

UBE Group Sustainable Procurement Guidelines

The UBE Group engages in a variety of sustainability initiatives in order to earn the confidence of diverse stakeholders, including shareholders, customers, business partners, employees, and communities. To enhance the social credibility of the Group, we practice sustainable procurement throughout the entire supply chain, including all of our business partners.

This new edition of the UBE Group Sustainable Procurement Guidelines has been revised to be more concrete and specific. We ask all of our business partners to adhere to these guidelines and to work with us to further enhance sustainable procurement throughout the entire supply chain of the UBE Group.

We also periodically survey the status of business partners' efforts in order to keep increasing the level of initiatives.

1. Internal structure for practicing sustainability

- (1) Maintain corporate philosophy, basic management policy, and action guidelines, etc., for practicing sustainability within the company.
- (2) Establish an organizational framework for practicing sustainability within the company.
- (3) Produce and publish a report related to sustainability and the environment.

2. Ensuring stable supply and quality

- (1) To prepare for contingencies such as disasters and accidents, establish and maintain a risk management framework on a regular basis, and inform all employees about it.
- (2) Establish a business continuity plan (BCP) that stipulates in advance the plan for securing business continuity in an emergency such as an earthquake or influenza outbreak, and inform all employees about it.
- (3) Conduct assessments and tests to ensure product safety, and enable traceability. Also, put in place a certified quality management system such as ISO 9000.

3. Corporate ethics, compliance with the law and social norms, and fair transactions

- (1) Comply with the various laws, regulations, government directives, and rules applicable to business operations (Japan's Companies Act, Antitrust Act, and Subcontractors Act, and similar laws in other countries, labor-related laws and regulations, environment-related laws and regulations, etc.).

- (2) Develop an internal whistleblowing system for reporting illegal activities.
- (3) Prohibit the offering and acceptance of inappropriate benefits.
- (4) Prohibit transactions with organized crime and other antisocial forces (individuals or groups).
- (5) Practice fair transactions with business partners.

4. Consideration for the environment

- (1) Obtain external certifications for environmental management systems (systems for the overall management of environmental initiatives* encompassing an organizational framework, systematic initiatives, and assignment of responsibilities), such as ISO 14001 certification. Establish, operate, and continuously improve environmental management systems.

*Environmental initiatives include establishing environmental policies, implementing measures according to the policies, and executing plan-do-check-action (PDCA) cycles for environmental conservation initiatives.

- (2) Suitably manage and dispose of industrial waste according to the laws and regulations of the country in which the business operates. Practice the three Rs (reduce, reuse, and recycle) in all business activities. Additionally, establish voluntary targets for reducing landfill waste, such as by practicing resource recycling, and continually reduce landfill waste.
- (3) Establish voluntary targets for resource conservation and energy reduction, and continually ensure that resources and energy are effectively used.
- (4) Establish voluntary targets for reducing greenhouse gas (GHG) emissions including carbon dioxide, methane, and nitrous oxide, and continuously reduce GHG emissions.
- (5) Continuously reduce water consumption through the optimal and effective use of water resources. Additionally, strive for water circulation that suitably preserves the function of water in human activities and for conservation of the environment.
- (6) Strive to exist in harmony with nature through consideration for biodiversity.
- (7) Secure compliance with laws and regulations relating to environmental conservation such as those concerning air emissions, water quality, and chemical substance emissions in the country in which the business operates, and if necessary, set voluntary standards to further raise compliance.

5. Respect for human rights, safety, and health

- (1) Prohibit all behavior that is inhumane.
Prohibit all behavior that is inhumane including any form of abuse, corporal punishment or harassment. Practice respect for human rights.
- (2) Prohibit child labor.
Prohibit the employment of children who are below the minimum working age and ensure that legally employed young people are not assigned work that would hinder their development.
- (3) Prohibit forced labor.
Ensure that all employees are employed of their own free will and are never subjected to forced labor.

- (4) Prohibit overwork.
Suitably manage employees' working hours, holidays, and vacations to ensure that they do not work more hours than legally permitted.
- (5) Pay suitable wages.
Ensure that employees are paid at least the legally mandated minimum wage and prohibit unjust reduction of wages.
- (6) Prohibit all forms of discrimination.
Eliminate any discrimination in the recruitment and employment of human resources, and treat human resources fairly such as by providing equal opportunities.
- (7) Respect the fundamental rights of workers.
Respect fundamental labor rights, including freedom of association and the right to collective bargaining, and build good relations with employees through close dialogue.
- (8) Suitably manage occupational safety.
Ensure a safe work environment by identifying and managing the risk of accidents and human exposure to harmful chemical substances, noise, odors, etc., in the workplace.
- (9) Suitably manage the physical and mental wellbeing of employees. Secure compliance with relevant laws and regulations in the country in which the business operates and obtain health management certifications as recommended at the national and state/provincial levels.

6. Social contribution, communication with society, and information management and disclosure

- (1) Actively engage in social contribution activities.
- (2) Accurately report information needed by shareholders, such as financial information, outside the company.
- (3) Disclose in a timely and appropriate manner information related to quality and product safety.
- (4) Develop internal rules regarding the prevention of leaks of confidential information, and implement relevant system measures. Also, establish regulations regarding the protection of confidential information obtained through business transactions as well as personal and customer information, and manage it appropriately.
- (5) Implement measures to protect against threats to computers and networks such as computer viruses.