

# MISUMI Group Sustainable Procurement Guidelines

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MISUMI Group Inc.

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## **Introduction**

MISUMI Group proactively adapts to the societal demand for sustainability and works to combat climate change, including the prevention of climate change through its business activities. Further, in addition to our own Company, we respect the culture, history, human rights, and diversity of human resources of each country our business partners and customers are involved in. We will collaborate with all stakeholders on the development of a sustainable society.

Currently corporate supply chains are expanding on a global scale, and responding to business activities and responding to societal demands cannot be completed by MISUMI Group alone. It is essential that our business partners, who provide products and services, understand our Group's philosophy and work with us in a cooperative manner.

Recently, in addition to the MISUMI Group's Corporate Code of Conduct and Guidelines for Employee Behavior, we have formulated the MISUMI Group Sustainable Procurement Guidelines (hereinafter referred to as "these Guidelines") based on international norms and frameworks such as the International Bill of Human Rights. These Guidelines organize the matters that we would like business partners to provide products and services procured by MISUMI Group to comply with.

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

## **Sustainable Procurement Policy**

MISUMI Group provides "convenience in selection and purchasing" via our EC site to customers worldwide and delivers products by way of "Reliable and Quick Delivery," thereby offering "Time Value" that reduces various waste and labor in the industry. In order to continuously improve this time value, we are innovating our Business Model and strengthening the foundations that support it, such as production, logistics and IT, as well as building a human resources foundation. to support these efforts.

We seek out procurement sources both domestically and internationally in an open, fair, and impartial manner.

When selecting these sources, we conduct a comprehensive evaluation and make rational decisions based on the value of services provided over time, including quality, price, and delivery time. We also consider organizational and technical capabilities for continuous improvement, as well as adherence to laws and regulations, including environmental conservation, health and safety, and protection of human rights.

We emphasize communication with our procurement sources and aim to enhance sustainable procurement activities through collaboration. To this end, we request your cooperation in providing "Time Value," as well as periodic and non-periodic reports and audits within the necessary scope. Additionally, we may request that our procurement sources apply similar requirements

to their supply chains in line with these 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**

You must comply with the laws and regulations applicable in the countries and regions where you operate and are also required to respect international norms.

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

Not only comply with local laws and regulations, but also respect international norms related to human rights and labor.

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

- Forced labor and human trafficking must not be conducted.
- Furthermore, all employment must be voluntary, and the right of workers to resign or terminate their employment must be protected.
- Forced labor refers to work that is performed under the threat of punishment and against an individual's will (involuntary). Acts that lead to forced labor include debt bondage, restrictions on movement, and the retention of original identification documents.

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

- Children who have not reached the minimum working age (which is the age at which compulsory education is completed and not below 15 years, or the higher minimum working age according to local laws) must not be employed.
- Additionally, young workers under the age of 18 must not be engaged in hazardous work, including night shifts, that could jeopardize their health or safety.

#### **2.3 Appropriate 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 norms.

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

- It is necessary to 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, and satisfy their dignity.

## 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, skin color, nationality, language, gender, sexual orientation/gender identity, religion, beliefs, political or other opinions, birth, social origin, age, disability, etc., must not be conducted in recruitment, promotion, compensation, training etc., in the workplace.

- In addition, consideration must be given to the extent possible, to requests from workers regarding their religious practices.

## 2.7 Freedom of Association and Right to Collective Bargaining

- It is necessary to respect workers' rights to form or join labor unions, or not to do so, based on their own choice while complying with local laws and regulations.
- Additionally, the right to organize and the right to collective bargaining as means of holding labor-management consultations on working conditions and wage levels must be respected. There must also be appropriate engagement in dialogue with workers or their representatives.

## 2.8 Prohibition of Infringement on the Rights of Local Residents

- In business activities, forced illegal evictions of residents or pollution of the local environment is prohibited.
- When acquiring or using land for business purposes, it is necessary not only to comply with laws and regulations but also to ensure that there are no negative impacts on residents and indigenous peoples who may be affected.

# 3. Health and Safety

In addition to complying with local laws and regulations, please pay attention to international norms concerning health and safety and make efforts to establish a safe and hygienic working environment.

## 3.1 Occupational Safety

- It is necessary to identify and assess occupational safety and ensure safety through appropriate design, technology, and management measures.
- Risks to occupational safety refer to the risks of accidents or health impairments that may occur during work due to electricity and other energy sources, fire, vehicles, slippery floors falling objects etc.
- 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 or accidents that may endanger human life and physical safety, it is necessary to identify potential occurrences and create action procedures for emergency measures to minimize damage to workers and assets.
- It is also necessary to install necessary equipment and conduct education and training 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 workers' 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 hazardous, radioactive, or cause chronic illnesses (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 manual transportation of heavy objects, as well as assembly work requiring strength, long hours of repetitive or continuous work like data entry, and tasks performed in unnatural postures for extended periods.

### 3.6 Safety Measures for Machinery and Equipment

- It is necessary to evaluate whether there are any safety risks with the machinery and equipment used in operations and implement appropriate safety measures.
- Appropriate safety measures include, for example, adopting safety mechanisms, lockout/tagout procedures, safety devices and protective barriers, and conducting regular inspections, examinations, and maintenance of the machinery and equipment.

### 3.7 Health and Safety at Facilities

- It is necessary to appropriately ensure the safety and health of facilities provided for the welfare of workers, such as dormitories, cafeterias, and 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 to the job using language and methods that workers can understand. In addition, there must be a mechanism for feedback from workers on their opinions regarding safety.

### 3.9 Health Management for Workers

- Appropriate health care must be provided for all workers.
- Appropriate health care refers to not only health checkups as stipulated by local laws and regulations but also the prevention of health issues due to overwork, mental health care, and other related aspects.

## 4. Environment

It is necessary to comply with local laws and regulations but also be active in addressing environmental issues such as resource depletion, climate change, and environmental pollution

### 4.1 Environmental Permits and Reporting

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- It is necessary to obtain the necessary environmental licenses and approvals for business operations, as required by local laws and regulations, perform registrations and reporting as necessary.

### 4.2 Addressing Climate Change

- It is necessary to 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. It is desirable for your company to actively work on reducing GHG emissions as well.

### 4.3 Emissions to the atmosphere

- It is necessary to comply with local laws and regulations and implement appropriate measures to reduce the emission of harmful substances into the atmosphere.

### 4.4 Water Management

- It is necessary to comply with local laws and regulations regarding monitoring the source, usage, and discharge of water used, and conserve water. All wastewaters must be characterized, monitored, controlled, and treated as necessary before being discharged or disposed of.
- Additionally, it is necessary to identify potential sources of water pollution and manage them.

#### 4.5 Effective Utilization of Resources and Waste Management

- Comply with local laws and manage resources effectively by promoting reduction, reuse and recycling thereby minimizing waste generation.

#### 4.6 Chemical Substance Management

- Comply with local laws and regulations and ensure that any chemicals or other substances that pose a risk to human health or the environment are identified, labeled, and controlled. Proper management must be in place to ensure their safe handling, transport, storage, use, recycling or reuse, and disposal. In addition, it is necessary to comply with all applicable laws, regulations, and other customer requirements regarding the prohibition or restriction of certain substances contained in products. For more details, please refer to MISUMI's "Green Procurement Guidelines".

#### 4.7 Biodiversity

- Avoid or minimize the impact on biodiversity by not using raw materials derived from endangered flora and fauna, conserving rare species, and reducing the negative impact of business activities on living organisms and their habitats.
- Biodiversity refers to the variety of ecosystems, species and genes that exist.

### 5. Fair Business and Ethics

Not only comply with local laws and regulations but conduct business activities based on a high standard of ethics.

#### 5.1 Prevention of Bribery and other Corrupt Practices

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

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

Do not offer, promise or accept bribes or any other unfair or inappropriate means of obtaining benefits.

#### 5.3 Appropriate Information Disclosure

- In accordance with local laws and regulations, information regarding business activities, financial conditions, and performance must be disclosed. Falsification of records or false disclosure of information is not tolerated.
- In addition, it is desirable to disclose information about 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 the transfer of technology and know-how should be conducted in a manner that protects intellectual property.

- Additionally, it is necessary to protect the Intellectual property of third parties such as customers and suppliers.

#### 5.5 Fair Dealings

- Fair business practices, competition, and advertising must be conducted.
- There must be no connection whatsoever with anti-social forces, organizations, and their activities. Unreasonable demands must be dealt with firmly and uncompromisingly.
- Additionally, a transparent management system must be established to ensure that appropriate import and export procedures are followed for technologies and goods that are regulated by laws and regulations.

#### 5.6 Protection of Whistleblowers

- The confidentiality of information relating to reports and the anonymity of whistleblowers must be protected, and any form of retaliation against whistleblowers must be eliminated.

#### 5.7 Responsible Mineral Sourcing

- Due diligence must be conducted to ensure that minerals such as tin, tungsten, tantalum, and gold, which are included in manufactured products, do not cause or contribute to serious human rights violations, environmental destruction, corruption, or disputes in conflict-affected and high-risk areas.
- Due diligence on responsible mineral sourcing involves formulating policies, communicating expectations to suppliers, identifying, and assessing risks in the supply chain, and developing and implementing strategies to address these risks.

### 6. Quality and Safety

In addition to complying with local laws and regulations, you must ensure the safety and quality of the products and services you provide and offer accurate information.

#### 6.1 Ensuring Product Safety

- You are responsible, as a supplier, for ensuring that products meet the safety standards set forth by the laws and regulations of each country. Products must be designed, manufactured, and sold in a way that ensures an adequate level of safety.

#### 6.2 Quality Controls

- In addition to complying with applicable local laws and regulations regarding the quality of products and services, you must also adhere to your company's the quality standards and the requirements demanded by the MISUMI Group.

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

- It is necessary to provide accurate and non-misleading information regarding products and services.

## **7. Business Continuity Plan**

In the event that your company or business partners are affected by a large-scale natural disaster, please prepare to resume production activities as quickly as possible in order to fulfill supply responsibilities.

### **7.1 Formulation and Preparation of a Business Continuity Plan**

A Business Continuity Plan (BCP) must be formulated to identify and evaluate risks that could hinder business continuity. It should also examine the impact of these risks on the business and outline the necessary pre-emptive measures and their implementation status over the medium to long term.

## **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**

- Implementing defense measures against threats such as cyber-attacks is necessary to ensure that no harm is caused to your company or others.

### **8.2 Protection of Personal Information**

- All personal information, including that of suppliers, customers, consumers, and workers, must be managed and protected appropriately in accordance with local laws and regulations.

### **8.3 Prevention of Confidential Information Leakage**

It is essential to manage and protect your company's confidential information, as well as information received from customers and third parties, appropriately.

## **9. Establishment of a Management System**

Please establish a management system to implement the contents of these Guidelines.

### **9.1 Establishing a Management System**

- It is necessary to construct a management system to ensure compliance with these Guidelines. Specifically, it is desirable to develop a continuous management system that should be established that implements PDCA (Plan-Do-Check-Act) for each item of these Guidelines.

### **9.2 Supplier Management**

- A process must be established to communicate the contents of these Guidelines or your company's equivalent policies to your suppliers. This process must also monitor compliance and encourage improvements.

### 9.3 Development of a Complaint Handling Mechanism

- It is desirable to establish a mechanism that stakeholders, including workers from your company and its suppliers, can use to report actions that contradict the contents of these Guidelines within your company and the supply chain.

#### Responsible Department and Goals

The Sustainability Platform is responsible for these Guidelines and the policy on sustainable procurement, and our Company promotes procurement activities based on these.

As a Group, we have set the following goals and are promoting the necessary initiatives to achieve them.

#### 【Goals】

1. To obtain signatures indicating agreement with the MISUMI Group's Sustainable Procurement Guidelines from all major suppliers by 2028.
2. Conduct internal training on human rights, labor and environmental issues in the supply chain for employees involved in procurement activities, with the aim of achieving an attendance rate of 70% or more by 2028.

Initiatives supported by our Company:

Our Company is a full member of the Japan Electronics and Information Technology Industries Association (JEITA) and supports the 'Responsible Procurement Guidelines'.

These Guidelines and the procurement policy will be reviewed annually from the date of formulation and revised as necessary.

<Inquiries about these Guidelines>

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**Revision History**

<b>Revision Date</b>	<b>Version Number</b>	<b>Description of Revision</b>
2022/12/1	V.1.0	First Edition Issued
2025/7/24	V.1.1	Added Responsible Departments and Targets Added Initiatives Supported by Our Company