

Hakuhodo DY Group Procurement Guidelines

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The Hakuhodo DY Group Procurement Guidelines have been drawn up with the aim of enabling the Hakuhodo DY Group and the Group's operating companies to work together with our entire supply chain to promote responsible procurement. This will allow us to keep creating value grounded in Sei-katsu-sha Centric Mindset as we move forward into the future.

These Guidelines are based on international standards that include the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights (UNGPs). The Hakuhodo DY Group and the Group's operating companies will respond to changes in society and in business, and to feedback we receive from stakeholders, by revising the content of these Guidelines periodically, improving them so that they are more practical and easier to use.

The scope of application of these Guidelines includes not only first-tier suppliers that engage in direct transactions with the Hakuhodo DY Group, but also everyone involved in the Group's business transactions, including business partners, contractors and sub-contractors.

By engaging in ongoing dialog and collaboration with suppliers, the Hakuhodo DY Group and the Group's operating companies will drive the steady implementation of related initiatives. In this regard, we would like to ask all of our suppliers to adopt a proactive stance toward the items specified in these Guidelines, including respect for human rights, concern for the environment, compliance with laws and regulations, ethical behavior, data management, etc., and to collaborate with us so that we can maintain a sustainable business relationship.

1. Management System Establishment

1-1: Management system establishment

To promote compliance with the Hakuhodo DY Group Procurement Guidelines, the Hakuhodo DY Group will build and operate a management system to identify, assess and reduce legal, human rights, labor, health and safety, environmental and ethical risks throughout the supply chain. As part of this effort, we ask suppliers to familiarize themselves with and comply with these Guidelines. We will also monitor compliance status, and put in place and spread awareness of a grievance mechanism that can be used by workers, business partners, etc.

2. Compliance with Laws and Regulations, and Respect for International Norms

2-1: Compliance with laws and regulations, and respect for international norms

Business activities must be conducted in compliance not only with the laws and regulations of individual countries and regions, but also with international norms and standards.

3. Fair Trade and Ethics

3-1: Prevention of corruption and bribery

Laws relating to the prevention of bribery and corruption in each country and region of operation must be complied with; there must be no engagement in any forms of bribery, extortion or embezzlement; and any involvement in corruption or bribery in the supply chain must be prevented.

3-2: Prohibition on offering inappropriate benefits

Any agreements, requests or permissions that involve the giving or receiving of improper or inappropriate benefits must not be made or tolerated.

3-3: Ensuring impartiality

It is vitally important to prevent, in advance, any conflicts of interest or concerns regarding possible conflicts of interest. If it becomes apparent that there is a possibility of a conflict of interest, all relevant information must be speedily disclosed.

3-4: Intellectual property

Intellectual property rights, including copyright and industrial property rights must be respected, and the rights of others must not be infringed upon. The transfer of technology and/or know-how must be conducted in a manner that respects intellectual property.

3-5: Fairness in the conduct of business, in advertising, and in competition

It is vitally important to conduct business activities with fairness. It is not acceptable to have any kind of relationship with anti-social forces (organized crime groups, etc.). There must be no engagement in behavior that impedes free competition, other unfair competition, or advertising or promotional activity that involves misleading content or infringes on the rights of others.

3-6: Whistleblower protection

In regard to requests for the redressing of grievances, it is vitally important to ensure that the anonymity of whistleblowers is protected, and to ensure that the content of reports received is kept confidential. In addition, whistleblowers must be protected to ensure that they do not suffer any

adverse consequences for whistleblowing, either from the company in question or from any other individual.

4. Quality and Safety

4-1: Ensuring product safety

Safety standards specified by the laws and regulations of individual countries must be adhered to and concerted efforts must be made to ensure that due concern is given to sei-katsu-sha safety to fulfill the responsibilities of a supplier. In addition, besides complying with the applicable local laws and regulations relating to the quality of products and services, it is also necessary to conform to quality standards and strive to maintain and improve quality.

5. Information Security

5-1: Protection against cyber-attack

In order to protect both one's own company and third parties from harm, it is vitally important to put in place measures and systems to counter the threat of cyber-attack. It is necessary to implement timely reporting in the event that an incident occurs or is suspected to have occurred.

5-2: Protection of personal information

All laws and regulations relating to the protection of personal information must be complied with, and a thorough approach to the appropriate management of all personal information and customer information relating to business activities must be adopted.

5-3: Preventing the leaking of confidential information

It is vitally important to implement appropriate management and safeguarding of not only the supplier's own information, but also confidential information obtained from customers and third parties.

6. Human Rights and Labor

6-1: Prohibition of discrimination, harassment and inhumane treatment

Local laws and regulations in each country and region of operation must be complied with, and internationally recognized codes of conduct must also be respected.

Discrimination based on race, ethnicity, nationality, origins, language, religion, gender, age, political views, wealth, gender self-identification, sexual orientation, disability, family background, etc. must not be tolerated.

In relation to employment practices, including hiring and promotion, there must be no engagement in

discrimination of the types noted above and equal opportunity must be provided.

Inhumane treatment, such as violence, intimidation, harassment and forced labor, etc., must not be tolerated.

Behavior and statements that could encourage discrimination or prejudice must not be made in any areas relating to creative production or manufacturing processes, etc.

6-2: Prohibition of forced labor

There must be no use of labor obtained through force, coercion (including coercion by means of debt), inhumane prison labor, slavery or human trafficking.

Employment contracts must be drawn up in a language that the worker understands; the worker must be engaging in employment of their own free will, and the worker's right to terminate their employment must be respected.

Workers must not be required to pay employment fees or give a security deposit, and workers' identity documents and travel documents must not be withheld from them inappropriately.

Unreasonable restrictions must not be placed on where workers live or on their freedom of movement.

6-3: Prohibition of child labor, and consideration for young workers

Children who have not yet reached the minimum age of employment as specified in local laws or regulations must not be recruited or allowed to work.

Young workers under the age of 18 must not be allowed to work at night or outside regular working hours, and must not be allowed to undertake work that has health or safety risks.

To prevent child labor, workers' age must be confirmed.

6-4: Working hours

Workers must not be made to work for periods that exceed the statutory working hours stipulated by local laws or regulations.

Workers' working hours, rest days and holidays must be properly managed, taking into account international standards.

6-5: Wages, allowances and benefits

Local laws and regulations regarding the minimum wage, overtime working and statutory benefits, etc. must be complied with.

6-6: Freedom of association and the right to collective bargaining

While complying with local laws and regulations, freedom of association and fundamental labor rights including the right to organize and the right to collective bargaining must also be respected.

Workers must not be subjected to discriminatory treatment or retaliatory action on account of having exercised their lawful fundamental labor rights, such as the right to collective bargaining.

7. Labor Health and Safety

7-1: Labor safety

Local laws and regulations relating to labor health and safety, and relevant international standards, must be complied with, and workers' health and safety must be ensured.

Occupational safety risks must be identified and assessed, and all necessary measures must be taken to reduce these risks.

Reasonable accommodations must be provided for pregnant women, mothers who are breastfeeding, workers with disabilities, and elderly workers.

7-2: Occupational accidents and occupational diseases

It is strongly recommended that the status of occupational accidents and occupational diseases be identified, recorded and reported on, and that appropriate countermeasures and corrective measures be taken.

7-3: Occupational health

The risk of workers being exposed to harmful biological, chemical or physical effects in the workplace must be identified and assessed, and appropriate countermeasures must be taken.

7-4: Preparation for emergencies

Emergency situations and their probability of occurrence must be identified and assessed, and concerted efforts must be made to implement necessary measures to minimize the potential harm to workers and to assets.

7-5: Sanitary facilities, food and accommodation

Proper health and safety measures must be taken in relation to the dormitories, cafeterias, toilets, etc. provided to workers, and concerted efforts must be made to ensure that suitable evacuation routes are available to evacuate from these facilities in an emergency.

7-6: Worker health management

Local laws relating to health must be complied with, and appropriate health management for workers must be implemented.

8. Environment

8-1: Compliance with related laws

To support the Hakuodo DY Group Environmental Policy drawn up by the Hakuodo DY Group, it is vitally important to comply with environment-related laws in each country and region of operation, to obtain the necessary permits and approvals for business activities, and to implement the required

registration and reporting.

8-2: Energy and greenhouse gases

Concerted efforts must be made to use energy in a sustainable, efficient manner, and ongoing measures to reduce energy consumption and greenhouse gas emissions must be implemented. Greenhouse gas reduction targets must be set and emissions must be continuously measured and disclosed.

8-3: Atmospheric emissions

Local laws and regulations must be complied with, and harmful substances must be identified and appropriate measures must be implemented before emission.

- 8-4: Waste water management

Water quality verification, monitoring and treatment must be performed before emitting waste water, and pollution sources must be identified and managed.