

SIIX Group

CSR Procurement Guidelines (1st Edition)

1st June 2022

SIIX Corporation

Introduction

With the globalization of corporate activities and the complexity of the supply chain, we, the SIIX Group, respect human rights and comply with laws and regulations throughout the supply chain.

We believe that it is important to actively work on CSR, “Corporate Social Responsibility,” to realize a sustainable society.

However, this cannot be achieved without working together with our business partners, so we have established the SIIX Group CSR Procurement Guidelines as one of the means to promote our activities.

In order to fulfill the social responsibility of the supply chain, we, as one of the suppliers, would like to ask our business partners for understanding and support of our activities, and to inform your business partners of these guidelines.

We appreciate your cooperation toward the realization of a better society.

Procurement & Logistics Department
SIIX Corporation

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1 Respect for Human Rights and Labor

1-1 Respect for Human Rights

- Suppliers shall respect the human rights in compliance with international laws, regulations, and norms, and shall not violate them.

1-2 Prohibition of Forced Labor and Respect of Freely Chosen Employment

- Suppliers shall not engage in forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery, or trafficking of persons.
- Suppliers shall not impose unreasonable restrictions on workers' freedom on entering or exiting workplace or dormitories.
- In the case of foreign workers, suppliers shall provide them a formal contract in their native language, containing a description of their working conditions, prior to the departure from the worker's home country.
- Once the contract has been concluded with the foreign worker while at his or her home country, suppliers are prohibited to make any unfair changes to the contract after his or her arrival at the working country.
- Suppliers shall permit workers to terminate their employment freely.
- Suppliers shall not retain any government-issued identification card, passport, work permit (unless such holdings are required by law), immigration application, and other similar documents.
- Suppliers, temporary employment agencies, supply companies, and staffing agents shall not collect any recruitment fees from workers.
- Suppliers shall request and confirm that temporary employment agencies, supply companies, and staffing agents comply with all the above items.

1-3 Prohibition of Child Labor and Consideration for Young Workers

- Suppliers shall not employ any children (a child refers to a person under the age of 15, or under the completion age of compulsory education, or under the minimum employment age in the country, whichever the greatest).
- Suppliers shall not have workers under the age of 18 (Young Workers) perform the work which may jeopardize their health and growth and expose them to danger, including any night shifts and overtime work.
- Suppliers shall ensure the appropriate support and education of student workers, and protect their rights, in accordance with applicable laws and regulations.
- In the absence of the applicable local laws and regulations, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other workers performing equal or similar tasks.

1-4 Working Hours, Day Off, and Annual Leaves

- Suppliers shall ensure that the workers' working hours, day off, and annual leaves are appropriately managed in compliance with local laws and regulations.
- If overtime work is performed even within the limits of relevant local laws and regulations, it shall be done upon the agreement with workers under the direction of their superior.
- Suppliers shall allow workers at least one day off every seven days.
- Suppliers shall entitle workers annual paid leave, maternity leave, parental leave, and time to rest as stipulated in relevant local laws and regulations.

1-5 Wages and Benefits

- Suppliers shall pay workers at least the statutory minimum wages and shall not unreasonably deduct from wages as stipulated in relevant local laws and regulations.
- Suppliers shall comply with all applicable wage-related laws and regulations, including those relating to minimum wages, overtime work, and legally mandated benefits. Compensation shall be paid without any delay.
- Suppliers shall not collect operational fees and costs from workers.
- Suppliers shall not deduct from nor reduce wages for the purpose of disciplinary action unless permitted by local laws and regulations.
- Suppliers shall provide workers understandable and accurate wage statements that include sufficient information to verify compensation for work performed by the date of payment.
- Suppliers shall provide workers with all social insurance stipulated in relevant local laws and regulations.

1-6 Humane Treatment

- Suppliers shall respect the human rights of workers and shall not treat workers in harsh and inhumane manner, including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse of workers.
- Suppliers shall clearly define disciplinary policies and procedures and communicate to workers. In order to grasp the fact of inhumane treatment, suppliers shall establish a consultation and whistleblower desk.

1-7 Elimination of Discrimination and Harassment

- Suppliers shall eliminate discrimination in recruitment and employment, and ensure equal opportunities and fair treatment in application, recruitment, promotion, compensation, education, business grant, wage, welfare, punishment, dismissal, retirement, etc. Suppliers shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status.
- Suppliers shall accommodate the needs of workers within a reasonable extent for religious practices.
- Suppliers shall not conduct any medical examination or physical examination that could be used in a discriminatory way.

1-8 Freedom of Association and Collective Bargaining

- Suppliers shall allow the rights of workers to organize and join a labor union, as a means for workers to realize discussions between labor and management such as working environment and wage level, in accordance with local laws.
- Suppliers shall not conduct any discrimination, reprisal, intimidation, or harassment against workers and/or their representatives.
- Workers and /or their representatives shall be able to communicate with management regarding working conditions and views on management practices.

2 Occupational Safety and Hygiene

2-1 Occupational Safety

- Suppliers shall identify potentially hazardous locations in the workplace (chemicals, electrical and other energy sources, fire, vehicles, and fall hazards) and shall implement preventive maintenance and safe work procedures (including lockout/tagout) and conduct training continuously.

*Lockout: Monitor hazardous points with sensor and shut off power sources of machine or equipment by locking the power sources.

*Tagout: Indicate with a tag or other similar things that the operation of a power-blocked device is prohibited during the power shut-off.

- Suppliers shall provide workers with appropriate personal protective equipment, such as eye protectors, safety hats, and gloves, and working environment, such as appropriate ventilation.
- Suppliers shall encourage workers to raise any unsafe areas.
- Suppliers shall provide safety and health related information (operation procedures, warnings, etc. of production machinery), as well as safety and health training, in the worker's native language.

- Suppliers shall remove pregnant women and nursing mothers from dangerous working condition and reduce any workplace where contains health and safety risks for pregnant women and nursing mothers.
- Suppliers shall take reasonable care for nursing mothers, such as providing safe and clean place to breast-feed and store milk.

2-2 Emergency Preparedness

- To protect lives and personal safety, suppliers shall prepare emergency measures for possible disaster or accident and keep everyone in the workplace informed.
- Suppliers shall install fire detectors and fire extinguishers appropriately.
- Suppliers shall display the evacuation route and evacuation shelters in the workplace.
- Suppliers shall remove any obstacle around or in front of the exits to secure the evacuation route for emergency.
- Suppliers shall develop the recovery plans in case of emergency.
- Suppliers shall provide evacuation education and drills either once a year, or as required by local relevant laws and regulations, whichever is more frequent.

2-3 Occupational Injury and Illness

- Suppliers shall provide appropriate medical treatment in case of occupational injury and illness, investigate the root cause, implement measures, and keep records.
- Suppliers shall establish the procedures to facilitate the workers with occupational injuries and illness cases to return to work.

2-4 Industrial Hygiene

- Suppliers shall identify the biological and chemical substances, noises, offensive odors, etc. in the workplace that are harmful to the human body. The appropriate measures and workers' health management shall be implemented.
- Suppliers shall provide medical examinations to workers pursuant to laws and regulations for the prevention and early detection of illness.
- Suppliers shall also pay enough attention to prevent health damage and mental illness caused by long working hours or overwork.

2-5 Attention to Physically Demanding Work

- Suppliers shall identify physically demanding work and appropriately control such work to prevent injury and illness caused by them.
- Suppliers shall identify, evaluate, and control hazards and physically demanding tasks including manual material handling and heavy or repetitive lifting, prolonged standing and highly repetitive or forceful assembly tasks.

2-6 Machinery and Equipment Safeguarding

- Suppliers shall take appropriate safety measures for machinery and equipment used at their own company.
- Suppliers shall take safety measures, such as physical guards, interlocks, and barriers, and perform appropriate maintenance, where machinery and equipment could pose a hazard to workers.

2-7 Sanitation, Food and Housing

- Suppliers shall appropriately ensure the health and safety of facilities (including dormitories, canteens, and toilets) provided to workers for their livelihood.
- Suppliers shall provide workers with clean toilet facilities, potable water, and food cooked and stored in a clean environment and canteens.
- Suppliers shall provide workers with individually secured accommodations for storing personal and valuable items, and reasonable personal space.
- Suppliers shall conduct evacuation drills for dormitories and clarify the evacuation route to secure workers' safety.

2-8 Health and Safety Communication

- Suppliers shall provide workers with appropriate workplace health and safety information and training.
- Suppliers shall display hazardous areas of the workplace and health and safety information in the facility by using the language the workers can understand.
- Suppliers shall provide health and safety training with all workers prior to the beginning of work and regularly thereafter.
- Suppliers shall establish the process to enable workers to raise issues and concerns related to workplace health and safety. Measures for improvement shall be taken promptly.

3 Environment

3-1 Environmental Permits and Reporting

- In accordance with local relevant laws and regulations, suppliers shall obtain approvals from the government office if necessary and comply with the required operation and reporting.
- Suppliers shall obtain all required environment permits, approvals, and registrations, keep them current, and follow their operational and reporting requirements.

3-2 Pollution Prevention and Resource Conservation Activities

- Suppliers shall engage in resource conservation activities by reducing the usage of natural resources and using recycled resources and parts.
- Suppliers shall implement activities to reduce pollutants and wastes.

3-3 Hazardous Substances

- Suppliers shall identify chemicals, waste, and other materials posing a hazard to humans or the environment and control them properly as stipulated in relevant local laws and regulations.

3-4 Solid Waste

- Suppliers shall implement rules regarding the identification, classification, storage, movement, and disposal of waste and maintain them properly.
- Suppliers shall set voluntary reduction targets for waste and implement a systematic approach to responsibly dispose of or recycle solid waste.
- Suppliers shall periodically evaluate whether the outsourced disposal company/carrier of hazardous waste is processing according to the contract conditions.

3-5 Air Emissions

- Suppliers shall comply with relevant laws and regulations and act appropriately to reduce harmful substances emitted into the atmosphere.
- Suppliers shall analyze hazardous substances before they are discharged to the atmosphere. Based on the analysis results, suppliers apply necessary treatments before they are discharged.
- Suppliers shall control ozone depleting substances in accordance with the Montreal Protocol and applicable regulations.

3-6 Chemical Substances Management

- Complying with related laws, regulations, and customer requirements, suppliers shall manage chemical substances (eliminate, reduce, label, etc.) and shall not use prohibited substances in products and manufacturing processes.
- Suppliers shall report appropriately to the government office based on laws and regulations.

3-7 Water Management

- Suppliers shall comply with relevant laws and regulations and take necessary treatment before draining or disposing of wastewater.
- Suppliers shall work to conserve water resources by taking measures to minimize water consumption.
- Suppliers shall be aware of water risks such as floods and water pollution.

3-8 Energy Consumption and Greenhouse Gas Emissions

- Suppliers shall establish voluntary greenhouse gas reduction targets to improve energy efficiency and continuously reduce energy consumption and greenhouse gas emissions.
- Suppliers shall grasp, record, and document the amount of energy consumption and related greenhouse gas emissions.

3-9 Conservation of Biodiversity

- Suppliers shall evaluate the impact of business activities on the ecosystem and make efforts to minimize the negative impact.
- In order to minimize the negative impact of business activities on biodiversity within the community, suppliers shall identify risks to the ecosystem inside and outside the production bases and implement biodiversity conservation activities properly.

3-10 Establishment of Environmental Management System

- Suppliers shall establish Environment Management System, such as ISO14001.

4 Corporate Ethics and Compliance

4-1 Prohibition of Corruption, Bribery, etc.

- Suppliers shall formulate and maintain policies that prohibit any bribery, corruption, extortion, and embezzlement.
- Suppliers shall establish a system for corporate ethics and legal compliance, disseminate and raise awareness to employees, and monitor compliance status.
- All commerce should be transparent and accurately reflected in the company's accounting.

- Suppliers shall provide in-house education to prevent corruption, corruption, bribery, etc.

4-2 Prohibition of the Offer or Acceptance of Improper Advantages

- Suppliers shall maintain a healthy and normal relationship with politics and administration, and not make bribes or illegal political contributions.
- Suppliers shall neither directly nor indirectly entertain stakeholders, give gifts or money, nor receive them from stakeholders for the purpose of acquiring or maintaining unreasonable profits or preferential treatment.
- Suppliers shall not act to provide inappropriate benefits to antisocial forces (antisocial individuals or groups).
- Suppliers shall not engage in insider trading based on important non-public information regarding customers and business partners.
- In order to comply with the laws and regulations related to the prevention of bribery, suppliers shall educate and train workers and monitor the status of compliance.

4-3 Disclosure of Information

- In compliance with related laws and regulations, or general industry practices, information regarding business activities, products, and services shall be transparently and appropriately disclosed to stakeholders.
- Suppliers shall not falsify records or disclose false information to stakeholders regarding business activities, financial status, business performance, ESG information, etc.
- Suppliers shall not tolerate any falsification of information or misrepresentation in the supply chain.
- Suppliers shall disclose accurate information on the substances contained in materials and parts used in their products.
- Suppliers shall keep records of management indicators of environmental conservation activities, achievement of goals, and other important environmental matters, and disclose information, as necessary.

4-4 Respecting Intellectual Property Rights of Others

- Suppliers shall protect their intellectual property and respect the intellectual property rights of others without infringement.
- When developing, producing, selling, providing, etc. products and services, suppliers shall thoroughly investigate the intellectual property rights of others and do not use them without permission.
- Suppliers shall not allow customers' and suppliers' intellectual property to be taken out when workers resign from the company.
- Suppliers shall not illegally or improperly acquire, use, disclose or leak confidential information.

4-5 Fair Business, Advertising and Competition

- Suppliers shall conduct fair business, advertising, and competition in compliance with international standards and industry rules, and do not abuse dominant bargaining positions.
- Suppliers shall not engage in unfair transactions such as cartels, bid rigging, discriminatory pricing, discriminatory transaction conditions, and unfair bargaining such as dumping and purchasing at an unreasonably expensive price.
- Suppliers shall not make false or misleading statements about their products or services.
- Suppliers shall not engage in unfair competition, such as making false or misleading indications regarding other companies' products.

4-6 Protection of Whistleblowers and Elimination of Retaliation

- Suppliers shall establish rules to ensure and protect the confidentiality and anonymity of whistleblowers.
- Suppliers shall provide a means of reporting that allows workers to raise concerns without fear of retaliation.

4-7 Responsible Sourcing of Minerals

- Suppliers shall formulate policies regarding responsible minerals procurement, and reasonably and continuously assure that the tantalum, tin, tungsten, gold, and cobalt in products they manufacture does not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights abuses in the Democratic Republic of the Congo or its neighboring countries.
- Suppliers shall conduct due diligence on the origins and distribution area of minerals and disclose the results of the due diligence upon the request of customers.

4-8 Privacy

- Suppliers shall act appropriately in consideration of the privacy of personal information of all relevant persons, including suppliers, customers, consumers, and employees. When collecting, storing, processing, transferring, and sharing personal information, suppliers shall comply with the requirements of laws and regulations regarding privacy and information security.

4-9 Appropriate Export and Import Management

- Suppliers shall follow proper export and import procedures, in compliance with international consensus and regulations.
- Suppliers shall establish a management system for import and export of technologies and goods (parts, products, technologies, equipment, software, etc.) regulated by laws and regulations, and carry out appropriate import and export procedures.

- Regarding the import and export of technologies and goods regulated by international agreements (Wassenaar Arrangement, etc.), suppliers shall perform the procedures for obtaining permits from regulatory agencies, as necessary.

5 Management Systems

5-1 Company Commitment

- Suppliers shall formulate corporate social responsibility policies endorsed by executive management and display it in the facility in the local language.
- Suppliers shall disclose accurate information about company policies and activities to customers, suppliers, and workers.

5-2 Management Accountability and Operational Responsibility

- Suppliers shall clarify and review regularly the operational status of the management system and the officer in charge.
- Suppliers shall conduct management reviews at least once a year.

5-3 Legal and Customer Requirements

- Suppliers shall identify and manage laws, regulations, and customer requirements related to the guidelines, and maintain and update internal rules, as necessary.

5-4 Risk Assessment and Management

- Suppliers shall establish a process to identify risks over these guidelines.
- Suppliers shall properly manage identified risks.

5-5 Education and Training

- Suppliers shall conduct trainings for managers and workers to promote to follow these guidelines.
- Suppliers shall keep records of education and training and verify their effectiveness.

5-6 Worker Feedback and Improvements

- Suppliers shall construct a system to effectively deal with problems and make continuous improvements, by assessing the workers' understanding, and obtaining feedback or report on violations of these guidelines.
- Suppliers shall appropriately address and make improvements on the issues raised.

5-7 Regular Review

- Suppliers shall prepare improvement targets and implementation plans for these guidelines and evaluate achievements on a regular basis.
- Suppliers shall appropriately, and promptly correct deficiencies identified by internal or external evaluations, inspections, investigations, and examinations.
- Suppliers shall prepare documents and records based on relevant legislation as well as their internal management requirements.

5-8 Communication, Cooperation Request and Confirmation to Suppliers

- Suppliers shall communicate the requirements of these guidelines to their suppliers, request cooperation, and confirm their compliance status.

6 BCP • Supply Chain

6-1 Formulation and Management of BCP (Business Continuity Plan)

- To prepare for the large-scale natural disasters, accidents, and contingency situations, suppliers shall create BCP and build measures for stable supply (such as multi-sourcing and securing inventory).
- To ensure appropriate delivery time and stable supply, suppliers shall conduct investigations on their suppliers (such as the country of origin of materials and emergency contact) throughout the supply chain.
- In the event of natural disasters, accidents, and contingency situations, suppliers shall establish a system to promptly communicate to their business partners the damages confirmed to their production equipment, buildings, and workers, as well as the impact on their production and procurement.
- Suppliers shall notify the EOL of parts within the period agreed in the contract.

7 Information Security and Protection of Personal Information

7-1 Prevention of Information Leakage

- Suppliers shall provide education on information security to their employees on a regular basis.
- Suppliers shall establish organizational structure and procedures for the occurrence of information security incidents.
- When collecting, storing, processing, transferring, and sharing personal information, suppliers shall comply with laws and regulations related to privacy and information security, and properly manage and protect confidential information.

7-2 Protection against Threats on Computer Network

- Suppliers shall implement protective action against threats on computer network to avoid any harm to their suppliers, customers, consumers, and employees.

8 Quality and Safety

8-1 Establishing Quality Management System

- Suppliers shall work to establish a quality management system and endeavor to acquire the ISO 9001 certification or other third-party certifications concerning the quality management system.

8-2 Providing Precise Information on Products and Services

- Suppliers shall provide customers with precise information on specifications, quality, and handling procedures of their products and services.
- In catalogues, advertisements, and other promotional materials of products and services, suppliers shall not use expressions that are factually incorrect or may cause misunderstandings to customers. They shall not include any content that defames other companies or individuals or infringes on their rights.
- Suppliers shall promptly report any changes in Man, Machine, Method, and Material (commonly called “4M changes”) to their products.

8-3 Ensuring Product Safety

- Suppliers shall comply with the requirements stipulated by laws and regulations regarding product safety.
- Suppliers shall establish management systems, including the following:
 - Ensuring traceability (taking records of materials, parts, and processes)
 - Ensuring process to promptly respond to solve problems

Footnote: If the local laws and regulations in each country / region or customer requirements are stricter than the guidelines above, those local laws, regulations, or customer requirements shall be followed.

9 Corporate Citizenship

9-1 Contributing to Society and Local Community

- Suppliers shall positively engage in activities that contribute to the sustainable development of international and local communities.
- Suppliers shall work to reduce negative factors such as waste, taking care not to have a negative impact on the local community.