

ESPEC Sustainable Procurement Guidelines

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Introduction

As various social issues are deepening on a global scale and international society is working towards creating a sustainable society, companies will be expected to contribute to resolving the issues that society faces and to create social value.

ESPEC will carry out sustainability management aimed at continual growth while creating and improving economic value and social value through our business activities.

In our procurement activities as well, we will carry out a shift from conventional environmentally conscious green procurement to sustainable procurement that considers not only the environment, but also human rights, occupational safety, ethics, and other matters, and that increases social value.

In order to meet the demands of society that will continue to increase in the future, it is essential that companies do not only act on their own but also work together with all of their suppliers. For this reason, we have revised our Basic Policies on Procurement and have formulated the ESPEC Sustainable Procurement Guidelines, which organize the items that we ask all suppliers to observe.

ESPEC intends, together with everyone with whom we do business, to utilize these guidelines and carry out sustainable procurement. We ask for your understanding and cooperation.

Basic Policies on Procurement

1. Legal Compliance

We will conduct our business transactions in compliance with all relevant laws and regulations of the country or region in which we are doing business.

We also require that our business partners comply with those laws and regulations.

2. Openness

We intend to purchase materials from a broad range of sources, be they in or outside of Japan, in order to purchase high-quality, economical and safe materials as per appropriate schedules of delivery.

3. Fairness, Impartiality, and Transparency

We select suppliers in a fair, impartial, and transparent fashion based on economic rationality and in all-around consideration of not only compliance with laws and regulations but also quality, price, delivery time, green procurement activities, management condition, etc.

4. Social Responsibilities

We strive for procurement of materials with consideration for human rights, labor, safety and health, the environment, ethics, and other matters.

We give priority to selection of suppliers who implement initiatives that promote these activities, and we support those initiatives in any way we can.

5. Partnerships

We aim to build relationships of mutual trust with our suppliers and realize mutual prosperity through fair transactions.

ESPEC Sustainable Procurement Guidelines

1. Human rights and labor

Respect for Human Rights

We will respect basic human rights and will engage in no discriminatory treatment, words, or action on the basis of gender, age, nationality, race, ethnicity, color, religion, creed, social status, marital status, sexual orientation, gender identity, medical history, viral infection, disability, or other reasons.

Prohibition of child labor and forced labor

We will eliminate the use of child labor and forced labor not only in our own operations but also in those of our suppliers.

Prohibition of inhumane treatment

We will not engage in workplace mental and physical abuse, compulsion, harassment, or other inhumane treatment, or acts which may constitute the above.

Appropriate management of working hours

We will establish working hours and holidays based on the laws and regulations of the countries and regions in which we operate, and will manage them appropriately.

Appropriate wages

Wages paid to workers will comply with all applicable laws and regulations, including minimum wage, overtime pay, and legally mandated allowances, and payroll deductions.

Approval of freedom of association and the right to collective bargaining

We will respect the laws and regulations of the countries and regions in which we operate, and will respect the workers' right to organize as a means of achieving labor-management negotiations concerning the working environment, wage levels, and other matters.

2. Safety and health

Occupational safety and health

We will identify and assess risks to occupational safety and health, and ensure safety with appropriate designs, technologies, and means of management. In particular, we will give proper consideration to eliminating or reducing risks to occupational safety and health for pregnant women and nursing mothers.

Preparation for emergencies

To protect the life and physical safety of workers, we will identify possible emergencies such as natural disasters and accidents. In addition, to minimize damage to workers and property, we will create action procedures for responding to emergencies, install the necessary equipment and other facilities, and conduct training and education.

Occupational accidents and occupational illnesses

We will identify, assess, record, and report the conditions when occupational accidents and occupational illnesses occur, and will enact suitable countermeasures and corrective actions.

Industrial health

We will identify and assess risks of worker exposure to hazardous biological, chemical, and physical effects, and will carry out suitable management.

Consideration for work which involves physical burdens

We will identify and assess work which involves physical burdens on workers, and will carry out suitable management to prevent occupational accidents and occupational illnesses.

Safety measures for mechanical equipment

We will evaluate the presence of safety risks and enact appropriate safety measures for mechanical equipment used by workers in their work.

Facility safety and health

We will appropriately ensure the safety and health of facilities provided to workers (cafeterias, restrooms, dormitories, etc.). We will also ensure appropriate evacuation routes and emergency exits in case of emergencies.

Safety and health communication

We will conduct training and education of suitable safety and health information regarding the various workplace hazards that workers may encounter, and will provide it in a language and by means that workers can understand. We will also establish a system for feedback of opinions related to safety and health from workers.

Worker health management

We will carry out suitable health management for all employees.

3. Environment

Complying with environmental laws and regulations

We will comply with all laws, regulations, ordinances, etc. in the locations where our business is located, as well as obtain the necessary accreditation and approval for our business, and carry out registration and reporting to the relevant governmental authorities.

Reduction of energy consumption and greenhouse gas emissions

We will endeavor to improve our energy efficiency and engage in continual activities to reduce energy consumption and greenhouse gas emissions, and will disclose information concerning the results.

Prevention of atmospheric pollution

We will comply with laws and regulations related to atmospheric pollution, and will enact suitable measures to reduce emissions of harmful substances into the atmosphere.

Water management

We will comply with laws and regulations related to water, monitor the sources of the water we use, the amounts used, and the amounts discharged, and endeavor to conserve water. We will also enact all necessary measures to prevent water pollution.

Effective use of resources and waste management

We will promote the 3Rs (reduce, reuse, and recycle) and work for effective use of resources to minimize the amount of waste generated by complying with laws and regulations and carrying out appropriate management.

Control of chemical substances (business activities and manufacturing processes)

We will comply with laws and regulations and identify, label, and control chemical substances and other substances that are risks to health and the environment. We will also ensure safe handling, transfer, storage, use, recycling or reuse, and disposal of such substances.

Control of chemical substances in products

We will comply with all applicable laws and regulations (including those in destination countries) and customer requests regarding the prohibition or restriction on use of specific substances contained in products.

Environmental education and awareness activities

To raise environmental awareness, we will conduct environmental education and awareness activities for employees and their families, suppliers, and the public.

Contribution to environmental preservation of society

We will contribute to the environmental preservation of society by providing support for research and technological development related to global environmental conservation, as well as actively engaging in local biodiversity preservation activities and local environmental awareness activities.

4. Ethics

Compliance with laws, regulations, and corporate ethics

We will comply with the laws and regulations, social norms, and corporate ethics of the countries and regions in which we operate, and will perform our duties with integrity.

Freedom of competition and fair trade

We will comply with the Antimonopoly Act and other competition-related laws and regulations and conduct free competition and fair trade.

We will not enter into agreements with other companies in the same industry regarding restrictions on sales, technology, or production that mutually restrict free economic activity.

We will base our advertisements and product/service catalogs on substantive and objective evidence and will not make false or misleading representations that are not true.

Prohibition of giving or receiving benefits that violate laws, regulations, or social norms

We will not engage in the giving or receiving of monetary gifts that violate laws and regulations, social norms, or general business practices.

Prohibition of involvement with anti-social movements or organizations

We will not be involved in any way with anti-social movements and organizations that threaten the preservation of social order and safety or impede sound economic activities.

Respect for intellectual property rights

We will respect intellectual property rights, and will carry out transfers of technologies and knowledge in such a way that protects intellectual property. We will also protect the intellectual property rights of customers, suppliers, and other third parties.

Prohibition of insider trading

We will not use information that could materially affect the stock price of our company or our suppliers to buy or sell stocks or other securities prior to the release of such information (insider trading).

Ensuring compliance with import- and export-related laws and regulations, and export control

We will comply with laws and regulations related to imports and exports established for the purpose of maintaining international peace and security, as well as relevant laws and regulations of trading partner countries. When importing or exporting cargo or technology, we will follow the necessary procedures in accordance with applicable laws and regulations. We will conduct preliminary checks to confirm that laws and regulations are applicable and ensure that applications, customers, and transactions are not likely to lead to diversion to the development, manufacture, or use of weapons or the like.

Appropriate information disclosure

We will disclose information related to labor, safety and health, environmental activities, business activities, organizational structures, financial status, and business results in accordance with laws, regulations, and industry practices in the countries and regions in which we operate. We will not permit the improper modification of records or the disclosure of false information.

Appropriate management and proper handling of personal information

We will recognize the significance of the Act on the Protection of Personal Information and will appropriately handle the collection, recording, management, use, and disposal of personal information in accordance with said Act and internal rules. Furthermore, we will endeavor to prevent the loss, falsification, leakage, or other misuse of personal information.

Whistleblower protection

We will protect the confidentiality of information related to whistleblowing and the anonymity of whistleblowers, and will eliminate any retribution towards whistleblowers.

Responsible Mineral Procurement Policy

We will avoid the use of conflict minerals (tin, tantalum, tungsten, gold), which may be sources of funding for armed groups involved in civil wars or disputes that cause severe human rights abuses, and other high-risk minerals such as cobalt. We will cooperate with investigations and information disclosure related to conflict minerals and similar materials, and in the event that it is discovered that a mineral that corresponds to the above is used, we will report it immediately and take appropriate action.

5. BCP (Business Continuity Plans)

Crisis management

We will implement systematic crisis management to adequately prepare for natural disasters, the spread of infectious diseases, cyber-attacks, and other potential emergencies. In the event of an emergency, we will place the safety of our employees and stakeholders as our first priority and work to minimize the impact.

6. Observance of ESPEC Sustainable Procurement Guidelines

Observance of ESPEC Sustainable Procurement Guidelines

We will work to observe these Guidelines throughout the supply chain in our production activities, and will endeavor to expand and improve understanding of these Guidelines in the supply chain.

We will also work to strengthen our partnerships with all suppliers based on these Guidelines.

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