D cover matters concerning, respectively, Labor, Health and Safety, the Environment, and Ethics. Section E describes appropriate management systems for administering the Guidelines.

The Guidelines were drawn up with reference to the Responsible Business Alliance (RBA) Code of Conduct.

If you would like more detailed information, please refer to the following URLs:

RBA Code of Conduct Version 8.0 (effective January 1, 2024)

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

(Japanese version, for reference)

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

(Official English version)

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

A. Labor and Human Rights

Our suppliers shall uphold various international **norms**, including the human rights of workers, and treat their workers with dignity and respect.

1) Prohibition of Forced Labor

The Company requests that all labor be voluntary and in accordance with workers' free will and that they shall not be engaged in forced labor.

- Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor is not to be used, and the slavery or trafficking of the labor force is not permitted.
- There shall be no unreasonable restrictions imposed on workers or restrictions placed on their freedom. There shall be no restrictions on workers' freedom of movement. (The "freedom of movement" stated here refers to freedom in terms of residence, job transfers, and choice of occupation.)
- If foreign nationals or **migrant workers** are hired, the employment agreements and terms and conditions shall be written in their native languages, or languages workers can understand.
- If foreign nationals or migrant workers are hired, the employment agreements and terms and conditions received upon arrival in the receiving country shall equal or better those agreed to prior to departure from their home countries and also meet the applicable local (home country) laws. Workers' contracts shall clearly state that workers shall be free to leave work at any time and terminate their employment without penalty. Documentation on all workers who leave must be maintained.
- Not limited to foreign nationals, workers shall not be forced to surrender government-issued identification documents, passports, work permits, immigration applications, or immigration documents. In spite of the foregoing, the retention of documents will be limited only to those necessary to comply with local laws.
- Workers themselves shall not pay employers' or employer agents' recruitment fees or employment-related fees.

2) Young Workers

Child labor shall not be used under any circumstances.
The Company requests that workers under the age of 18 not be asked to perform work that is likely to jeopardize their health or safety.

- Child labor shall not to be used. (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 the oldest.) If child labor is identified, assistance/remediation shall be provided.
- 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.
- The proper management of student workers shall be conducted in accordance with applicable laws and regulations.
- The appropriate mechanisms to verify workers’ ages shall be put in place.
- The **wage rate** for student workers, interns (if paid), and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

3) Working Hours

So that workers’ working hours do not exceed legal limits, the Company requests that days off and vacations are managed in an appropriate manner, based on the laws and regulations of each country.

- Workers’ working hours are not to exceed the maximum set by local law. Furthermore, a workweek shall not exceed 60 working hours, including overtime work, except in emergencies or unusual situations. All overtime work shall be voluntary.
- Workers shall be allowed at least one day off every seven days or have days off set in a manner that meets legally stipulated standards.

4) Wages and Benefits

The Company requests compliance with all laws and regulations relating to minimum wages. All workers shall receive equal pay for equal work and qualifications, and welfare benefits and those wages shall not be unfairly reduced.

- Compensation paid to workers shall comply with all applicable wage laws, including those relating to **minimum wages**, overtime hours, and benefits.
- Workers shall be compensated for overtime at pay rates greater than their regular hourly rates.
- With the exception of cases based on procedures stipulated in advance by internal rules such as employment regulations, deductions from wages shall not be unreasonably made as **disciplinary measures**.

- Details of the salaries, bonuses, etc. shall be paid in accordance with duties performed by workers shall be made in an accurate, understandable and timely manner.
- All use of temporary, dispatch and outsourced labor shall be within the limits of local laws.

5) Non-Discrimination / Non- Harassment / Humane Treatment

Including the corporal punishment and harassment of workers, the Company requests the commitment that all its workers refrain from harsh or inhumane treatment, such as sexual harassment/abuse, physical punishment, mental/physical coercion, and verbal abuse. The Company requests that work environments be created so that applicants or employees are not discriminated against with regard to recruitment and hiring.

- Workers shall not to be subjected to sexual harassment, power harassment, corporal punishment, mental or physical coercion, or verbally abused.
- The disciplinary policies and procedures relating to sexual harassment, power harassment, corporal punishment, mental or physical coercion, and verbal abuse shall be clearly defined and communicated to workers.
- In employment practices such as wages, promotions, rewards, and access to training, there shall be no discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status, etc.
- A reasonable amount of consideration shall be given to accommodating employees' religious practices (dietary restrictions, prayers, etc.) and disabilities.
- Workers and prospective workers should not be subjected to medical or physical examinations that could be used in a discriminatory way.

(These are based on ILO Discrimination [Employment and Occupation] Convention No.111.)

6) Freedom of Association and Collective Bargaining

The Company requests that suppliers respect the right of workers to associate freely in accordance with the laws of each country. The Company also requests that suppliers engage in sincere dialogue and consultation with union workers.

Free communication between management and workers about working conditions is effective in resolving problems in the workplace.

- Workers' right to freedom of association, including the formation of labor unions, shall be respected in accordance with the relevant principles.

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

B. Health and Safety

Our suppliers shall minimize the incidence of work-related injury and illness, and they shall recognize that a safe and healthy work environment enhances the quality of products and services, worker retention, and motivation to work. Our suppliers also shall recognize that employee input and education are essential to resolve health and safety issues in the workplace.

1) Occupational Health and Safety

Recognizing the risks relating to workplace safety, the Company requests that those risks be identified, assessed, and managed through appropriate design, technology, and management measures as well as by safety training.

- The health and safety hazards (chemical, electrical and other energy sources, fire, vehicles, and fall hazards, etc.) to which workers could potentially be exposed shall be identified and assessed in an appropriate manner, managed by designs that either eliminate or reduce hazards, controlled through proper design, the implementing of engineering and administrative controls, preventative maintenance, and safe work procedures as well as by providing safety training.
- Workers shall be provided with appropriate, well-maintained, personal protective equipment, and educational materials.
- Gender-appropriate measures shall be taken. Efforts shall also be taken to reduce or eliminate health and safety risks, such as not assigning pregnant women, breast-feeding women, and their children to high-risk work environments.

2) Emergency Preparedness

The Company requests that emergency situations such as fires and earthquakes and possible events be identified and investigated so that preparations for emergency response measures can be made and training conducted.

- Emergency response plans and response procedures shall be put in place to keep emergency situations and impact and damage at times of emergency to a bare minimum. Including emergency occurrence reports, worker notifications, evacuation procedures, training, the installation of appropriate fire alarms and fire extinguishers, the securing of evacuation routes, and recovery plans, emergency drills are to be executed at least annually or as required by local law, whichever is the more stringent.
- Emergency measures shall include facilities with adequate emergency exits, contact information for emergency responders, and recovery plans.

3) Occupational Injury and Illness

The Company requests that suppliers prevent, manage, track, and ascertain the situation with regard to occupational injury and illness, so that reporting mechanisms and procedures are developed and implemented.

- Procedures and systems shall be in place to prevent, manage, track and report occupational injury and illness. (These include the classifying and recording of injury and illness cases, providing necessary medical treatment, investigating cases and implementing corrective actions to eliminate their causes, and facilitating the return of workers to work.)
- Without fears of disciplinary action, workers shall be allowed to remove themselves from imminent danger, and to not return until the situation has been brought under control.

4) Industrial Hygiene

In the workplace, the Company requests that suppliers identify and evaluate of situations in which workers come into contact with poisonous, deleterious or hazardous substances and harmful chemicals as well as noise or odors, so that these situations are appropriately controlled.

- Poisons, deleterious or hazardous substances, and chemically, biologically, and physically dangerous substances to which workers are exposed shall be identified, evaluated, and controlled based on a management system.
- To protect them from hazards and to ensure their health and safety, workers are to be provided with appropriate, well-maintained personal protective equipment along with educational materials.

5) Physically Demanding Work

The Company requests that situations that place physical demands on workers be identified, so that those situations can be investigated and controlled.

- Worker exposure to the hazards of physically demanding work shall be identified, evaluated, and controlled. (Such hazards include heavy or repetitive lifting, standing for long periods of time, and strenuous assembly work.)

6) Machine Safeguarding

The Company requests that the hazards of manufacturing equipment and other machinery be evaluated, so that safety measures can be taken, and proper maintenance conducted.

- In cases where production and other machinery present an injury hazard to workers, effective safety measures shall be put into effect and proper maintenance implemented.

7) Sanitation, Food, and Housing

The Company requests that suppliers provide their workers with sanitary toilet facilities, access to drinking water, and dining facilities.

- Toilet facilities and portable water and sanitary food preparation, storage, and eating facilities shall be provided and maintained for workers in a safe and clean condition.
- Worker dormitories, if any, shall be kept safe and clean and properly equipped including separate, secure facilities for the storage of personal belongings and valuables.
- Dormitory facilities shall provide workers with an adequate amount of personal space.

8) Health and Safety Communication

The Company requests that health and safety-related training and information be provided in a language that workers can understand.

- If there are foreign national workers, workplace health and safety information and training will be provided in the workers' native language or in a language they can understand. (If they can understand Japanese, to include provision in Japanese.)
- Workplace health and safety-related information shall be clearly posted in facilities or kept in locations that are identifiable and easily accessible by workers.
- Worker training shall be provided to all workers prior to the beginning of work and regularly thereafter.
- Health information and training shall include content on specific risks to relevant demographics, such as gender and age, if applicable.
- There shall be mechanisms in place and opportunities for workers to raise any safety concerns without receiving any retaliation.

C. The Environment

Suppliers shall be requested to understand that due consideration for the environment is essential for the manufacture of world-class products and that they should minimize any adverse effects on the environment and natural resources, including in terms of social and climate change as well as biodiversity, arising from manufacturing processes. At the same time, they shall be requested to safeguard public health and safety.

Subjects: Vehicles, equipment, offices, and factory areas etc.

1) Environmental Permits and Reporting

The Company requests that the necessary applications, notifications, and reports required by environmental laws and regulations be implemented and the permits obtained.

- All environmental permits, approvals, and registrations required under laws and regulations (including laws governing vibration, noise, water pollution, soil contamination, and waste as well as under the Fire Services Act) shall be obtained and maintained, and business operated with these kept current.

2) Pollution Prevention and Resource Conservation

The Company requests that the use of all resources, including water and energy, be reduced or curtailed by means of process improvements, recycling, reuse or other means.

- Measures shall be taken to reduce or minimize emissions of pollutants (such as hazardous chemicals) and the generation of waste, or those substances shall be removed.
- Programs shall be implemented, and measures taken to reduce and control the usage of natural resources, including water, **fossil fuels**, minerals, and virgin forest products.

3) Hazardous Substances

The Company requests that suppliers identify chemical substances that could pollute the environment be identified so that these are managed.

- In accordance with applicable laws and regulations, chemicals and other substances posing a hazard to humans or the environment shall be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal. Hazardous waste data shall be tracked and documented.
- Procedures shall be implemented to reduce, dispose of or recycle solid waste in accordance with laws and regulations.

4) Solid Waste

The Company requests that its suppliers implement systematic approaches to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous). Waste data shall be tracked and documented.

5) Air Emissions

The Company requests that suppliers identify air pollutants generated from their operations so that these can be monitored and managed appropriately.

- The characteristics of volatile organic compounds, aerosols, corrosives, particulates, ozone-depleting substances, and combustion byproducts generated by operations shall be verified, routinely monitored, controlled, and treated as required prior to discharge. They shall be discharged after having been monitored, controlled, and treated in accordance with laws and regulations.
- The performance of supplier air emission control systems shall be regularly monitored.

(Ozone-depleting substances shall be effectively managed in accordance with the Montreal Protocol and applicable regulations.)

6) Materials Restrictions

The Company requests that suppliers adhere to all applicable laws and regulations regarding specific substances and restrictions in products and manufacturing.

- The substances contained in the products being sold or manufactured shall meet applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances.

7) Water Management

The Company requests that suppliers implement systematic measures to prevent wastewater pollution.

- Suppliers are requested to: Implement water management programs to document, characterize, and monitor water sources, uses and discharges; seek opportunities to conserve water; and control pollutant pathways. All wastewater shall be characterized, monitored, controlled, and treated in accordance with laws and regulations prior to discharge or disposal. Routine performance monitoring of supplier wastewater treatment and containment systems shall be conducted to ensure optimal performance and regulatory compliance.

8) Energy Consumption and GHG Emissions

The Company requests that suppliers set and report on voluntary targets in implementing reductions in energy consumption and GHG emissions, while making ongoing efforts to reduce those emissions.

- Suppliers are requested to track, document, and publicly disclose their energy consumption and all significant Scope 1, Scope 2, and Scope 3 GHG emissions. They are also requested to seek ways to improve energy efficiency and to minimize their energy consumption and GHG emissions.

Scope 1: (Direct emissions) Direct emissions of GHGs generated from the use of fuel and gas in a company's own factories, offices, vehicles, etc.

Scope 2: (Indirect emissions) Indirect emissions of GHGs associated with the use of energy (electricity, steam, heat) consumed by a company

Scope 3: (Other indirect emissions) GHG emissions during the manufacture of goods purchased by a company and GHG emissions when consumers use a company's products.

Note: Scope 3 is classified into 15 categories. With an eye to the future, there is also an awareness of this in the Company.

D. Ethics

To meet their social responsibilities and achieve success in the marketplace, our suppliers are requested to uphold the highest standards of ethics, including the following:

1) Business **Integrity**

The highest standards of integrity shall be upheld in all business activities. The Company's suppliers are requested to maintain a zero-tolerance policy to prohibit any and all forms of corruption, extortion, embezzlement, and bribery.

- Suppliers shall maintain a zero-tolerance policy against bribery, corruption, extortion, and embezzlement of any kind.

2) No Improper Advantage

The Company requests that suppliers do not entertain, give or receive gifts, or give money to or receive money from business partners for the purpose of gaining or maintaining undue advantage or preferential treatment.

- There shall be policies in place that ban bribery or other undue or improper advantage in **stakeholder** relationships.

3) Disclosure of Information

The Company requests that suppliers disclose information on their financial situations and, business performance, and details of their business activities to stakeholders in a proper and appropriate manner. The Company also requests that suppliers strive to maintain and develop mutual understanding and trust with stakeholders through open and fair communication.

- Information regarding business activities and performance shall be disclosed appropriately in accordance with applicable laws and regulations. Falsification of records or misrepresentation of circumstances or practices shall be unacceptable.

4) Intellectual Property

In addition to protecting intellectual property (IP) rights owned by or belonging to their company, suppliers are requested to not illegally obtain, use, or infringe on the IP of third parties.

- Procedures shall be in place to safeguard IP rights, technology, and know-how as well as customer and supplier information.

5) Fair Business, Advertising, and Competition

The Company requests that suppliers uphold standards of fair business, advertising, and competition.

- There shall be written policies for fair business, advertising, and competition standards.

6) Protection of Identity and Non-Retaliation

The Company requests that suppliers have in place systems to prevent, detect, and respond to fraudulent acts at an early stage in a way that protects and safeguards the confidentiality of matters reported by business partners and workers.

- There shall be mechanisms in place for anonymous whistleblowing of ethical or legal violations and mechanisms to protect whistleblowers from retaliation.

7) Responsible Sourcing of Minerals

The Company's suppliers are requested to avoid the sourcing of minerals from illegal mining in conflict areas and resource procurement that contributes to human rights violations. Suppliers are also requested to disclose information about the mineral refineries and distribution processes.

- There shall be in place a policy of not purchasing, adopting, or purchasing products containing minerals (the tantalum, tin, tungsten, gold, and cobalt) that are extracted from conflict areas, or whose extraction, transportation or trade relates to serious human rights violations, and due diligence shall be exercised.

8) Privacy

In addition to obtaining personal information of stakeholders as well as confidential information of customers and third parties by lawful ways, the Company requests that such information be strictly managed, used within an appropriate range, and safeguarded.

- The Company's suppliers are requested to maintain a policy of protecting the personal and confidential information of stakeholders. If personal and confidential information is shared, suppliers shall comply with privacy and information security laws and regulatory requirements.

E. Management Systems

Suppliers shall adopt or establish a management system related to the Guidelines. The Company also requests that suppliers facilitate the continual improvement of such management systems.

1) Company Commitment

The Company requests that suppliers establish policy statements, endorsed by executive management about human rights, health and safety, the environment and ethics affirming their commitment to due diligence and continual improvement.

- Policy statements shall be made public and communicated to workers in a language they understand.

2) Management Accountability and Responsibility

The Company's suppliers are requested to clearly identify the senior executive and company representative(s) responsible for ensuring (making certain) that management systems and associated programs are implemented.

- Responsibilities and authorities shall be clearly defined for labor, human rights, health and safety, the environment, and ethics to ensure implementation of the management system and compliance with laws, regulations, and norms.

3) Legal and Customer Requirements

The Company requests that suppliers identify, monitor, and understand applicable laws, regulations, and customer requirements.

- Processes shall be in place to regularly monitor and understand applicable laws and customer requirements regarding labor, human rights, health and safety, the environment, and ethics.

4) **Risk Assessment** and Risk Management

The Company requests that suppliers adopt or have in place processes to identify the legal compliance, environmental, health and safety, labor practice, and ethics risks (including risks that have severe impacts on human rights and the environment) associated with their operations.

- The relative significance for each risk shall be determined, and appropriate procedural and physical controls implemented to control the identified risks and ensure regulatory compliance.

5) Improvement Objectives

The Company requests that suppliers set action targets to improve social and environmental performance and conduct regular evaluations.

- There shall be written performance objectives, targets, and implementation plans to assist suppliers in improving their social, environmental, and safety activities, the level of achievement of which shall be periodically assessed.

6) Training

The Company's suppliers are requested to conduct training sessions for managers and workers to enable them to implement policies, procedures, and improvement objectives.

- Policies, procedures, and improvement objectives related to labor, human rights, health and safety, the environment, and ethics shall be clarified for all workers, and there shall be training programs in place to meet applicable legal and regulatory requirements.

7) Communication

The Company requests that suppliers clearly and accurately communicate their policies, practices, expectations, and achievements to workers, business partners, and customers.

- Appropriate and effective procedures shall be in place for suppliers to communicate and report practices and conditions with regard to labor, human rights, health and safety, the environment, and ethics to stakeholders.

8) Worker/Stakeholder Engagement and Access to Remedy

The Company requests that its suppliers have in place processes for ongoing two-way communication with workers, representatives, and other stakeholders where relevant or necessary.

- The process shall aim to obtain feedback on operational practices and conditions covered, and to foster continuous improvement.
- Workers shall be provided with a safe environment in which to state their grievances and give feedback on labor, human rights, health and safety, environmental management, and ethics in the workplace, enabling them to report anonymously without fear of reprisal or retaliation.

9) Audits and Assessments

The Company requests that its suppliers conduct periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of the Guidelines, customer contractual requirements, and other social and environmental responsibility.

- Self-evaluations shall be periodically conducted to confirm compliance with legal and regulatory requirements as well as customer requirements.

10) Corrective Action Process

The Company requests that suppliers have in place a process for the timely improvement of any cases of issues identified by internal or external assessments.

- There shall be a procedure in place to correct deficiencies and nonconformities identified by internal and external assessments, inspections, investigations, and reviews.

11) Documentation and Records

The Company requests that suppliers to record and document the status of legal compliance and conformity to requirements.

- Proper documentation and records shall be maintained on the management of labor, human rights, health and safety, environment, and ethics, and the appropriate access controls shall also be in place to ensure the protection of personal information.

12) Supplier Responsibility

The Company requests that suppliers communicate the requirements of the Guidelines to their entire supply chains and confirm their compliance with them.

- There shall be a process in place for communicating the requirements of the Guidelines to entire supply chain involved in the products supplied to the Company and for confirming the status of their compliance with the Guidelines.

4. Glossary of Terms

A	Air emission control	A system for collecting and monitoring, a variety of information on atmospheric environmental load in real time.
	Anti-corruption laws	Laws that prohibit companies from bribing foreign public officials (or depending on the situation, private companies) for the purpose of gaining business advantage.
	Audits	In view of the standards such as laws and regulations to be complied with and internal regulations regarding certain events and subjects, companies collect evidence of whether their operations and deliverables are in compliance with those laws and regulations. Based on that evidence, audits provide reasonable assurance to interested parties of the effectiveness of the subjects of the audits.
B	Bribery	The giving and receiving of bribes.
C	Corporate Social Responsibility (CSR)	In general, CSR means that a company will, in addition to seeking profits, take responsibility as a company for social contribution activities, such as environmental, volunteer, and donation activities as well as for the impact that its organizational activities have on society. The term refers to making decisions and carrying out activities that meet the demands and expectations of all stakeholders.
	Corrosives	Substances that react with metals and lead to corrosion.
	CSR procurement	The setting of standards from the viewpoint of social responsibility when companies and others select suppliers and set procurement conditions. Also, to request that business partners fulfill their social responsibilities.
D	CSR Procurement Guidelines	The realization of CSR procurement necessitates that the Company and its suppliers share values and work together on CSR along the entire supply chain. Believing that this will lead to coexistence and co-prosperity with our suppliers, we have here set out what we expect of our suppliers as the CSR Procurement Guidelines.
	Disciplinary measures	Taken against a person who disobeys a business order or commits a criminal act, the purpose of disciplinary measures is to maintain order in a company organization.
	Due diligence	A duty of care and efforts that should be carried out as a matter of course, required of companies and other entities. A duty of care established as an obligation for companies, so they do not commit or are not complicit in human rights violations.
E	Employment practices	What is customarily being done with regarding of employment.
	Environmental, health and safety	Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchen/cafeteria and worker housing/dormitories.
	Ethics	The correct course of action to follow as a person. The universal standard for judging right and wrong. Morals.
F	Fossil fuels	Fuels such as coal, oil, and natural gas formed in the earth from the changed remains of plants and animals from the distant past.
	Freedom of association	A form of liberty, the right that anyone can form an organization (association). The term also includes the right to join or leave an organization and the right to dissolve an organization.

G	Greenhouse gases	A typical example is carbon dioxide, which is mainly produced when fossil fuels (coal, oil, natural gas, etc.) are burned. (There are various kinds of greenhouse gases, but the term refers in particular to the seven substance groups specified in the Kyoto Protocol: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons [HFCs], perfluorocarbons [PFCs], sulfur hexafluoride [SF6], and nitrogen trifluoride [NF3].)
I	ILO	Abbreviation for International Labour Organization
	ILO Declaration on Fundamental Principles and Rights at Work	The ILO Declaration was adopted by the International Labour Conference on June 18, 1998, to meet the challenges of globalization. The principles and rights identified in the Declaration are as follows: <ul style="list-style-type: none"> • Abolition of all forms of forced labor (ILO Convention Nos. 29, 105) • Effective abolition of child labor (ILO Convention Nos. 138, 182) • Elimination of discrimination in employment and occupation (ILO Convention Nos. 100, 111) • Effective recognition of freedom of association and the right to collective bargaining (ILO Convention Nos. 87, 98)
	ILO Discrimination Convention No. 111	Convention No. 111, Convention Concerning Discrimination in Respect of Employment and Occupation, 1958
	Integrity	A word that means concepts such as honesty, sincerity, and principled.
M	Migrant workers	Workers who have moved from one country to another.
	Minimum wages	The minimum amount of wages that employers will pay their workers determined by each country and region based on laws.
	Montreal Protocol	Designating substances that may deplete the ozone layer, an agreement adopted at a UN meeting in Canada for the purpose of regulating the manufacture and consumption of and trade in those substances.
N	Norms	In contrast to factual propositions described as “is,” norms are propositions, or their systems described as “should be.”
P	Power harassment	Against the backdrop of a sense of workplace superiority toward those who work in the same workplace, such as in terms of job status and human relationships, actions and behavior that go beyond the bounds of what would be considered right and proper in business, cause mental anguish or physical pain, or are detrimental to the working environment.
R	Responsible Sourcing of Minerals	Not purchasing, adopting, or purchasing products containing minerals (the tantalum, tin, tungsten, gold, and cobalt) that are extracted from conflict areas, or whose extraction, transportation or trade contributes to serious human rights violations.
	RBA Code of Conduct	Originally named the Electronics Industry Code of Conduct (EICC), which companies such as HP, IBM, and Dell were instrumental in formulating, the RBA Code of Conduct was created in relation to their supply chain. The RBA Code of Conduct defines the criteria for ensuring safe working environments, that workers are treated with respect and dignity, and that manufacturing processes are conducted responsibly in terms of their environmental impact. Responsible Business Alliance The Hirata Group’s CSR Procurement Guidelines are based on the RBA Code of Conduct. Should you require more detailed information, you may find it useful to refer to the URL below. Reference URL: https://www.responsiblebusiness.org/media/docs/RBACodeofConduct8.0_English.pdf

	Risk assessment	Exploring, from overall aspects right down to the details, a company's organization, processes, operations, technologies, strategies, and personnel, a process that serves to identify points that could pose a risk and examines the impact of such risks.
S	Sexual harassment	Suffering disadvantage at work or the working environment being impeded due to sexual behavior against the will of the other person.
	Specific substances	Of the substances generated during synthesis, decomposition, and other chemical processes, including ammonia, hydrogen fluoride, and hydrogen cyanide, those that may cause harm to human health or the living environment.
	Stakeholders	Shareholders, managers, workers, customers, business partners, etc. who are affected by the activities of companies and other organizations
	Supply chain	The linking of all processes, from the raw material stage to the delivery of products and services to consumers.
V	Volatile organic compounds (VOCs)	The generic name for organic chemical substances, as typified by toluene, xylene, and ethyl acetate, that vaporize into the atmosphere at normal temperature and pressure.
W	Wage rate	The wage paid for a fixed amount of time or amount of work.
	Workers	In addition to full-time employees, this term applies to all persons working on the premises, regardless of whether they are in a direct employment relationship. These include contract employees, temporary employees, part-time workers, part-timers, and contractor employees.
Z	Zero tolerance	A system by which intolerance is considered correct, penalties are set down in detail and strict disciplinary measures taken on any violation.

<Revision History>

Edition	Creation/revision date	Revised content
0	September 1, 2021	First edition
1	December 15, 2022	Slightly revised wording to ensure consistency with Basic Procurement Policy. Hirata Corporation → Hirata Group, business partners → suppliers, etc.
2	February 16, 2024	Added requests for our suppliers. In the Glossary of Terms, revised the explanation about the RBA Code of Conduct and CSR Procurement Policy, and added postscripts to the Environment, and Health and Safety sections. Additional revisions based on the changes from RBA Version 7.0 to RBA Version 8.0.
3	July 3, 2024	Request-based revisions, including to the Responsible Sourcing of Minerals section.