

Dear All Suppliers

**Itoki Group
Sustainable Procurement
Guidebook
ver.3.0**

October 2022

Table of Contents

Foreword	_____	3
Itoki Group Corporate Philosophy	_____	4
Itoki Group Code of Conduct	_____	4
Itoki Group ESG Policy	_____	5
Itoki Group Procurement Policy	_____	7
Itoki Group Procurement Guidelines	_____	8
Message to Our Suppliers		
1.Fair Dealings and Ethics	_____ 8	
1-1. Compliance with various laws and regulations		
1-2. Prohibition of restrictive competition and prevention of corruption		
1-3. Prohibition of conflicts of interest		
1-4. Elimination of antisocial forces		
1-5. Respect for intellectual property		
1-6. Appropriate handling of imports and exports		
1-7. Responsible procurement		
1-8. Fair pricing		
1-9. Appropriate accounting and tax procedures		
1-10. Protection of internal whistleblowers		
2.Respect for human rights	_____ 9	
2-1. Respect for human rights		
2-2. Prohibition of discrimination		
2-3. Prohibition of harassment		
2-4. Employees' right to organize		
2-5. Prohibition of forced labor and child labor		
2-6. Appropriate wages		
2-7. Human resource development		
3.Labor / Health and Safety	_____ 10	
3-1. Establishment and operation of management system		
3-2. Safety measures for machinery and equipment		
3-3. Industrial hygiene		
3-4. Care taken regarding labor that incurs a physical burden		
3-5. Facility safety and hygiene		
3-6. Facility health and safety		
3-7. Measures for occupational injuries and diseases		
3-8. Employees' health management		
3-9. Emergency response		
3-10. Appropriate working hours		
4.Environment	_____ 10	
4-1. Construction and operation of a management system		
4-2. Environmental permits/administrative approvals		
4-3. Reduction of greenhouse gas emissions (decarbonization)		
4-4. Resource recycling and waste reduction		
4-5. Control of contaminants, etc.		
4-6. Control of chemical substances contained in products		
4-7. Control of chemical substances used in manufacturing processes		
4-8. Disclosure of status of environmental protection efforts		
4-9. Biodiversity		
5.Quality and Safety	_____ 11	
5-1. Establishment and operation of management system		
5-2. Ensuring product safety and quality		
5-3. Provision of accurate product and service information		
6.Information Security	_____ 12	
6-1. Establishment and operation of management system		
6-2. Cyber security		
6-3. Protection of personal information		
6-4. Prevention of leakage of confidential information of customers and third parties		
7.Business continuity	_____ 12	
7-1. Business continuity plan (BCP)		
7-2. Implementation of training		
8.Social contributions	_____ 12	
8-1. Contribution to local communities		
Reference Materials	_____	13
Revision history	_____	13

Foreword

The Itoki Group upholds the Corporate Philosophy, Code of Conduct, and ESG Policy described on the following pages, and is committed to conducting fair corporate activities on a daily basis and contributing to a sustainable society through its business activities.

In our procurement activities, we have also established a procurement policy to address sustainable procurement, starting from the development stage of products and services, in order to fulfill our social responsibility. In order to further encourage our suppliers to cooperate with us, in 2019 we published the Itoki Group CSR Procurement Guidebook, and compiled our procurement policy and the content we want our suppliers to understand accordingly as guidelines.

In light of the latest social trends, we have decided to review the contents of the previous CSR Procurement Guidebook and rename it the Itoki Group Sustainable Procurement Guidebook.

We believe that sustainable procurement will contribute to the mutual development of the Itoki Group and our business partners, and we would like to ask our suppliers for their understanding of the purpose of this project.

We also would like to ask for your cooperation in promoting our sustainability initiatives, including the expansion of these initiatives to the next group of business partners.

Itoki Corporation

Itoki Group Corporate Philosophy

- Embrace the energetic spirit of pioneership of our founder.
- Create new value by applying originality and ingenuity to all things.
- Adhere to correct business ethics and never fail to be diligent and hard working.
- Work together with the whole team to overcome adversity, and achieve prosperity.
- Aim to be No. 1 in the industry at all times.
- Actualize oneself and live a life without regrets.

Itoki Group Code of Conduct

1. By continuously developing and providing products and services that are useful, safe and of a high quality, we will achieve the satisfaction and trust of each of our customers who hold to a wide range of different values.
2. We shall respect laws, regulations and rules, engage in fair, transparent and free competition and appropriate dealings, and furthermore shall act with a strong sense of ethics, such as by maintaining a healthy and normal relationship with politics and government.
3. We shall emphasize communication with customers and the rest of society, and in addition to promptly and proactively disclosing/publishing fair and correct corporate information, we shall endeavor to guard and manage various types of information.
4. In addition to respecting the human rights of our employees, we shall place an emphasis on their humanity, individuality and diversity, allowing each of them to work in lively and active fashion and promoting an environment and system in which they can make the most of their potential.
5. In order to achieve a society based on our concept of “Vibrant People, Beautiful Planet,” in all areas of our business activities we shall endeavor to limit our burden on the earth’s environment, and furthermore, as a company that exists in harmony with the regional society, proactively engage in various activities that contribute to society.
6. We shall reject all relationships with dealings, etc. with antisocial forces or groups, and in the face of improper demands shall take a resolute stance and firmly reject them.
7. We shall in our business activities adhere to the laws of each country and region, and respect all international standards, cultures and customs.
8. We shall adhere to this code of conduct, and shall establish an internal structure by which it is effective. In the event that a violation of this code of conduct occurs, the managers shall endeavor to solve the issue themselves, root out the source of the problem, and prevent any reoccurrence. Furthermore, We shall fulfill our responsibility to explain and promptly and appropriately disclose information to the public, and shall take strict actions against those involved, including the managers themselves.

Itoki Group ESG Policy

Itoki Group has formulated its ESG policy with the aim of realizing "Vibrant People, Beautiful Planet" in society.

Itoki Group, as a company that creates people's "Working Environment," shall strive to solve problems to achieve a sustainable society while addressing environmental issues.

Environment

Itoki Group shall continue to practice environmental conservation activities in its business activities, including the manufacture of products and provision of services, in order to create a "Lively Earth" society.

Social

Itoki Group, including its supply chain, shall strive to improve the working environment, including respect for human rights and the elimination of harassment, in order to create a society in which "people can also be vibrant". We shall also make efforts to enable our diverse human resources to perform at their fullest potential.

Governance

Itoki Group shall commit to transparent and reliable management for sustainable business growth, comply with relevant laws and regulations and compliance, and ensure thorough information security. In addition, we shall emphasize dialogue with stakeholders to ensure the continuation of sound business operations based on diverse external perspectives.

ESG Action Plan

Environment

Climate change

Itoki Group shall promote adaptation to climate change and proposed countermeasures by analyzing the business risks and opportunities caused by climate change and clarifying the details of its initiatives.

Resource recycling

Itoki Group will actively promote the effective use of limited resources in all areas of its business activities as an initiative leading to decarbonization.

Biodiversity

The Itoki Group shall engage in sustainable procurement from the development stage of its products and services in order to keep the planet lively.

Social

Human rights

Itoki Group shall, in order to allow all people to be lively and active, in all of its business activities and all of its relationships in the supply chain, make efforts to respect human rights.

Labor practices and health management

Itoki Group shall promote fair and healthy industrial relations and maintain an environment that utilizes the individuality of multifaceted human resources and providing total support both within and outside the company for processes aimed at realization of health management.

Diversity and inclusion

Itoki Group shall create a workplace that has an organization, environment and culture in which all workers can show respect for each other's backgrounds.

Governance

Engagement with stakeholders

Itoki Group shall, by means of dialog with stakeholders within and outside the company and active participation in various development, deepen understanding of Itoki Group, heighten the feeling of expectation for growth, and work for the increase in value for both parties.

Corporate governance

Itoki Group shall promote CSR management integrated with our business strategy and aim for sustainable growth of both society and our business operations. We shall recognize CSR as an important management problem for the creation of company values and make efforts accordingly.

Fair dealings and prevention of corruption

Itoki Group shall, as well as of course adhering to laws and ordinances, establish a system promoting ethical compliance, which shall form the basis on which to build a fair and transparent relationship with our stakeholders in which corruption is not tolerated, and make efforts to strengthen and ingrain a consciousness of ethical compliance throughout the entire Group.

Information security

Itoki Group recognizes that appropriate handling of information related to management is a social responsibility of Itoki Group, and shall endeavor to earn the trust of society through continuous strengthening of information security management systems, including privacy protection.

Disclosure of information

Itoki Group shall make efforts to disclose information in an appropriate and timely manner, not merely abiding by the relevant laws and ordinances and timely disclosure rules but to deepen understanding of Itoki Group on the part of all of our stakeholders.

Itoki Group Procurement Policy

Itoki Group shall, in addition to working with suppliers to promote a labor environment and to strongly respect human rights related to issues such as child labor and forced labor, strive for a decrease in our environmental burden and protection of biodiversity, and work for a sustainable procurement from the development stage of products and services.

1. We shall engage in just and fair transactions which focus on respect for human rights, environmental protection and labor safety, while strictly adhering to laws and ordinances.
2. We shall pursue fair procurement activities by engaging in selection of sources of procurement based on various perspectives including quality, price, deadlines, technological strength, business contents and contribution to a sustainable society.
3. We shall build positive partnerships with suppliers both within Japan and abroad, engage in mutual cooperation and deepen relationships of trust, and seek for mutual development.
4. Promote communication through procurement activities and work on realizing coexistence and prosperity.

Itoki Group Procurement Guidelines

Message to Our Suppliers

In recent years, with increasing globalization of corporate activities and diversification of stakeholders, companies have a responsibility not only to abide by laws and ordinances, but are increasingly expected to fulfill a social responsibility to actualize a sustainable society. This is the Corporate Social Responsibility, or CSR.

At Itoki Group, we work hard at our corporate activities every day in order to meet the expectations of our stakeholders, but Itoki products can't be produced by Itoki alone, and it is only with the help of our suppliers that we are able to give the world what we do. Therefore, it is imperative that we pursue our sustainability activities with the assistance of our suppliers. These procurement guidelines will first be observed by the Itoki Group. We would also like to ask our suppliers to support the Itoki Group's sustainability activities and to fully understand and cooperate with the content of these procurement guidelines.

1. Fair Dealings and Ethics

1-1. Compliance with various laws and regulations

We shall comply with the laws and regulations of each country and region, international norms such as treaties and social norms, and conduct business activities based on our corporate ethics.

1-2. Prohibition of restrictive competition and prevention of corruption

We shall not engage in any acts that impede free competition or unfair competitive practices, shall always conduct fair, equitable, and sound business transactions, and shall not engage in corrupt practices of any kind (corruption, bribery, money laundering, embezzlement, etc.).

1-3. Prohibition of conflicts of interest

We shall take appropriate measures to deal with any conflicts of interest that may arise in overall transactions.

1-4. Elimination of antisocial forces

We shall not under any circumstances engage in relations with antisocial forces. Furthermore, we shall not have any dealings with business partners who have relations with any antisocial forces.

1-5. Respect for intellectual property

We shall respect intellectual property rights, and shall not infringe upon the intellectual property rights of third parties.

1-6. Appropriate handling of imports and exports

Regarding all international transport of goods and labor, we shall establish an appropriate management system and shall abide by each country/territory's laws and ordinances governing international trade.

1-7. Responsible procurement

Taking due care not to cause conflict mineral issues, human rights/labor problems, environmental issues, we shall engage in procurement activities.

1-8. Fair pricing

We shall endeavor for provision of products at a market competitive price and continuous improvement and proposals.

1-9. Appropriate accounting and tax procedures

We shall perform appropriate accounting and tax procedures in accordance with the relevant laws and regulations.

1-10. Protection of internal whistleblowers

In addition to constructing an internal notification system that ensures the protection and privacy of whistleblowers, we shall not engage in any retaliatory action.

2. Respect for human rights

2-1. Respect for human rights

We shall respect the fundamental human rights of all persons involved in our corporate activities. We shall also work to ensure that our activities do not directly or indirectly infringe on human rights.

2-2. Prohibition of discrimination

We shall treat others with respect and shall not engage in discriminatory behavior on the basis of gender, age, nationality, disability, injury or illness, employment status or working style, customs, values, LGBT, or other factors. We shall not accept such behavior in any manner whatsoever.

2-3. Prohibition of harassment

We shall not engage in any behavior or conduct (any form of harassment) that is offensive to the recipient, including harassing or bullying. We shall not accept such behavior in any manner whatsoever.

2-4. Employees' right to organize

We shall respect employees' right to organize and right to collective bargaining.

2-5. Prohibition of forced labor and child labor

We shall not engage in any form of forced labor or child labor. Furthermore, we shall make efforts not to indirectly participate in such activities.

2-6. Appropriate wages

We pay our employees at least the minimum wage required by local laws and regulations. In addition, we are committed to paying appropriate wages that take into account the standard of living (living wage) to ensure stable lives for our employees. We pay wages for overtime work in accordance with applicable laws, regulations, and contracts.

2-7. Human resource development

We promote the development of each employee's abilities and nurture human resources who can contribute to society.

3.Labor / Health and Safety

3-1. Establishment and operation of management system

We shall establish an occupational health and safety management system and strive for continuous improvement through its appropriate operation.

3-2. Safety measures for machinery and equipment

We shall identify all hazards and potentials for toxicity of production machinery and other machinery used in our company and take appropriate safety measures to eliminate or reduce such hazards and toxicity.

3-3. Industrial hygiene

When handling chemical substances, etc., we will properly manage them and take measures such as providing training and protective equipment while considering human health.

3-4. Care taken regarding labor that incurs a physical burden

We shall designate the jobs that create a serious burden on the human body, and handle appropriately so as not to lead to accident or disease.

3-5. Facility safety and hygiene

We shall take appropriate health and safety measures in facilities (dormitories, cafeterias, bathrooms, etc.) we provide to assist in our employees' lives.

3-6. Facility health and safety

We shall take appropriate health and safety measures for facilities (dormitories, cafeterias, restrooms, etc.) provided for employees' lives.

3-7. Measures for occupational injuries and diseases

We shall take appropriate measures to prevent occupational injuries and diseases, as well as to control, track, and report any such occurrence.

3-8. Employees' health management

For all of our employees, we shall implement appropriate health management as required by local laws and ordinances.

3-9. Emergency response

We shall establish and maintain a system to prepare for emergency situations based on the assumption of possible disasters and accidents in order to protect the safety of lives and bodies.

3-10. Appropriate working hours

We shall comply with all laws and regulations regarding working hours, vacations, etc. We shall also appropriately manage employees' working hours, holidays, and vacations and prevent long working hours and overwork.

4.Environment

4-1. Construction and operation of a management system

Through the construction and appropriate operation of an environmental management system, we shall strive for continuous improvement.

4-2. Environmental permits/administrative approvals

We shall comply with local laws and regulations, obtain administrative permits and approvals when required, and always provide the required management reports to the authorities.

4-3. Reduction of greenhouse gas emissions (decarbonization)

We shall establish initiatives and targets for energy conservation, introduction of renewable energy, and more efficient transportation in order to implement reduction of greenhouse gas emissions as a measure against climate change, and strive to achieve continuous reduction.

4-4. Resource recycling and waste reduction

We shall promote the 3Rs (Reduce, Reuse, and Recycle) to make effective use of resources and minimize waste generation. We shall properly manage and dispose of waste in compliance with the laws and regulations of the place where it is discharged, and establish voluntary targets to ensure continuous reduction of waste.

4-5. Control of contaminants, etc.

We shall comply with local laws and regulations regarding air, water, soil pollution, noise, vibration, etc., and manage them appropriately. We shall also give consideration to ensuring the health and safety of local people involved in our business.

4-6. Control of chemical substances contained in products

We shall comply with the applicable laws and regulations in Japan and overseas regarding the prohibition or restriction of the use of chemical substances contained in our products, and manage them appropriately.

4-7. Control of chemical substances used in manufacturing processes

We shall comply with applicable local laws and regulations regarding the prohibition or restriction of the use of chemical substances in manufacturing processes, transportation and delivery, etc., and manage them appropriately.

4-8. Disclosure of status of environmental protection efforts

We shall disclose information regarding the results of our environmental activities in a timely manner.

4-9. Biodiversity

We shall examine the direct and indirect impacts of our business activities on ecosystems, and strive to conserve biodiversity and ensure its sustainable use.

5. Quality and Safety

5-1. Establishment and operation of management system

We shall establish a quality management system and strive for continuous improvement to meet quality standards and the requirements of society and customers through its appropriate operation.

5-2. Ensuring product safety and quality

We shall strive to provide safe and superior quality products, technologies, and services that meet the safety standards set forth by relevant laws and regulations in Japan and overseas, and in providing products and services to the markets.

5-3. Provision of accurate product and service information

We shall promptly provide necessary and accurate product and service information to customers and consumers.

6. Information Security

6-1. Establishment and operation of management system

We shall establish an information management system and strive for continuous improvement through its appropriate operation.

6-2. Cyber security

We shall take protective measures against cyber-attack threats and manage them to prevent damage to our company and to others.

6-3. Protection of personal information

We shall comply with the relevant laws and regulations of each country regarding personal information, and appropriately protect and manage the collection, use, storage, and disposal of such information.

6-4. Prevention of leakage of confidential information of customers and third parties

We shall appropriately manage confidential information received from customers and third parties and prevent the leakage of such information.

7. Business continuity

7-1. Business continuity plan (BCP)

We shall create and maintain a business continuity plan to prepare for unforeseen events such as disasters, accidents, pandemics, etc.

7-2. Implementation of training

We will carry out regular training in accordance with the response procedure in the event of a disaster.

8. Social contributions

8-1. Contribution to local communities

We shall respect the cultures and customs of the communities in which we do business, strive to build good relationships with local communities, and voluntarily engage in social contribution activities.

Reference Materials

In the creation of this Guidebook, we adhered to the following standards.

- ISO 26000
- ISO 14001
- ISO 9001
- ISO 45001
- ISO 27001
- The Ten Principles of the UN Global Compact
- The United Nations' "Guiding Principles on Business and Human Rights"
- ILO International Labour Standards
- OECD Guidelines for Multinational Enterprises
- Universal Declaration of Human Rights

* Please note that the contents of this guidebook will be reviewed and revised as necessary in response to changes in Japanese laws and regulations, international norms, and social demands.

Revision history

2019/03 Ver1.0

2021/09 Ver2.0 Added 7.Business continuity

2022/10 Ver3.3 Title changed to Sustainable Procurement Guidebook. Added 8. Social contributions. Reviews of the descriptions of other items.