



Supplier Sustainability Guidelines

Second Edition

Aisan Industry Co., Ltd.

Supplier Sustainability Guidelines

Aisan Industry Co., Ltd. aims to contribute to creating a livable earth environment and an enriched society by providing products and services.

To this end, we aim not only to enforce environmental management but also contribute to realizing a sustainable society. These guidelines represent the commitments with which our business partners are asked to comply to make a sustainable society a reality.

1. Products and Services

Ensuring the Safety of Products and Services

- We shall produce and provide products and services meeting the safety regulations established by each country and region.

Product Quality

- We shall put quality first as the lifeline of the Company, and we shall put in place a framework to ensure reliable quality in our product development and production activities, as well as develop and operate systems that can be practiced without any difficulties.

Delivery and Production

- We shall only produce “what is required at the required time in required quantities,” and shall act flexibly and reliably in every stage from production preparation and production to delivery.

Improvement of Cost

- Through our offerings of globally competitive products and services, we strive to remain a company trusted and chosen by customers. We shall make efforts to innovate technological development and production technology and focus on activities to reduce costs constantly.

Technology

- Technology is becoming increasingly important in the fields of environment, safety, and comfort. Along with these demands of society and the global environment, we aim to achieve the capability to accurately gauge customer needs and lead the way to materialize them, deliver greater added value and competitiveness.

Offering Relevant Information on Products and Services

- We shall offer relevant information on products and services to consumers and customers.

2. Compliance

Compliance with the Letter and the Spirit of Law

- We shall respect the culture, customs, and history of each country and region, and comply with the letter and the spirit of the law.
- We shall develop and implement policies, structures, and various systems including action guidelines, whistleblowing systems, and training programs to enforce compliance.

Managing and Safeguarding Confidential Information

- We shall rigorously manage and appropriately use the confidential information of the Company, including its trade secrets.
- We shall obtain the confidential information of other companies by legitimate means from those with legitimate authority. We shall use confidential information only within the scope permitted, upon confirming the scope of usage and other terms and conditions, maintain confidentiality, and not infringe on the rights of other companies.
- We shall obtain personal information on employees, customers, and business partners only through legitimate means, and the obtained information shall be rigorously managed, used within the scope permitted, and safeguarded.

Safeguarding Intellectual Properties

- We shall safeguard and take due care of intellectual property rights owned by or belonging to the Company to prevent breaches by third parties.
- We shall not obtain by unlawful means or make unauthorized use of the patents, utility models, designs, trademarks, or other intellectual property of third parties or infringe on third-party rights such as the unauthorized copying of software or books.

Compliance with Competition Laws

- We shall not engage in any acts that violate the competition laws of each country, such as private monopolies, unfair restraint of trade (cartels, bid rigging, etc.), unfair trade practices, and abuse of the superior bargaining position.

Export Trade Control

- We shall adhere to laws on export trade control and rigorously practice control by, among other means, preparing and providing Classification Document upon confirming whether the product or services to be exported are controlled items.

Preventing Corruption

- We shall make political contributions and donations in accordance with the laws of each country and strive to build a transparent and fair relationship with the political establishment and the government.
- We shall not give or receive entertainment, gifts, or money to or from customers, suppliers, or other business partners to obtain or maintain unfair advantage or undue preferential treatment.
- We shall not engage in off-the-books transactions, fictitious or otherwise false and misleading transactions, and prepare and maintain accounting records that are reasonably detailed, accurate, and fairly reflect all transactions and dispositions of assets.

- We shall not engage in any form of corrupt practices such as bribery,* bid rigging, money laundering, accounting fraud, embezzlement, etc., nor shall we be complicit in such corrupt practices through third parties.

* Includes illegal political contributions and donations, fraudulent international remittances, and the like.

- We shall conduct in-house training on laws and regulations on bribery and corruption.

Prohibition on Conflicts of Interest

- We shall not engage in an act that, contrary to the interests of the Company, unfairly seeks to profit oneself, acquaintances, business partners, or third parties.

Establishment of a Hotline/ Helpline and Protection of Informants

- To ensure the prevention and the early detection of fraud, we shall establish a contact point, which may be accessed by stakeholders including employees and suppliers to report and seek consultation on concerns relating to law violations, violations of human rights, fraud, and other matters, as well as build an effective system of processing grievances to handle such matters promptly.

- Matters reported and consulted shall be dealt with promptly. In addition, the personal information of the informant who reported or consulted the hotline /helpline shall be protected, and measures shall be taken to ensure that the informant is not treated unjustly on account of making the report or consultation.

Building a Healthy Working Environment

We shall not only practice zero-tolerance toward fraud in the workplace but also strive to build an open workplace where the individual is respected and fraud is unlikely to occur.

Responding to Antisocial Forces

We shall take a firm stance against antisocial forces and organizations and avoid having any relations with them.

Promotion of Proper Business Transactions

- We shall comply with the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and other laws and ensure and promote proper business transactions with our business partners.

- We shall not tolerate imposing unreasonable demands or obligations based on a superior bargaining position as the purchaser or consignor. We shall comply with laws and regulations on the abuse of the superior bargaining position, in countries where such laws exist.

3. Human Rights

Prohibition of Discrimination

• We shall not tolerate any discrimination based on any grounds whatsoever including but not limited to gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital or child status in any aspect of employment (application, hiring, promotion, compensation, right to education, job assignments, wages, benefits, disciplinary actions, termination, retirement, etc.).

Prohibition of Harassment

• We shall not tolerate any type of harassment including but not limited to power harassment, sexual harassment, peer pressure, etc., or any acts that impair the dignity of the individual.

• Harassment shall be defined as any verbal, visual, or physical conduct directed at an employee that impairs the employee's dignity or that creates an intimidating, hostile, or offensive work environment

• Any complaints of harassment shall be reported and investigated immediately. A system shall be put in place that will allow employees to report cases of harassment without the threat of retribution, intimidation, or further harassment.

Prohibition of Child Labor

• We shall not tolerate child labor that deprives children of educational opportunities and forces them into labor from an early age that impedes growth.

• The minimum age for admission to employment shall be the highest of 15 years old, the minimum age for employment under the applicable laws and regulations of each country, and the age at which compulsory education ends.

• Employees under 18 years of age shall not be used for hazardous work.

• Vocational training and apprenticeships shall be allowed only to the extent permitted by the applicable laws and regulations of each country.

Prohibition of Migrant and Forced Labor

• We shall not tolerate forced labor of any kind through violence, threats, debt, etc., or any form of modern slavery, including human trafficking.

• We shall ensure that all work is voluntary and that employees are free to leave their employment at any time.

• We shall not demand employees to surrender passports, official identification cards or work permits as a condition of employment.

We shall not require the individual to bear any expenses (*) that are deemed unreasonable under international norms, such as recruitment fees.

* Placement fees and fees incurred for training, travel, accommodations, and administrative expenses

• We shall not impose unreasonable restrictions on the freedom of movement of workers to and from the workplace and their dormitories.

• We shall finalize the contract upon notifying the worker in a written document in his or her mother tongue or a language that he or she can understand of the labor conditions prior to the finalization of the contract. In addition, when hiring non-national workers from abroad, similar procedures shall be taken prior to the worker leaving his or her country.

Fair Wages

- We shall pay employees in compliance with applicable laws and regulations of each country regarding minimum wages, overtime, wage deductions, piece rate, and other benefits, etc.
- We shall provide statutory benefits such as medical treatment benefits and medical treatment expenses.
- We shall clearly and promptly notify the details of salaries and other benefits, welfare benefits, and deductions to employees in compliance with the applicable laws of each country.
- We shall strive to ensure wages meet or exceed the living wage to ensure a stable livelihood for the employees.
- No disciplinary action or pay reduction shall be taken that is not based on the proper standards and processes articulated in the rules of employment and other regulations.

Fair Working Hours and Labor Management

- We shall comply with the laws and regulations of each country and region regarding the determination of working hours of employees (including overtime work) and the granting of holidays and annual paid leave.
- We shall accurately monitor the employees' working hours to prevent the nonpayment of wages, improve operational efficiency, and otherwise reduce long working hours.

Dialogue and Consultation with Employees and the Freedom of Association

- The freedom of employees to associate or not associate shall be recognized based on the applicable laws and regulations of the country in which the Company operates.
- Communicate and consult with employee representatives or employees in good faith through individual and/or collective negotiations.
- We shall guarantee employees the right to communicate openly and directly with management without fear of retribution, intimidation, or harassment.

Safe and Healthy Working Environment

- To ensure a safe work environment for all workers, we shall prioritize the securing of occupational safety and health, identify hazards to prevent accidents and disasters, and provide suitable personal protective equipment (safety goggles, safety hats, etc.) as needed.
- We shall encourage the healthy lifestyles of employees through workplace health programs and disease prevention guidance.
- We shall not assign hazardous working conditions to expecting mothers and mothers raising children, and we shall strive to eliminate occupational health and safety risks.

Human Resources Development

We shall support our employees in their professional advancement and capability development through human resources development.

Respect for Diversity, Equity, and Inclusion

We consider diverse talent playing active roles to be one of the cornerstones of management, and we shall strive to provide fair opportunities to each individual and foster an internal culture conducive to inclusivity and accepting of differences.

Protection of Human Rights and Human Rights Due Diligence

- We shall put in place a system to systematically and continuously advance respect for human rights and actively work to resolve various human rights issues in our business activities.
- We shall develop and continuously implement a series of processes (human rights due diligence) to identify, assess, prevent, and mitigate the negative impacts on human rights and to verify and improve the effectiveness of such efforts.
- We shall take preventive measures against negative impacts on human rights, and if our business activities are found to have caused or contributed to the negative impacts, we shall promptly take corrective and remedial measures through appropriate procedures.

Access to Relief

- We shall develop and maintain various contact points where employees can report and seek consultations on concerns about human rights. To capture the concerns of stakeholders about human rights in a timely manner, we shall put in place an accessible and effective system for reporting and processing grievances.

Prohibition of Violating the Rights of Local Residents and Others

- We shall not violate the rights of local residents and indigenous peoples, by such means as illegal eviction or the significant destruction of their living environment.
- We shall comply with local laws and regulations when acquiring or using land for business activities. In addition to compliance with laws and regulations, we shall strive to give consideration (*) to the local residents and indigenous peoples who would be affected by our activities.

*Indicated in *The Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples*.

For example, obtaining free, prior, informed consent (FPIC) of the indigenous peoples who would be affected by the business

4. Environment

Environment Management System

• We aspire to sustainable coexistence between our business and the global environment. We shall establish an environment management system for continuous improvement, comply with the environmental laws and regulations of each country and region, and work to maximize our environmental performance.

Contributing to a Carbon Neutral Society and Reducing Greenhouse Gas Emissions

- We shall strive to improve energy efficiency (*) in all areas, advance activities to reduce greenhouse gas emissions over the entire life cycle, and make effective use of energy and resources.
- We aspire to make carbon neutrality a reality and shall monitor the volume of greenhouse gas emissions as well as identify the actual conditions of problematic processes and materials.
- We shall work with our business partners to improve energy efficiency across the entire supply chain, by devising and executing all possible reduction measures, including the improvement of equipment, the replacement of materials, and the adoption of renewable energy.

* Examples: Adoption and development of highly efficient equipment and manufacturing processes that take energy and resource conservation into consideration, development of products that contribute to the reduction of greenhouse gas emissions, more efficient production activities, and efficient air conditioning.

Management of Chemical Substances

- We shall identify chemicals and other substances that may be potentially harmful to human health and cause environmental contamination, and practice chemical safety.
- We shall manage (abolish, reduce, etc.) chemical substances in compliance with the relevant laws and regulations of each country and region.
- Products shall not contain chemical substances that are prohibited under the laws and regulations of the relevant country and region.
- The manufacturing processes shall not use chemical substances that are prohibited under the laws and regulations of the relevant country and region, and the emissions volume shall be monitored and reported to the government in accordance with laws and regulations.

Building a Society in Harmony with Nature

• We aim to live in harmony with nature and the sustainable co-existence of society and business and shall give consideration to ensuring biodiversity and protecting the ecosystem by mitigating and preventing the impact on the ecosystem in all our business activities from the procurement of raw materials to the manufacture of parts.

Contributing to the Creation of a Recycling-oriented Society and System

• In product design and development, we aim to contribute to society through environmental technology by reducing the use of depletable resources, utilizing recycled materials, and consider proper disposal and recyclability at end-of-life. If requested, we shall report on the results of our use of recycled materials.

- We shall comply with the laws and regulations on the proper disposal and recycling of waste in each country and region and advance recycling by reducing the final disposal volume of waste by improving the efficiency of resource use.

Prohibition of Air, Water, and Soil Pollution

- We shall comply with the laws and regulations on the prohibition of air, water, and soil pollution in each country and region and promote the pollution of the environment through ongoing monitoring and the reduction of pollutants.

Reducing the Impact on the Water Environment

- We shall take the water environment of each country and region into consideration, reduce the volume of water usage as well as manage wastewater, while continuously assessing the impact.

5. Responsible Procurement

Responsible Procurement of Resources and Raw Materials

• We shall carry out procurement activities that give due consideration to the impact on local communities of the use of certain raw materials (e.g. conflict minerals, cobalt, natural rubbers, etc.) that may cause social problems including problems with human rights and the environment. If there are any concerns, we shall take measures to avoid the use of such materials.

6. Local Communities

Disclosures to Stakeholders

• We aim to build a sound relationship with our stakeholders and improve our mutual understanding and our relationship of trust, by disclosing management, financial, environmental protection, social, and social contribution information to the stakeholders in an appropriate and timely manner, and by maintaining open and equitable channels of communication.

Contributing to the Local Communities

- We shall respect the culture and traditions of each country around the world and each local community, and work to develop mutual trust with the local communities and the stakeholders.
- To ensure the enrichment and development of the local communities, we shall focus on the social issues facing each community and contribute to its development by cooperating with the local communities and participating in community growth and social enrichment

7. Risk Management

Building and Implementing a System of Risk Management

To prevent emergency situations and to minimize damages in the event that such situations occur, we shall analyze the risks associated with the business activities of the Company and build and implement a system for companywide crisis management.

Developing and Implementing a Business Continuity Plan

We shall develop and implement a Business Continuity Plan (BCP) to ensure early recovery from disasters and accidents.

Ensuring Information Security

We shall implement defensive measures (cybersecurity) against threats on the computer networks to prevent damage to the Company and other companies from confidential information leaks, while at the same time providing regular information security training programs (including training on targeted cyberattacks) to the employees.

8. Compliance with the Sustainability Guidelines

- We shall comply with these Guidelines across the entire supply chain that supports *Monozukuri* (manufacturing).
We ask that our business partners carefully read, understand, and comply with these Guidelines.
- Compliance with these Guidelines shall be confirmed through self-inspections using sustainability questionnaires, interviews, and onsite visits to your plants and other locations, to enhance the level of our mutual communications.
In certain cases, audits by third parties may also be deployed.
- In the event of any violations of these Guidelines, you are asked to promptly report them and work toward their remediation.
The Company shall also participate in the remediation activities, if necessary.
In the unlikely event that appropriate remediation efforts are not made, we may suspend orders.

9. Roll out to Your Respective Business Partners

- We ask that, in light of the above intent, you roll out our Sustainability Policy and Guidelines to your business partners, as well, and thoroughly communicate these sustainability initiatives through awareness-raising activities, while working to instill and disseminate our efforts.
- In instilling and disseminating our efforts, we ask that you do so across the entire supply chain, and provide follow-up and remedial measures, if necessary.

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