

# MISUMI Group Sustainable Procurement Guidelines

Ver.1.0

December 1, 2022

MISUMI Group Inc.

# Contents

<b>Introduction</b> .....	4
<b>Procurement Policy</b> .....	4
<b>Explanation of Terms</b> .....	5
<b>MISUMI Group’s Sustainable Procurement Guidelines</b> .....	6
<b>1. Compliance with Laws and Regulations and Respect for International Norms</b> .....	6
<b>2. Human Rights and Labor</b> .....	6
2.1 Prohibition of Forced Labor .....	6
2.2 Prohibition of Child Labor .....	6
2.3 Appropriate Management of Working Hours .....	6
2.4 Appropriate Wages and Allowances .....	6
2.5 Prohibition of Inhumane Treatment .....	7
2.6 Prohibition of Discrimination .....	7
2.7 Freedom of Association and Right to Collective Bargaining .....	7
2.8 Prohibition of Infringing on the Rights of Local Residents, etc.....	7
<b>3. Health and Safety</b> .....	7
3.1 Occupational Safety.....	7
3.2 Emergency Preparedness .....	8
3.3 Occupational Injury and Illness .....	8
3.4 Industrial Hygiene .....	8
3.5 Consideration for Physically Demanding Work.....	8
3.6 Machine Safeguarding.....	8
3.7 Health and Safety at Facilities.....	8
3.8 Health and Safety Communication .....	8
3.9 Worker Health Management.....	9
<b>4. Environment</b> .....	9
4.1 Environmental Permits and Reporting .....	9
4.2 Addressing Climate Change .....	9
4.3 Air Emissions .....	9

4.4 Water Management .....	9
4.5 Effective Utilization of Resources and Waste Management.....	9
4.6 Chemical Substance Management.....	10
4.7 Biodiversity.....	10
<b>5. Fair Business and Ethics.....</b>	<b>10</b>
5.1 Prevention of Bribery and Other Corrupt Practices .....	10
5.2 Prohibition of Inappropriate Provision and Receipt of Benefit.....	10
5.3 Appropriate Information Disclosure.....	10
5.4 Respecting Intellectual Property.....	10
5.5 Fair Dealings.....	11
5.6 Protecting Whistleblowers.....	11
5.7 Responsible Procurement of Minerals .....	11
<b>6. Quality and Safety .....</b>	<b>11</b>
6.1 Ensuring Product Safety .....	11
6.2 Quality Controls.....	11
6.3 Provision of Accurate Information on Products and Services .....	12
<b>7. Business Continuity Plan .....</b>	<b>12</b>
7.1 Developing and Preparing a Business Continuity Plan.....	12
<b>8. Information Security .....</b>	<b>12</b>
8.1 Defense from Cyber Attacks.....	12
8.2 Protection of Personal Information .....	12
8.3 Preventing Leaks of Confidential Information .....	12
<b>9. Establishment of Management System .....</b>	<b>12</b>
9.1 Establishing Management System .....	12
9.2 Supplier Management .....	12
9.3 Establishing Grievance Mechanisms .....	13

## **Introduction**

MISUMI Group proactively adapts to the social demand for sustainability and works to combat climate change, including the prevention of climate change through its business activities. In addition, we respect the diversity of cultures, histories, human rights, and human resources of the countries in which we, our suppliers, and customers are involved, and we work in partnership with our stakeholders to contribute to the development of a sustainable society.

Today, corporate supply chains are expanding globally, and our business activities and responses to social demands are something our Group cannot complete on our own. Therefore, it is essential that our business partners, who provide us with products and services, understand the Group's approach and cooperate with us in our efforts.

In addition to the MISUMI Group's Corporate Code of Conduct and Guidelines for Employee Behavior, we have recently formulated the MISUMI Group Sustainable Procurement Guidelines based on international norms and frameworks such as the International Bill of Human Rights. These guidelines outline items that all MISUMI Group suppliers are expected to comply with.

We ask that our suppliers understand the purpose of these guidelines and work with us to promote socially responsible business activities.

## **Procurement Policy**

MISUMI Group provides customers around the world with "convenience in selection and purchasing" on our website and "time value" to reduce waste and person-hours in the industrial world through the "reliable quick delivery" of products. We are committed to continuously improving time value. We are constantly evolving our business model and working to strengthen our business foundation, including production, logistics, and IT, and building the human resources to support these efforts.

We will seek out and procure from suppliers in an open, fair, and impartial way, both domestically and internationally.

In selecting suppliers, we will make rational decisions based on a comprehensive evaluation of the time value of services provided, including quality, price, and delivery time, as well as organizational and technical capabilities for continuous improvement and compliance with laws and regulations, including environmental conservation, health and safety, and protection of human rights.

We emphasize good communication with our suppliers and will cooperate with them to improve sustainable procurement activities. We may ask for their cooperation in providing "time value" and for periodic or irregular reporting and audits as necessary. We may also request that our suppliers' supply chain confirm our procurement guidelines.

**Explanation of Terms**

The term "worker" in these Guidelines includes direct employees, such as full-time employees, contract employees, short-time workers, and part-time workers, and indirect employees, such as independent contractors, dispatched workers, and contract workers.

## **MISUMI Group's Sustainable Procurement Guidelines (for Business Partners)**

### **1. Compliance with Laws and Regulations and Respect for International Norms**

MISUMI Group companies shall comply with the laws and regulations in the respective countries or regions in which they operate. In addition, they should respect international norms.

### **2. Human Rights and Labor**

We shall comply with applicable local laws and regulations, and respect international standards, respecting human rights and labor.

#### **2.1 Prohibition of Forced Labor**

- We shall not engage in forced labor or human trafficking.
- We shall protect the right of workers to quit or terminate their employment voluntarily without forced employment.
- Forced labor refers to involuntary labor provided under the threat of penalty, etc. and against the will of a worker. Actions that could lead to forced labor include, for example, debt bondage, prohibiting movement, and retention of original identification documents.

#### **2.2 Prohibition of Child Labor**

- No child under the minimum working age (having completed compulsory education and not less than 15 years of age or the minimum working age required by local law, whichever is higher) shall be allowed to work.
- In addition, we shall not engage young workers under 18 in hazardous work that may endanger their health or safety, including night shifts.

#### **2.3 Appropriate Management of Working Hours**

- Work must not exceed the limits set by local laws and regulations.
- It is also necessary to properly manage workers' working hours and holidays, considering international standards.

#### **2.4 Adequate Wages and Allowances**

- We shall comply with all local laws and regulations applicable to compensation paid to workers (regarding minimum wages, overtime pay, and other allowances and deductions).
- In addition, we shall give due consideration to paying employees a living wage.
- A living wage is a wage level that meets the needs of workers and their families, enables them to lead a social life, satisfies their dignity, etc.

## 2.5 Prohibition of Inhumane Treatment

- Inhumane treatment, including that which constitutes psychological or physical abuse or harassment, must not be committed against workers.

## 2.6 Prohibition of Discrimination

- Discrimination based on race, color, national origin, language, gender, sexual orientation/gender identity, religion, creed, political or other opinions, birth, social origin, age, disability, etc., shall not be tolerated in hiring, promotion, compensation, access to training, etc. in the workplace.
- In addition, consideration must be given, to the extent appropriate, to requests from workers regarding their religious practices.

## 2.7 Freedom of Association and Right to Collective Bargaining

- In compliance with local laws and regulations, the right of workers to form or join a labor union of their choosing or not to form or join a labor union must be respected.
- It is also necessary to respect the right of workers to organize and bargain collectively to achieve labor-management consultations on the working environment and wage levels and to engage in appropriate dialogue with workers or worker representatives.

## 2.8 Prohibition of Infringement on the Rights of Local Residents, etc.

- In our business activities, we must not illegally force residents to leave their homes or pollute the local environment.
- When acquiring or using land for a project, it is necessary not only to comply with laws and regulations but also to ensure that there are no negative impacts on the affected residents and indigenous peoples.

## 3. Health and Safety

In addition to complying with local laws and regulations, we shall take note of international standards for health and safety and work to create a safe and hygienic work environment.

### 3.1 Occupational Safety

- It is necessary to identify and assess workplace safety risks and ensure safety through appropriate design, technology, and management measures.
- Workplace safety risks refer to the dangers of accidents and health problems that may occur during labor due to electricity and other energy sources, fire, vehicles, floors that can easily tip over, and falling objects.
- Pregnant women and nursing mothers need to take reasonable care to avoid exposure to hazardous substances and physically demanding work and to provide appropriate areas for workers during the nursing period.

### 3.2 Emergency Preparedness

- In preparation for emergencies, such as disasters and accidents that may endanger human life and physical safety, it is necessary to identify the possibility of their occurrence. Then, create action procedures for emergency measures to minimize damage to workers and assets. Required equipment shall be installed and education and training provided so that such actions can be taken in the event of a disaster.

### 3.3 Occupational Injury and Illness

- Occupational accidents and illnesses must be identified, evaluated, recorded, and reported, taking appropriate countermeasures and corrective actions.

### 3.4 Industrial Hygiene

- The risk of worker exposure to harmful biological, chemical, and physical influences in the workplace must be identified and assessed, and appropriate controls must be in place.
- Hazardous agents include substances that are poisonous, radioactive, or cause chronic illness (such as lead and asbestos).

### 3.5 Consideration for Physically Demanding Work

- Physically demanding work must be identified, evaluated, and properly managed to prevent occupational accidents and illnesses.
- Physically demanding work includes heavy labor, such as manual handling of raw materials and heavy manual lifting, and extended hours of repetitive and continuous work, such as assembly and data entry, that require strength and work in unnatural postures for long periods.

### 3.6 Safety Measures for Machinery and Equipment

- It is necessary to evaluate whether there are any safety risks in the machinery and equipment used in business and to implement appropriate safety measures.
- Appropriate safety measures include, for example, the use of safety mechanisms, lockout/Tagout, safety devices and protective barriers, and regular inspection and maintenance of machinery and equipment.

### 3.7 Health and Safety at Facilities

- Proper health and safety must be ensured in the facilities provided for workers' living (dormitories, cafeterias, restrooms, etc.).

### 3.8 Health and Safety Communication

- Education and training must be provided on appropriate health and safety information about the various hazards to which workers may be exposed on the job in language and means that workers can understand. In addition, there must be a mechanism for workers to provide feedback on their safety-related opinions.



- In addition, there must be a mechanism for feedback from workers on their opinions regarding safety.

### 3.9 Worker Health Management

- Appropriate health care must be provided for all workers.
- Appropriate health care refers to health checkups required by local laws and regulations and preventing health problems caused by overwork, mental health, etc.

## 4. Environment

We shall not only comply with local laws and regulations but also be proactive in addressing environmental issues such as resource depletion, climate change, and environmental pollution

### 4.1 Environmental Permits and Reporting

- We shall obtain necessary environmental licenses and approvals for business, as required by local laws and regulations. We shall maintain relevant registrations and reporting systems as necessary.

### 4.2 Addressing Climate Change

- We must strive to improve energy efficiency and engage in activities to continuously reduce energy consumption and greenhouse gas (GHG) emissions.
- MISUMI Group is promoting energy conservation activities and setting GHG emission reduction targets to achieve our "Carbon Zero" goal by 2050. Suppliers are also encouraged to work to reduce GHG emissions actively.

### 4.3 Air Emissions

- We must comply with local laws and regulations and must implement appropriate measures to reduce the emission of hazardous substances into the atmosphere.

### 4.4 Water Management

- We must comply with local laws and regulations regarding monitoring the source, usage, and discharge of water used. We shall test the attributes of all wastewaters as necessary, and monitor, control, and treat all wastewater before discharge or disposal.
- Should identify and appropriately manage sources of pollution that may cause water pollution.

### 4.5 Effective Utilization of Resources and Waste Management

- By complying with local laws and regulations and conducting appropriate management, we will promote Reduce, Reuse, and Recycle and effective utilization of resources. It is necessary to make effective use of resources and minimize the generation of waste.

#### 4.6 Chemical Substance Management

- In compliance with local laws and regulations, Chemical Substances and other substances that pose a hazard to human health or the Environment must be identified, labeled, controlled, and managed to ensure safe handling, transfer, storage, use, recycling or reuse, and disposal.
- We shall comply with all laws, regulations, and customer requests that apply to the prohibition and restriction of use of specific substances contained in products.
- For more details, please refer to MISUMI's Green Procurement Guidelines.

#### 4.7 Biodiversity

- In addition to avoiding using raw materials derived from endangered animal and plant species to avoid or minimize the impact on biodiversity, it is necessary to conserve rare animals and plants and reduce the adverse effects of business activities on living organisms and their habitats.
- Biodiversity refers to the presence of various ecosystems, species, and genes.

### 5. Fair Business and Ethics

We not only comply with local laws and regulations but also conduct business activities based on high ethical standards.

#### 5.1 Prevention of Corruption such as Bribery

- Bribery, corruption, extortion, and embezzlement of any kind are prohibited.

#### 5.2 Prohibition of Offering and Accepting Improper Benefits

- No promises, offers, or authorizations shall be made or tolerated as a means of obtaining bribes or other improper or undue benefits.

#### 5.3 Appropriate Information Disclosure

- In accordance with local laws and regulations, information regarding business activities, financial condition, and performance must be disclosed. Falsification of records or false disclosure of information will not be tolerated.
- In addition, it is desirable to disclose information on initiatives related to human rights, labor, health and safety, and the environment, as described in these Guidelines.

#### 5.4 Respect for Intellectual Property

- Intellectual property rights must be respected, and technology and know-how must be transferred in a manner that protects intellectual property.
- Intellectual property of third parties, including customers and suppliers, must also be protected.

## 5.5 Fair Dealings

- We shall engage in fair business practices, competition, and advertising.
- We must not have any relationships with anti-social forces or groups and their activities, and we must deal with unreasonable demands with a resolute attitude without compromising.
- In addition, a transparent management system must be in place. It must follow appropriate import/export procedures regarding the import/export of technology and goods regulated by law or other regulations.

## 5.6 Protection of Whistleblowers

- The confidentiality of the information related to the report and the anonymity of whistleblowers must be protected, and there shall be no retaliation against whistleblowers.

## 5.7 Responsible Mineral Sourcing

- Due diligence should be exercised to ensure that minerals such as tin, tungsten, tantalum, and gold contained in the products manufactured do not cause or contribute to serious human rights abuses, environmental destruction, corruption, or disputes in conflict-affected and high-risk areas.
- Due diligence on responsible mineral sourcing means developing policies, communicating expectations to suppliers, identifying, and reviewing risks in the supply chain, and developing and implementing strategies to address the identified risks.

## 6. Quality and Safety

In addition to complying with local laws and regulations, we shall ensure the safety and quality of the products and services provided and provide accurate information regarding those products and services.

### 6.1 Ensuring Product Safety

- We shall fulfill our responsibilities as a supplier by designing, manufacturing, and selling products that meet the safety standards set forth by the laws and regulations of each country and ensure sufficient product safety.

### 6.2 Quality Controls

- In addition to complying with applicable local laws and regulations regarding the quality of products and services, we shall also comply with the quality standards and requirements of the MISUMI Group.

### 6.3 Provision of Accurate Information on Products and Services

- Accurate and non-misleading information about products and services must be provided.

## 7. Business Continuity Plan

If your company or business partners are affected by a significant natural disaster, be prepared to resume production activities as soon as possible to fulfill your supply responsibilities.

### 7.1 Formulation and Preparation of Business Continuity Plan

- It is necessary to identify and evaluate risks that may hinder business continuity and to formulate a business continuity plan (BCP) that includes a close examination of the impact on business, necessary proactive measures over the medium to long term, and the status of such actions.

## 8. Information Security

We shall take steps to prevent the leakage of confidential and personal information and strengthen information security.

### 8.1 Defense against Cyber Attacks

- We shall implement defensive measures against threats from cyber-attacks and other perils and manage them so that neither your company nor others are harmed.

### 8.2 Protection of Personal Information

- All personal information of suppliers, customers, consumers, workers, and others shall be appropriately managed and protected in compliance with local laws and regulations.

### 8.3 Preventing Leaks of Confidential Information

- Confidential information from your company and from customers and third parties shall be appropriately managed and protected.

## 9. Establishment of Management System

Establish a management system to implement the contents of this guideline.

### 9.1 Establishing Management System

- A management system shall be established to achieve compliance with this guideline.
- Specifically, a continuous management system shall be established that implements PDCA (Plan-Do-Check-Act) for each item of this guideline.

### 9.2 Supplier Management

- Establish a process to communicate the contents of this Guideline or similar policies of your company to your suppliers, monitor compliance, and encourage improvements.

### 9.3 Complaint Handling Mechanisms

- You and your supply chain shall have mechanisms available to your stakeholders, including your and your suppliers' workers, to prevent and address violations of this Guideline.

<Inquiries about this Guidelines>

If you have any questions regarding these guidelines, please contact the department below.

MISUMI Group Inc.

Sustainability Platform Sustainable Procurement Guidelines

Email address: [SXPF-PG@ml.misumi.co.jp](mailto:SXPF-PG@ml.misumi.co.jp)