

Tsubaki Group

Supplier Sustainability Guidelines

2nd edition

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Tsubakimoto Chain Co.

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Introduction

In recent years, global environmental and energy issues as well as many social issues have become more severe. At the same time, we are turning into a sophisticated information society, and the demands from society on companies are becoming increasingly diverse and complex. In such a background, the Tsubaki Group aims to become a company that continues to be needed by society by providing value that surpasses expectations as a manufacturing company based on our "TSUBAKI SPIRIT" corporate philosophy.

While fulfilling our social responsibilities as a company, we have strengthened our response to various business continuity risks and worked together as a group to resolve social issues through technological innovation.

Going forward, we aim to be a company that responds to the expectations of all stakeholders by actively working toward the higher goal of contributing to the creation of a sustainable society and resolving social issues through our business activities. Therefore, it is essential to resolve issues throughout the supply chain, including all our suppliers.

We have established the Tsubaki Group Supplier Sustainability Guidelines in order to further promote collaboration with our suppliers. We ask our suppliers to take proactive measures based on these guidelines, including expansion to their own suppliers.

Tsubakimoto Chain Co.
President and Representative Director

Tsubaki Group Basic Policy on Sustainability

The Tsubaki Group will contribute to the creation of a sustainable society through business activities based on the “Tsubaki Spirit”, its corporate philosophy, while improving its corporate value through technological innovation and aiming to remain a company that society needs. In addition, we will enhance management transparency and deepen relationships of trust through communication with our stakeholders.

Please refer to the other basic policies [here](#).

I. Purpose

These guidelines clearly state the basic expectations for suppliers in order to understand the Tsubaki Group's approach to sustainability, promote the resolution of social issues through our business operations together, and achieve sustainable growth.

We have established these guidelines with the aim of ensuring that our suppliers comply with these standards and that these standards permeate the entire supply chain.

II. Requests for Our Suppliers

We request that you understand "Items We Ask Our Suppliers" in section III and comply with items (1) through (4) below.

(1) Compliance with Guidelines and Continuous Improvement

Please comply with these guidelines, establish a system of sustainability initiatives, and improve continuously.

(2) Ensure that the Supply Chain is Well Informed

Please make these guidelines informed to your supply chain as well.

(3) Agreement with Guidelines and Confirmation of Compliance

In order to confirm that you have agreed to and are complying with these guidelines, please cooperate in submitting a questionnaire or conducting interviews at your company.

(4) Measures to Be Taken in the Event of an Emergency

In the unlikely event of emergency, such as serious compliance violation and disaster etc. in your business activities, please report it immediately to the procurement department in charge (delivery site).

III. Items We Ask Our Suppliers

1. Integrity and Fairness in Business Operations

(1) Compliance

① Compliance with Laws and Regulations

- Strive to comply with all laws and regulations in the countries and regions where you operate, as well as industry standards related to fair business activities.
- Do not commit any socially reprehensible or unacceptable acts, even if they do not violate laws or regulations.
- Establish and implement policies, systems, guidelines, reporting (whistle-blowing) systems, and educational systems to ensure thorough compliance.
- Do not give any person who consults or reports misconduct, etc. disadvantageous treatment, because of the fact that he/she has consulted or reported it through the reporting (whistle-blowing) systems.

② Compliance with Competition Laws

Comply with the competition laws of each country and region and do not commit any acts such as private monopolization, unfair restraint of trade (cartels, bid rigging, etc.), unfair trade practices, or abuse of dominant bargaining position.

③ Prevention of Corruption and Bribery

- Comply with the laws and regulations of each country and region concerning political donations or contributions and strive to build transparent and fair relationships with political parties or administrative bodies.
- Do not engage in giving or receiving presents, entertainment or money with business partners in order to acquire or maintain unjust interest or wrongful preferential treatment.

④ Strengthening Export Transactions

Comply with the laws and regulations of each country and region concerning export controls, thoroughly implement such controls and establish management as confirming whether products, technology or other exports are subject to regulations.

⑤ Protection of Intellectual Property and Prevention of Infringement

- Protect the intellectual property rights of the company.
- Do not illegally obtain or use the intellectual property of any third party, or infringe the rights.

(2) Risk Management

① Establishment of a Risk Management System

Identify, analyze, and assess various risks that may significantly impact your business operations and prevent those risks from occurring. In addition, establish a management system to minimize losses when risks occur.

② Response to Emergencies

In the event of a disaster or other emergency, place the highest priority on the safety of human life. And work with the local community to ensure a rapid response and recovery, including the supply chain. The report to the procurement department in charge (delivery site) is required.

In addition, conduct education, training, and drills in case of emergency situations and proactively enhance your organization's crisis management capabilities.

(3) Appropriate Information Disclosure

In order to further increase trust from society, disclose information in a timely, accurate, fair, and proactive manner, and strive to maintain and develop mutual understanding and trust with your stakeholders through open and fair communication.

(4) Strengthening Confidential Information Management and Electronic Information Security

- The personal information and confidential information of all stakeholders shall be obtained in a proper manner and strictly controlled, protected and used to the extent appropriate.
- Proactively reduce information security risks based on Tsubaki Group's "Electronic Information Security Policy".

2. Provide Safe and Secure Products

(1) Quality Assurance

Under the Tsubaki Group's "Basic Quality Policy", establish a quality assurance system. And continuously improve your product and operational quality in all direct and indirect operations.

(2) Product Safety

Comply with laws, regulations, and safety standards related to product safety, and take all possible measures to provide safe products.

3. Human Rights, Labor, and Health and Safety

(1) Respect for Human Rights and Appropriate Labor Practices

① **Respect for Human Rights**

Understand and support Tsubaki Group's "Basic Human Rights Policy", which is based on International Bill of Human Rights and other international norms, and then strive to implement it and proactively promote respect for human rights.

② **Promoting Diversity**

Respect the diversity of your employees, acknowledge human resources as the most important part of your operation's foundation, and promote the development of a work environment where diverse human resources play an active part. Also, consider your employees to be important stakeholders and strive to build fair and equitable relationships with them.

③ **Discrimination**

Prohibit discrimination based on race, ethnicity group, origin, nationality, religion, gender, disability, age, etc. in all employment situations (application, hiring, promotion, wages, dismissal, resignation, assignment of duties, discipline, etc.) and implement equal opportunities.

④ **Harassment**

- Do not allow any form of harassment, including power harassment and sexual harassment, or any conduct that offends personal dignity.
- Report and investigate any harassment complaint immediately. Also, ensure that employees can report any cases of harassment without fear of retaliation, threat, or otherwise being harassed.

⑤ **Child Labor**

Do not permit the employment of children who have not reached the legal working age according to the laws and regulations of each country and region.

⑥ **Forced Labor**

Ensure that all work is voluntary and employees are free to leave work or terminate their employment.

⑦ **Appropriate Working Conditions**

Comply with the laws and regulations of each country and region concerning wages, working hours, and other working conditions, and strive to maintain appropriate working conditions.

⑧ Dialogue with Employees

Confer and dialogue in good faith with your employees' representatives or with your employees and recognize their right to freely associate, or not associate, according to the laws and regulations of each country and region.

(2) Safe and Comfortable Work Environment

Strive to ensure the safety and health of your employees on the job and to prevent occupational accidents by implementing the Tsubaki Group's "Basic Health and Safety Policy". In addition, support the development of both their physical and mental health.

(3) Implementation of Sustainability Education

- Strive to develop human resources who can contribute to the realization of a sustainable society and to enable diverse human resources to play an active role.
- Educate your employees not only on products and technologies, but also on their respective needs to practice sustainability.

4. Environment

(1) Promote Environmental Conservation

- Strive to establish and continually improve your environmental management system.
- Promote the efficient use of energy and resources, appropriate management of wastes and hazardous chemicals, and recycling, proactively work hard to reduce your environmental impact.

(2) Reduce CO₂ Emissions

In accordance with the guidelines of the Paris Agreement, set an appropriate target for CO₂ reduction, and promote activities to reduce emissions.

(3) Coexist with Nature

Work to coexist with nature in your regions of operation, in a manner that respects biodiversity.

(4) Develop Environmentally Friendly Products

Consider the environmental impact of your products in planning, developing and designing them, and actively develop environmentally friendly products.

5. Sustainable Procurement

(1) Fair Trade with Your Suppliers

Provide open, fair, and equitable opportunities to suppliers wishing to conduct business with you, and select suppliers based on fair and equitable evaluations using a variety of indicators.

(2) Conflict Minerals

Ensure transparency in the supply chain of mineral resources used in materials and components. Implement measures to avoid the use of "conflict minerals" that finance armed groups, if your suppliers' involvement is recognized. In addition, if requested by us or our customers, disclose such information.

(3) "Green Procurement"

Comply with "Green Procurement Guidelines" and promote the procurement of materials that contribute to the conservation of the global environment in transactions with your suppliers.

(4) Expand Sustainability Activities throughout Your Supply Chain

In order to promote sustainability activities throughout the supply chain, inform your suppliers of the contents of this guideline and develop their activities as well.

6. Collaboration with Communities

Recognizing that each company is a member of the local community, strive to contribute to society for the development of a prosperous local community.

7. Proactive Efforts to Create Economic Value and Social Value through Innovation

- ① Propose new products or product improvements that take into account global environmental and social issues.
- ② Strive to reduce the environmental impact of your products throughout their life cycles.
- ③ Promote the increase of added value per employee (or hour) through productivity improvements in your business activities.
- ④ Reduce energy consumption per value added by improving energy efficiency in business activities.

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