

Sustainable Procurement Guidelines

ver. 1.0

1. Objective

The Ryoyo Group (Ryoyo Electro Corporation and its subsidiaries) has established the Ryoyo Group Code of Conduct to ensure that everyone working at the Group does their part to address social issues such as sustainable economic growth and global environmental issues, in accordance with our “VALUE and PRIDE” Action Policy.

At the same time, to allow our suppliers and outsource contractors (“trading partners”) upstream of our supply chain to also understand and support our efforts toward sustainability issues, we have formulated this set of Sustainable Procurement Guidelines to present our specific requirements of them.

The Ryoyo Group hopes to deal with trading partners that establish systems for sustainability initiatives and appropriately manage and operate these systems, including meeting the requirements of relevant laws and regulations as well as our customers. For trading partners that have yet to establish such systems or are inadequate in their management or operation, we request them to support the purpose and details of these Guidelines and promote initiatives at their respective companies.

2. Supporting Reference Document

Taking into consideration consistency in the supply chain, these Guidelines were formulated with the Responsible Business Alliance (RBA) Code of Conduct—which is in alignment with the United Nations Guiding Principles on Business and Human Rights and based on major international human rights standards, including the ILO Declaration on Fundamental Principles and Rights at Work and the Universal Declaration of Human Rights—as the supporting reference document, and added with other recent requirements from society.

* Responsible Business Alliance Code of Conduct

The RBA Code of Conduct establishes standards to ensure that working conditions in the electronics industry, or industries in which electronics are a key component, and its supply chains are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

3. Scope of Application

These Guidelines shall apply to all trading partners who provide products or services to the Ryoyo Group.

We also request trading partners who have already formulated and are practicing their own code of conduct based on the RBA Code of Conduct to check the details of these Guidelines, maintain their management and operation, and make continuous improvements as necessary.

4. Requirements

Companies are requested to formulate the following requirements A to I and appropriately manage and operate them.

A. The Human Rights of Workers

(1) Prohibition of Forced Labor

Do not use forced labor, bonded labor, or exploitative prison labor, nor labor obtained by slavery or human trafficking. Do not force people to work in any way, and protect workers' right to leave and terminate their jobs.

Explain the main terms and conditions of employment in writing and verbally to persons who wish to be employed for work, and conclude labor contracts governing that employment. Do not store original identity documents such as workers' passports or driver's licenses. In addition, do not restrict or limit the activities of workers outside of work hours.

(2) Prohibition of Child Labor, Consideration for Young Workers

Do not use the labor of children under the minimum working age. In addition, do not allow young workers under the age of 18 to engage in work that may be detrimental to their health or safety, such as night or overtime work. Interns are to be paid more than the legally required wage.

(3) Work Hours

Do not require workers to exceed local legal and regulatory limits on work hours and properly manage work hours and holidays for workers, taking into account global standards.

(4) Wages and Benefits

Comply with all applicable laws and regulations on wages for workers (including minimum wages, overtime payments and allowances and deductions required by law).

In addition, to ensure payment of wages sufficient to cover living necessities (a living wage), do not use deductions from wages as a disciplinary measure. When paying wages, appropriate withholding shall be performed, a salary certificate shall be issued, and the salary deductions such as taxes and insurance shall be checked.

(5) Prohibition of Inhumane Treatment

Respect the human rights of workers and prohibit mental and physical abuse, forced labor, harassment, and other forms of inhumane treatment, as well as any conduct that could potentially be considered such.

(6) Prohibition of Discrimination

Prohibit discrimination related to recruitment, dismissal, employment practices, pregnancy tests, health exams, etc., on the basis of race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, childbirth, childcare, religion, political party, membership or union, military membership or lack thereof, protected genetic information, or marriage history. In addition, give due consideration to the wishes of workers in relation to religious practices.

(7) Freedom of Association / Collective Bargaining Rights

Respect the right of workers to associate collectively as a means of implementing labor-management consultations, on matters such as the labor environment and wage standards, in accordance with local laws and regulations, and, based on this respect, ensure equal treatment to all workers.

B. Friendly, Safe and Hygienic Work Environment

(1) Diversity & Inclusion, Work-Life Balance

Promote diversity & inclusion and work-life balance as two key drivers for fostering a corporate culture in which diverse human resources can make the most of their capabilities.

Maintain a personnel system that enables workers to make the most their abilities, supports career development and skill development, and respects the individuality of workers, and develop systems for offering flexible workstyles that enable workers to balance work with child-rearing, nursing care, and treatment.

(2) Occupational Safety

Identify and assess risks regarding occupational safety and maintain safety by practicing proper design, engineering, and administrative controls. In particular, offer reasonable considerations to women during the period of maternity and to mothers during the nursing period.

(3) Emergency Preparedness

Prepare for disasters, accidents, pandemics, and other emergencies that may impair physical and personal safety by identifying the potential for such situations to occur. Accordingly, prepare action procedures to follow in emergencies that will minimize harm to workers and damage to property, set up the needed facilities, and conduct regular education/training and inspections of facilities to ensure that proper actions can be taken in the event of a disaster, etc.

(4) Occupational Injury and Illness

Take appropriate precautions and corrective actions, including identifying, assessing, recording, and reporting the status of occupational injuries and illnesses, and provide emergency supplies with clear first aid protocols.

(5) Industrial Hygiene

Identify and assess the risks that workers may be exposed to hazardous biological, chemical, and physical impacts in their workplaces, and appropriately manage these risks by obtaining the required licenses and approvals.

(6) Physically Demanding Work

Identify and evaluate physically demanding tasks and appropriately manage them so that this kind of work does not cause occupational injuries or worker illnesses.

(7) Machine Safeguarding

Evaluate whether there are any safety risks related to the machinery and equipment used by workers in their operations, obtain the necessary licenses and approvals, and implement appropriate safety measures.

(8) Health and Safety of Facilities

Ensure that the health and safety of facilities for living (dormitories, cafeterias, toilets, etc.) provided to workers are adequate. In addition, ensure that these facilities have the capacity to store personal property and valuable items, as well as an amply sized personal space that can be entered and exited properly.

(9) Health and Safety Communication

Provide appropriate health and safety education and training, using languages and methods that workers can understand, about the various occupational hazards that workers may face. In addition, maintain a system for receiving feedback and safety-related opinions from workers.

C. Environmental

(1) Environmental Permits and Reporting

In accordance with the laws and regulations of the locations where the company has business sites, obtain the necessary licenses and approvals for its business and register with and report to the environmental authorities.

(2) Pollution Prevention and Resource Reduction

Minimize or remove pollutant emissions as needed. In addition, work to reduce the use of natural resources, such as water, fossil fuels, minerals, and virgin forest products, as needed.

(3) Hazardous Chemical Management

Comply with laws and regulations and identify, label, and manage chemicals and other substances that pose hazards to the human body or the environment. Manage them to ensure that safe handling, movement, storage, use, recycling or reuse, and disposal are implemented.

(4) Effective Utilization of Resources and Waste Management

Promote reduce, reuse, and recycling by complying with laws and regulations and conducting appropriate control, and strive to effectively utilize resources and minimize the generation of waste that requires disposal.

(5) Air Emissions and Noise Management

Comply with relevant laws and regulations and implement appropriate measures to reduce the release of hazardous materials into the atmosphere and reduce noise.

(6) Management of the Chemical Substances Contained in Products

Comply with all applicable laws, regulations and customer requirements relating to the prohibition or limitation of use of certain substances in products and secondary supplies.

* Please refer to the Green Procurement Guidelines (for Products and Secondary Supplies) separately formulated by Ryoyo Electro Corporation.

(7) Water Management

Monitor the use and emission of water in compliance with laws and regulations and work to save water. Similarly, identify the properties of waste water and monitor, control, and process waste water prior to its discharge or disposal, as appropriate. In addition, identify the sources of contamination that may cause water contamination and manage them properly.

(8) Understanding and Reduction of Energy Consumption and Greenhouse Gas Emissions

Strive to improve energy efficiency, continuously reduce energy consumption and greenhouse gas emissions, and contribute to the realization of a carbon-free society. Report greenhouse gas emissions to the Ryoyo Group and customers as necessary.

(9) Preservation of Biodiversity

Recognize the need to address global environmental issues such as climate change, ozone layer destruction, acid rain, deforestation, and desertification. Regarding the possible impact of these issues on ecosystem services, cooperate and work together with various stakeholders—such as local communities, trading partners, and employees—to preserve biodiversity.

D. Fair Trade and Ethics

(1) Prevention of Corruption

Do not allow any form of bribery, corruption, extortion, or embezzlement.

(2) Prohibition of Inappropriate Provision of Improper Benefits

Bribes and other means of obtaining undue or improper advantage by promising, offering, permitting, providing or receiving improper benefits, whether directly or indirectly, are prohibited, and regularly monitor to ensure these do not occur.

(3) Disclosure of Information

In accordance with applicable laws and industry practices, actively disclose information on labor, health and safety, environmental practices, business activities, organizational structure, financial situation, and performance, and engage in dialogue with stakeholders such as shareholders and trading partners. Falsification of records and disclosure of false information is prohibited.

(4) Respect for Intellectual Property

Respect intellectual property rights and ensure that transfers of technology and expertise are performed in a manner that guarantees the protection of intellectual property. In addition, protect the intellectual property of third parties such as customers and the company's trading partners.

(5) Fair Business Practices, Appropriate Export Controls, Advertising and Competition

Conduct fair business practices and carry out appropriate export controls, advertising, and competition.

(6) Protection of Whistleblowers

Protect the confidentiality of information pertaining to reports of compliance violations or other such issues, as well as the anonymity of the whistleblower, and ensure there is no retaliation

against persons making such reports.

(7) Responsible Sourcing of Minerals

Conduct due diligence to ensure that tantalum, tin, tungsten, gold, and other minerals contained in the commodities it handles are not procured in a manner related to or responsible for serious human rights violations, environmental destruction, corruption, or conflicts in conflict areas and high-risk areas.

(8) Prevention of Insider Trading

It is prohibited to trade securities—such as shares of the company or other companies—based on insider information obtained in the course of work duties, prior to the public disclosure of such information. In addition, it is prohibited to disclose such information to any third party other than those deemed necessary for business purposes.

(9) Policy on Organized Criminal Groups and Other Anti-Social Forces

Take a firm stance against organized criminal groups and other antisocial forces that threaten the order and safety of civil society and hinder economic activities.

E. Quality and Safety

(1) Product Safety

Fulfill the company's responsibilities as a supplier by designing, manufacturing, and selling products that meet the safety standards stipulated by the laws and regulations of each country, that provide adequate product safety, and that contribute to sustainable economic growth and the resolution of global environmental issues.

(2) Quality Management

With respect to the quality of products, comply with all applicable laws and regulations as well as the company's own quality standards and requirements of the Ryoyo Group and customers. Record and store the company's quality standards and agreed requirements in documents such as contracts and specifications stating requirements.

(3) Provision of Accurate Information about Products

Provide accurate information about the company's products, and never provide misleading information.

F. Information Security

(1) Defense from Cyber-Attacks

Take defensive measures against threats from cyber-attacks, etc. to manage this risk so that such attacks do not cause damage to the company or others.

(2) Protection of Personal Information

Manage and protect all personal information, including that of the company's trading partners, the Ryoyo Group, customers, consumers, shareholders, and employees, in compliance with applicable laws and regulations and by practicing appropriate acquisition, transfer, use, storage, and disposal of such information.

(3) Prevention of Confidential Information Leaks

Properly manage and protect not only the company's confidential information but also that received from third parties such as the company's trading partners, the Ryoyo Group, and customers.

G. Business Continuity Planning

Identify and evaluate risks to business continuity, carry out business continuity planning (BCP) that examines the potential impact of these risks on the company's business, and summarize the preliminary measures required over the medium-to-long term and the status of initiatives.

H. Supplier Management

Communicates requirements based on these Guidelines to the company's trading partners, strive to assess risks and communicate them, and manage the supply chain.

I. Management System

Maintain a management system with respect to the content of these Guidelines and facilitate continual improvement by ensuring that the provisions of the Guidelines are compliant with business- and product-related laws and regulations as well as the requirements of the Ryoyo Group and customers, and by identifying and mitigating operational risks related to the Guidelines.

The abovementioned management system includes the following items.

- Leadership, Commitment, Policy
- Organizational Roles, Responsibilities and Authority
- Legal and Customer Requirements
- Risk and Opportunity Initiatives
- Goals and Planning
- Skills
- Communication
- Audits and Assessments
- Corrective Action Process
- Documentation and Records

5. Contact Information for Inquiries

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6. Establishment and Revision History

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November 1, 2022	V01	Initial establishment