

The SCSK Group
Supply Chain Sustainability Promotion
Guidelines

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Introduction

Under the corporate philosophy, “Create Our Future of Dreams,” the SCSK Group is promoting sustainability management as part of its growth strategy. The SCSK Group has formulated these “SCSK Group Supply Chain Sustainability Promotion Guidelines” (these “Guidelines”) to contribute to the sustainable development of society through faithful and fair business activities. These Guidelines provide a code of conduct based on “Responsible Business Alliance Code of Conduct Version 7.0 (2021)” published by the Responsible Business Alliance (RBA) and “Responsible Business Conduct Guidelines (March 2023)” published by the Japan Electronics and Information Technology Industries Association (JEITA). The SCSK Group respects these Guidelines and conduct its business activities under its sustainability management promotion system. We also expect our suppliers to understand, endorse, and comply with these Guidelines.

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1. LABOR

The company is committed to upholding the human rights of workers and to treating them with dignity and respect as understood by the international community. This applies to all workers, including temporary, migrant, student, contract, direct employees, and any other type of worker.

The labor standards are:

1) Freely Chosen Employment

- No forced, bonded (including debt bondage), or indentured labor, involuntary or exploitative prison labor, slavery, or human trafficking is permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or services.
- There are to be no unreasonable restrictions on workers' freedom of movement in the facility in addition to unreasonable restrictions on entering or exiting company-provided facilities, including, if applicable, workers' dormitories or living quarters.
- As part of the hiring process, all workers will be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment.
- Foreign migrant workers will receive an employment agreement prior to departing from their country of origin, and no substitution or change will be allowed in the employment agreement upon arrival in the receiving country unless the change is made to meet local law and provides equal or better terms.
- All work is to be voluntary, and workers will be free to leave work at any time or terminate their employment without penalty if reasonable notice is given as per workers' contracts.
- Employers, agents, and sub-agents do not withhold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued identification, passports, or work permits. Employers only withhold documentation if required by law. In this case, at no time should workers be denied access to their documents.
- Workers will not be required to pay employers' agents or sub-agents' recruitment fees or other related fees for their employment. If any

such fees are found to have been paid by workers, such fees are to be repaid to them.

2) Young Workers

- Child labor is not to be used in any stage of manufacturing. The term “child” refers to any person under the age of 15, under the age for completing compulsory education, or under the minimum age for employment in the relevant country, whichever is greatest. The company will implement an appropriate mechanism to verify the age of workers.
- The use of legitimate workplace learning programs, which comply with all laws and regulations, is supported. Workers under the age of 18 (Young Workers) are not to perform work that is likely to jeopardize their health or safety, including night shifts and overtime. The company will ensure proper management of student workers through proper maintenance of student records, rigorous due diligence on educational partners, and protection of students’ rights in accordance with applicable laws and regulations. The company is to provide appropriate support and training to all student workers.
- In the absence of local law, the wage rate for student workers, interns, and apprentices is to be at least the same wage rate as other entry-level workers performing equal or similar tasks.
- If child labor is identified, assistance/remediation is provided.

3) Working Hours

- Studies of business practices clearly link worker strain to reduced productivity, increased turnover, and increased injury and illness. Working hours are not to exceed the maximum set by local law. Further, a workweek should not be more than 60 hours per week, including overtime, except in emergency or unusual situations.
- All overtime is to be voluntary.
- Workers will be allowed at least one day off every seven days.

4) Wages and Benefits

- Compensation paid to workers will comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and

legally mandated benefits. In compliance with local laws, workers are to be compensated for overtime at pay rates greater than regular hourly rates.

- Inappropriate deductions from wages as a disciplinary measure that is beyond the extent permitted by local law will not be permitted.
- For each pay period, workers will be provided with a timely and understandable wage statement that includes sufficient information to verify accurate compensation for work performed.
- All use of temporary, dispatch, and outsourced labor will be within the limits of local law.

5) Humane Treatment

- There is to be no harsh or inhumane treatment, including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming, or verbal abuse, of workers; nor is there to be any threat of such treatment.
- Disciplinary policies and procedures in support of these requirements are to be clearly defined and communicated to workers.

6) Non-Discrimination/Non-Harassment

- The company should be committed to a workplace free of harassment and unlawful discrimination.
- The company will not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status in hiring and employment practices such as those relating to wages, promotions, rewards, and access to training.
- Workers will be provided with reasonable accommodation for religious practices. In addition, workers or potential workers should not be subjected to medical tests, including pregnancy or virginity tests, or physical exams that could be used in a discriminatory way. This was drafted in consideration of the ILO Discrimination (Employment and Occupation) Convention (No. 111).

7) Freedom of Association

- In conformance with local law, the company will respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly, as well as respect the right of workers to refrain from such activities.
- Workers and/or their representatives will be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

2. HEALTH AND SAFETY

The company recognizes that in addition to minimizing the incidence of work-related injury and illness, a safe and healthy work environment enhances the quality of products and services, consistency of production, and worker retention and morale. The company also recognizes that ongoing worker input and education are essential to identifying and solving health and safety issues in the workplace. The health and safety standards are:

1) Occupational Safety

- Worker potential for exposure to health and safety hazards (chemical, electrical, and other energy sources, fire, vehicles, and fall hazards, etc.) are to be identified and assessed, and mitigated using the Hierarchy of Controls, which includes eliminating the hazards, substituting processes or materials, control through proper design, implementing engineering and administrative controls, preventative maintenance and safe work procedures (including lockouts/tagouts), and providing ongoing occupational health and safety training.
- Where hazards cannot be adequately controlled by these means, workers are to be provided with appropriate, well-maintained, personal protective equipment and educational materials about risks to them associated with these hazards.
- Reasonable steps will also be taken to remove pregnant women and nursing mothers from working conditions with high hazards, remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignments, and provide reasonable accommodations for nursing mothers.

2) Emergency Preparedness

- Potential emergency situations and events are to be identified and assessed and their impact minimized by implementing emergency plans and response procedures, including emergency reporting, employee notification and evacuation procedures, worker training, and drills.

- Emergency drills will be executed at least annually or as required by local law, whichever is more stringent. Emergency plans should also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans. Such plans and procedures are to focus on minimizing harm to life, the environment, and property.

3) Occupational Injury and Illness

- Procedures and systems are to be in place to prevent, manage, track, and report occupational injury and illness, including provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, investigate cases and implement corrective actions to eliminate their causes, and facilitate the return of workers to work.

4) Industrial Hygiene

- Worker exposure to chemical, biological, and physical agents is to be identified, evaluated, and controlled according to the Hierarchy of Controls.
- If any potential hazards are identified, the company will look for opportunities to eliminate and/or reduce them. If elimination or reduction of the hazards is not feasible, potential hazards are to be controlled through proper design, engineering, and administrative controls. When hazards cannot be adequately controlled by such means, workers are to be provided with and use appropriate, well-maintained, personal protective equipment free of charge. Protective programs are to be ongoing and include educational materials about the risks associated with these hazards.

5) Physically Demanding Work

- Worker exposure to the hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks, is to be identified, evaluated, and controlled.

6) Machine Safeguarding

- Production and other machinery will be evaluated for safety hazards. Physical guards, interlocks, and barriers are to be provided and properly maintained where machinery presents an injury hazard to workers.

7) Sanitation, Food, and Housing

- Workers are to be provided with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities.
- Worker dormitories provided by the company or a labor agent are to be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting and heat and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.

8) Health and Safety Communication

- The company will provide workers with appropriate workplace health and safety information and training in their native language or in a language they can understand for all identified workplace hazards that workers are exposed to, including but not limited to mechanical, electrical, chemical, fire, and physical hazards.
- Health and safety related information is to be clearly posted in the facility or placed in a location identifiable and accessible by workers.
- Training is provided to all workers prior to the beginning of work and regularly thereafter. Workers are encouraged to raise any health and safety concerns without retaliation.

9) Worker Health Management

- The company will conduct appropriate health management for all employees. Appropriate health management refers to conducting health checks at least at the level stipulated by law and working on the prevention and early detection of worker illness. Further, the company will adequately consider treatment such as mental healthcare and the prevention of health problems due to overwork,

work to maintain and improve the mental and physical health of each employee, and strive to improve their wellbeing, so that all employees may feel a sense of reward from work and spiritual richness.

3. ENVIRONMENT

The company recognizes that environmental responsibility is integral to producing world-class products. The company will identify the environmental impacts and minimize adverse effects on the community, environment, and natural resources within its manufacturing operations, while safeguarding the health and safety of the public, and endeavor to prevent environmental pollution. The company places great importance on preserving the environment, including the natural ecosystem and biodiversity.

The environmental standards are:

1) Environmental Permits and Reporting

- All required environmental permits (e.g. discharge monitoring), approvals, and registrations are to be obtained, maintained, and kept current, and their operational and reporting requirements are to be followed.

2) Pollution Prevention and Resource Reduction

- Emissions and discharges of pollutants and generation of waste are to be minimized or eliminated at the source or by practices such as adding pollution control equipment; modifying production, maintenance, and facility processes; or by other means.
- The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, is to be conserved by practices such as modifying production, maintenance and facility processes, materials substitution, re-use, conservation, recycling, or other means.

3) Hazardous Substances

- Chemicals, waste, and other materials posing a hazard to humans or the environment are to be identified, labeled, and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and disposal.

4) Solid Waste

- The company will implement a systematic approach to identify, manage, reduce, and responsibly dispose of or recycle solid waste (non-hazardous).

5) Air Emissions

- Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting substances, and combustion byproducts generated from operations are to be characterized, routinely monitored, controlled, and treated as required prior to discharge.
- Ozone-depleting substances are to be effectively managed in accordance with the Montreal Protocol and applicable regulations. The company will conduct routine monitoring of the performance of its air emission control systems.

6) Materials Restrictions

- The company is to adhere to all applicable laws, regulations, and customer requirements regarding the prohibition or restriction of specific substances in products and manufacturing, including labeling for recycling and disposal.

7) Water Management

- The company will implement a water management program that documents, characterizes, and monitors water sources, use, and discharge; seeks opportunities to conserve water; and controls channels of contamination.
- All wastewater is to be characterized, monitored, controlled, and treated as required prior to discharge or disposal.
- The company will conduct routine monitoring of the performance of its wastewater treatment and containment systems to ensure optimal performance and regulatory compliance.

8) Energy Consumption and Greenhouse Gas Emissions

- The company will strive to establish a corporate-wide greenhouse gas reduction goal.

- The company will strive to track and document its energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions and to publicly report them in comparison with the greenhouse gas reduction goal.
- The company is to look for methods to improve energy efficiency and to minimize its energy consumption and greenhouse gas emissions.

4. ETHICS

To meet social responsibilities and to achieve success in the marketplace, the company is to uphold the highest standards of ethics, including:

1) Business Integrity

- The highest standards of integrity are to be upheld in all business interactions.
- The company will have a zero-tolerance policy to prohibit any and all forms of bribery, corruption, extortion, and embezzlement.

2) No Improper Advantage

- Bribes or other means of obtaining undue or improper advantages are not to be promised, offered, authorized, given, or accepted. This prohibition covers promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, direct business to any person, or otherwise gain an improper advantage.
- Monitoring, recordkeeping, and enforcement procedures are to be implemented to ensure compliance with anti-corruption laws.

3) Disclosure of Information

- All business dealings should be transparently performed and accurately reflected on the company's business books and records.
- Information regarding the company's labor, health and safety, environmental practices, business activities, structure, financial situation, and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.
- Falsification of records or misrepresentation of conditions or practices in the supply chain is unacceptable.

4) Intellectual Property

- Intellectual property rights are to be respected, transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information is to be safeguarded.

5) Fair Business, Advertising, and Competition

- Standards of fair business, advertising, and competition are to be upheld.

6) Protection of Identity and Non-Retaliation

- Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers*¹ are to be maintained, unless prohibited by law.

*1. Whistleblower definition: Any person who makes a disclosure about improper conduct by an employee or officer of a company, or by a public official or official body.

- The company should have a communicated process for its personnel to be able to raise any concerns without fear of retaliation.

7) Responsible Sourcing of Minerals

- The company will adopt a policy and strive to exercise due diligence on the source and chain of custody of the tantalum, tin, tungsten, and gold in the products it manufactures to reasonably assure that they are sourced in a way consistent with the Organisation for Economic Co-operation and Development (OECD) Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas or an equivalent and recognized due diligence framework.

8) Proper Import/Export Control

- The company will maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods regulated by law.
- Technologies and goods regulated by law refer to components, products, technologies, equipment, and software subject to import/export control according to applicable laws, regulations, and international agreements (such as the Wassenaar Arrangement). It may be necessary to obtain permission from the competent authorities or take other procedures regarding importing and exporting.

9) AI ETHICS

- In the use of AI, the company will comply with all applicable laws and regulations and respect human rights, and the company will strive to prevent any infringement of rights of third parties. To realize fair and trustworthy AI, the company will strive to prevent any unfair discrimination caused by AI and aims to design and develop AI whose results are explainable.

5. QUALITY AND SAFETY

The company will ensure the safety and quality of, and provide correct and accurate information on, provided products and services.

1) Ensuring Product Safety

- When the company designs products, it will ensure adequate product safety and consider its responsibility as a manufacturer when providing products. The company is to also consider the safety that products should ordinarily provide, in addition to legal compliance.

2) Quality Management

- The company will comply with all laws and regulations that apply to the quality of products and services and is to also establish appropriate frameworks and management systems for complying with its own quality standards and customer requirements.

3) Providing Accurate Information on Products and Services

- The company is to provide information to customers and consumers that is correct, accurate, and does not lead to misunderstandings. The company will not provide false information or information that has been falsified.

6. INFORMATION SECURITY

The company will prevent leaks of confidential information and personal information and enhance information security.

1) Defense against Cyber Attacks

- The company will implement protective measures against threats such as cyber attacks and conduct management to prevent damage to the company and others.

2) Protecting Personal Information

- The company is to commit to protecting the reasonable privacy expectations of personal information of everyone it does business with, including suppliers, customers, consumers, and employees.
- The company is to comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

3) Preventing Leaks of Confidential Information

- The company will appropriately manage and protect its own confidential information, as well as the confidential information it receives from customers and third parties.
- The company will establish an appropriate framework and management system, define information management levels, and provide for employment training for managing confidential information.

7. BUSINESS CONTINUITY PLANNING

The company will make preparations to ensure that it can quickly resume business activities in order to fulfill its responsibility of supply in the event that the company or a business partner becomes a victim of, for example, a large-scale natural disaster.

1) Developing and Preparing a Business Continuity Plan

- The company will identify and assess risks to business continuity, examine their impact on business, and establish preparatory measures required in the medium to long term and a business continuity plan (BCP) that indicates the status of those initiatives.
- Advance countermeasures required include local recovery strategies indicating how to protect, mitigate, and recover various elements of production sites from estimated damage. It is also important to secure alternative methods of recovery from damage when resuming business takes longer than expected.
- The company will provide continuous training to employees so that they can act in the event of an actual disaster and establish a manual for quickly recovering business in accordance with the BCP.

8. MANAGEMENT SYSTEMS

The company will adopt or establish a management system with a scope that is related to the content of these Guidelines. The management system will be designed to ensure: (a) compliance with applicable laws, regulations, and customer requirements related to the company's operations and products; (b) conformance with these Guidelines; and (c) identification and mitigation of operational risks related to these Guidelines. It should also facilitate continual improvement.

The management system should contain the following elements:

1) Company Commitment

- Corporate policy statements affirming the company's commitment to compliance and continual improvement regarding its social and environmental responsibility, endorsed by executive management are to be posted in the facility in the local language.

2) Management Accountability and Responsibility

- The company is to clearly identify one or more senior executive and company representatives responsible for ensuring implementation of the management system and associated programs for these Guidelines. The company representatives are to report the status of the management system on a regular basis.

3) Legal and Customer Requirements

- A process to identify, monitor, and understand applicable laws, regulations, and customer requirements, including the requirements of these Guidelines is to be established.

4) Risk Assessment and Risk Management

- A process to identify the legal compliance, environmental, health and safety,^{*2} and labor practice and ethics risks associated with the company's operation is to be established. The relative significance for each risk will be determined, and appropriate procedural and physical controls to control the identified risks and ensure regulatory compliance will be implemented.

*2. Areas to be included in a risk assessment for environmental health and safety are production areas, warehouse and storage facilities, plant/facilities support equipment, laboratories and test areas, sanitation facilities (bathrooms), kitchens/cafeterias, and worker housing/dormitories.

5) Improvement Objectives

- Written performance objectives, targets, and implementation plans to improve the company's social, environmental, and health and safety performance, including a periodic assessment of the company's performance in achieving those objectives are to be established.

6) Training

- Programs for training managers and workers to implement the company's policies, procedures, and improvement objectives and to meet applicable legal and regulatory requirements are to be implemented.

7) Communication

- A process for communicating clear and accurate information about the company's policies, practices, expectations, and performance to workers, suppliers, and customers is to be established.

8) Worker Feedback, Participation, and Grievance

- Ongoing processes, including an effective grievance mechanism, to assess workers' understanding of and obtain feedback on or identify violations of practices and conditions covered by these Guidelines and to foster continuous improvement are to be established.
- Workers will be given a safe environment to express grievances and provide feedback without fear of reprisal or retaliation.

9) Audits and Assessments

- Periodic self-evaluations to ensure conformity to legal and regulatory requirements regarding items covered by these Guidelines, the content of these Guidelines, and customer contractual requirements related to social and environmental responsibility are to be implemented.

10) Corrective Action Process

- A process for timely correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews on items covered by these Guidelines is to be established.

11) Documentation and Records

- Documents and records to ensure regulatory compliance with items covered by these Guidelines and conformity to company requirements along with appropriate confidentiality to protect privacy are to be created and maintained.

12) Supplier Responsibility

- A process to communicate the requirements of these Guidelines to suppliers and to monitor supplier compliance with these Guidelines is to be established.