

Efforts for Responsible Procurement

<Requests to Business Partners>

In order to promote the responsible procurement activities defined in the “Policy for Procurement,” S. T. Corporation and its group companies (hereinafter collectively referred to as “our corporate group”) formulated the S. T. Corporation’s Guidelines for Responsible Procurement (hereinafter referred to as “these Guidelines”), and we would like all business partners related to the products and services of our corporate group to comply with these Guidelines. We would like to request all our business partners to cooperate with our corporate group in realizing a sustainable society after understanding the aim and contents of these Guidelines.

【Application】

- We would like to ask all our business partners to establish a policy and a management system for facilitating the understanding and diffusion of these Guidelines and achieving continuous improvement inside each company in order to comply with these Guidelines.
- In case the services and products of our corporate group are subcontracted, we ask for initiatives for facilitating the understanding and diffusion of these Guidelines among the subcontractors as well. Furthermore, in case our corporate group deems it necessary, we ask for cooperation in checking whether the subcontractors comply with these Guidelines.
- If there is any contradiction between these Guidelines and globally acknowledged standards, principles or laws, ordinances, regulations or the like of each country, we will pursue a method allowing for the maximum respect for stricter standards.
- Our corporate group will recognize the compliance with these Guidelines as one of judgment criteria for continuing transactions with our business partners.

【Compliance check】

- In some cases, we request our business partners to answer a questionnaire, or undergo an audit by our corporate group or a third party in order to check whether these Guidelines are complied with. Moreover, when implementing audit, we may entry to product-related facilities including production, residential and lodging facilities, canteens and waste processing facilities, inspect related documents and records, and question and interview laborers including regular and irregular employees working at said facilities. Subcontractors, too, are subject to these check processes.

【Reporting and rectification measures】

- In case any violation of these Guidelines is found, please immediately report it to our corporate group.
- In case a problem that needs to be addressed is found through a questionnaire or an on-site audit in our business partners, we will ask for the creation of a plan with rectification measures for achieving improvement. In addition, we will ask for reports on the progress and results to our corporate group as required.
- In case a grave breach has not been reported or a plan with measures to rectify the breach has not been implemented at all, our corporate group may terminate the contract.

<S. T. Group's Guidelines for Responsible Procurement>

1. Ensuring of quality and business continuity plans

1.1. Quality assurance and establishment of a system for quality control

- Ensuring the safety and quality of products and services

We will utilize a quality management system, third-party certifications programs, etc. to ensure the safety and quality of our products and services. In addition, we will provide accurate information regarding our products and services.

- Establishing a quality control system

We will establish systems for appropriate response in the event of an accident related to our products and services or distribution of defective products, and for handling information disclosure, reporting to concerned authorities, recall of products, countermeasures for supply destinations, etc. required in case of an accident or discovery of a defective product.

1.2. Business continuity plans

- We will formulate a business continuity plan (BCP). We will establish a system for business continuity and early restoration while formulating countermeasures and steps for responding to even unexpected situations such as natural disasters, impact of climate change, epidemics and political upheavals, in order to minimize damage.

2. Compliance with laws and regulations, and prevention of corruption

2.1. Compliance with laws and regulations

- We will comply with laws and ordinances as well as regulations in each country and each region where we engage in business activities.
- We shall develop policies, management systems, whistleblower systems, educational systems, etc. in order to ensure thorough compliance.

2.2. Fair transactions

- We will not take any action that would impede fair, impartial, transparent or free competition.
- We will not engage in private monopolization and impose unjust transaction limitations (such as cartels or bid rigging).
- We will not take advantage of a superior position to make a transaction that would one-sidedly benefit our company, or take action that would cause disadvantage to our business partners.
- In a situation where a conflict arises between the interests of employees and their company, we prohibit indulging in personal interests against the interests of the company.
- We will prevent people related to listed companies, etc. from taking advantage of unannounced company information to sell or purchase shares, etc. of the companies.

2.3. Prevention of bribery, corruption, etc.

- We will not engage in entertainment, present exchange, or sharing benefits exceeding socially accepted limits with our

customers, suppliers and other business partners for the purpose of gaining or maintaining improper advantages or unjust preferential treatment.

- We will keep transparent and fair relationships with politicians and civil servants in every country and every region where we engage in business activities, and will not engage in bribery or illegal contributions.

2.4. Extermination of relations with antisocial forces

- We will eliminate all relationships with antisocial forces or groups that pose a threat to social order and safety.

2.5. Management and protection of intellectual property, confidential information and personal information

- We will respect third parties' intellectual property rights and not infringe on them.
- We will strictly manage and protect confidential information such as business secrets and personal information of our customers and staff handled by our corporate group or our company, and we will not use it for any improper purposes. Moreover, we impose the obligation to maintain confidentiality on subcontractors as well.

- We will take measures for defense against threats concerning computers and networks, and manage them so as not to damage our company, business partners, customers and third parties.

2.6. Prevention and early discovery of misconduct

- While building a system for the prevention and discovery of misconduct, and protecting the privacy of whistleblowers, we will take swift and appropriate measures for the improvement of the misconduct.

2.7. Realization of internal control

- We will build a management system and mechanism for securing the effectiveness and efficiency of business operations, credibility of financial reports, compliance with laws and regulations concerning business activities and safeguarding assets as a company in order to ensure sound business management.

3. Labor standards

3.1. Respect for human rights and elimination of discrimination

- We will support and respect globally acknowledged human rights.
- We will not engage in unjust discrimination against any race, nationality, ethnicity, skin color, age, sex, sexual orientation, gender identity, religion, faith, disability, marital status, pregnancy, political affiliation, union membership, or the like for all kinds of employment matters such as wages, promotion, remuneration and retirement.
- We will respect traditions and habits in the countries and regions where we operate business, as well as the religious traditions and habits of our staff. We will especially strive to accommodate staff in performing their religious habits to a reasonable extent.

3.2. Elimination of abuse and harassment

- We will not conduct any act which degrades individual dignity or creates an unpleasant working environment, such as physical and psychological abuse, sexual harassment or inhuman treatment involving abusive language. In case of punishing such conduct, etc., we will establish a policy and procedure, spread the knowledge thereof among our staff and apply it.

3.3. Abolition of forced labor

- We will not engage in labor against an individual's will or labor which would limit the freedom to leave work for all staff. We will not coerce labor using improper methods of restraint or force labor outside working hours.
- We will not engage in any act which would violate the staff's right to leave work or the right for freedom of movement, such as obliging laborers to hand over their passports, identification certificate or work permit, or to pay fees or deposits related to employment at the point of recruitment or during the employment process. In addition, in case of using an agent (staffing agency) in the recruitment or employment process, equal standards will apply.

3.4. Abolition of child labor

- We will not have any person who is below 15 years old or has not reached either the age of completing compulsory education or the minimum labor age as defined in laws and regulations of each country, whichever is the highest, perform labor.
- We will not have any staff under 18 years old perform any work duties which may impair their health, safety or morality, or any work duties in a situation which may impair them in the same way, including work at night or overtime work.

3.5. Management of appropriate working hours

- We will appropriately manage the working hours of our staff so that they not exceed the limit defined by law in each country, to an extent not exceeding 40 hours of working time per week.
- We will grant a holiday of a least successive 24 hours per week as well as annual paid vacation as defined in laws and regulations of each country.

3.6. Wages and employee benefits

- We will conclude an employment contract with staff, pay minimum wages, overtime work, legally mandated benefits, etc. and make relevant deductions based on laws and regulations in each country.
- Regarding the sum of wages and a payment day, we will pay the designated total amount to each worker on a specified date. Moreover, we will provide a pay slip stating deducted items.
- For these wages, we will pay either the minimum wages defined by laws and regulations of each country or the usual wages in the industry, whichever is higher. We will strive to pay wages sufficient for fulfilling the basic needs of the staff and their family in their economic area.
- We will pay increased wages for overtime work based on the increase ratio defined in laws and regulations of each country.

3.7. Respect for freedom of association and the right for collective bargaining

- We recognize and respect the staff's right to freely associate, join a labor union, and engage in protests and collective bargaining.
- We will make arrangements to allow staff and their representative to voluntarily discuss and negotiate labor conditions and management practices with the management without becoming a target of retribution, extortion or harassment.

3.8. Respect for foreign and immigrant laborers

- We will treat foreign and immigrant laborers fairly, and we will provide transparent employment conditions and favorable labor and living conditions. Furthermore, we will not employ foreign or immigrant laborers illegally and we will not require them to hand over an identification certificate or labor permit, pay fees or deposits related to employment, etc.

3.9. Avoidance of complicity in human rights violation

- We will pay sufficient consideration so that our decision-making and business activities will not lead to participation (complicity) in human rights violation by a third party.

4. Health and safety

4.1. Ensuring of a safe and hygienic working environment

- While adhering to relevant laws and regulations to design and construct a suitable building considerate to the safety and health of staff, we will regularly inspect the building and ensure the safety thereof.
- We will pay consideration to the age, sex and characteristics of each employee. In addition, we will grasp risks such as accidents during work or chemical substances, loud noise, offensive odor, etc. harmful to the human body, and strive for the prevention of work-related injuries and occupational diseases by taking appropriate safety measures and providing and maintaining a safe and healthy working environment.
- We will arrange a hygienic and comfortable environment for staff, such as a sufficient number of clean restrooms, safe drinking water and food, a place for rest, appropriate lighting, ventilation and air conditioning. Moreover, in case of providing residential facilities such as staff dormitories, equal standards shall apply to these facilities as well.
- We will engage in appropriate health management, grasp the health condition of the staff and strive for the prevention and early discovery of occupational diseases. Furthermore, we will take measures to prevent health damage and mental health disorders caused by excessive work.

4.2. Response to work-related injuries and accidents

- We will strive to take measures for the prevention of work-related injuries and accidents by adopting procedures for avoiding danger, performing a risk assessment (discovery of potential danger) and formulating countermeasures for identified risks, regularly conducting inspection and maintenance of machines and equipment, implementing safety measures for the machines used (physical protection, interlocks, etc.), providing protective clothing and protective equipment, safely managing chemical substances, educating staff on safety measures, etc.

4.3. Response to emergency situations

- We will formulate emergency measures and make them thoroughly known in the workplace to prepare for emergency situations such as disasters and accidents.
- Emergency measures include a report on the emergency situation that has arisen, emergency alarm, notification to laborers, evacuation procedure, evacuation training and reserve of clothing, fire detection devices and fire extinguishers, emergency exits free of obstacles, securing of a method to communicate with the outside and restoration plans, and will keep the impact of the emergency situation at minimum.

4.4. Promotion of communication

- We will provide information on safety and health, training and education at the workplace to the staff in their mother tongue or a language they can understand, so that they can prevent work-related injuries and accidents and respond to emergency situations.

5. Environment

5.1. Establishment of an environmental management system

- We will not only comply with environment-related laws, ordinances and regulations, but also independently build and use an environmental management system while working toward continuous improvement in order to promote activities to preserve the environment.

5.2. Response to climate change and biodiversity

- We will grasp and reduce greenhouse gas emissions in all of our business activities in order to lessen the impact of climate change.
- We will consider the direct and indirect impact of our business on the ecosystem and engage in the preservation of biodiversity and sustainable usage.

5.3. Promotion of the efficient use of resources, energy and water

- We will implement initiatives to reduce the environmental burden, such as the saving of resources, energy and water, and work toward streamlining our business activities.

5.4. Management of chemical substances

- We will reasonably manage chemical substances designated by laws and regulations, which are handled during the research and development and manufacturing process.

5.5. Control of pollution and contamination

- We will reasonably control and manage wastewater, emissions, waste, noise, offensive odor, vibration, light, etc. which have negative impact on the health and living environment of people in the business operation area in accordance with laws and regulations of each country, and strive for the prevention of contamination.

5.6. Green procurement

- In regard to material procurement, we will promote the procurement of materials and products with minimal burden on the environment, as well as 3R activities (reduce, reuse, recycle).

6. Contribution to local societies

6.1. Local communities

- While minimizing the negative impact our business activities have on local communities and the health of people, we will cooperate and engage in solving the challenges of respective regions, and strive to contribute to the development of local communities.

6.2. Respect for the rights of indigenous people

- We will engage in business activities with respect for the land rights, culture, habits and religion of indigenous people. We will respect the indigenous people's traditional knowledge and right to genetic resources and will strive not to engage in any exploitation for one-sided profit.

7. Initiatives for sustainable and responsible procurement

With regard to procurement of raw materials, our corporate group recognizes issues such as human rights, the environment and biodiversity in the countries of origin, and shall engage in sustainable and responsible procurement.

- With regard to conflict minerals, we will prevent the purchase and usage thereof, and will investigate and check with our business partners.
- With regard to raw materials that bring about concerns about human rights, environmental issues, etc. in the country of origin, such as palm-derived materials used in the products and paper, pulp, etc. used in the packages of products and containers as well as catalogues and office supplies, we will engage in procurement of raw materials certified as considerate to sustainability, or recycled materials.

8. Disclosure of information

We will strive to ensure transparency and accountability by correctly disclosing our company information (financial and non-financial) inside and outside the company and keep an open attitude for building and maintaining a sound relationship with stakeholders.

*In addition to core labor standards such as “United Nations Guiding Principles on Business and Human Rights,” “Universal Declaration of Human Rights,” “International Bill of Human Rights” (“International Covenant on Civil and Political Rights” and “International Covenant on Economic, Social and Cultural Rights”) and International Labour Organization (ILO): “ILO Declaration on Fundamental Principles and Rights at Work,” “S.T. Corporation’s Guidelines for Responsible Procurement” were produced with reference to international norms concerning human rights such as “Agreement Concerning Human Rights of Laborers such as Wages and Working Time” and “Declaration on the Rights of Indigenous Peoples.”