

KAI Group Basic Rules for Sustainable Manufacturing Responsibility

Purpose of these rules and requests

Today, the economy is globalizing, the needs of our stakeholders are diversifying, and values are changing dramatically. The United Nations adopted the UN Guiding Principles on Business and Human Rights in 2011 and the 2030 Agenda for Sustainable Development (Sustainable Development Goals: SDGs) in 2015. Companies are required, as their social mission, to take responsibility for respecting and protecting human rights, complying with laws and regulations, occupational safety, global environmental protection, and information management, etc. throughout their whole supply chain including business partners for the products and services they handle.

The perspective of Corporate Social Responsibility (CSR) is beginning to be introduced in audits of manufacturing sites, and it is becoming increasingly important to gain a high reputation and trust by responding to these requirements to increase corporate value.

Against this background, we have formulated the KAI Group Basic Rules for Sustainable Manufacturing Responsibility. We will continue to work together with our business partners to ensure that our corporate motto of "prosperity of society and our partners" is sustainable.

We would like to ask our business partners for their understanding and cooperation with these rules.

Target (scope of regulations)

These rules apply to the KAI Group's procurement team as well as the entire supply chain (primary suppliers, secondary suppliers, raw material manufacturers, agents, etc.) to which the KAI Group belongs.

1) Compliance

1-1 Compliance with laws, regulations, and social norms of each country and region
Comply with the laws and regulations applicable in each country and region, relevant international rules, and their purposes. In addition, establish and operate a company-wide policy and system, action guidelines, reporting system, education system, and other mechanisms to ensure compliance.

1-2 Fair competition

Practice fair and equitable trade and comply with all relevant anti-monopoly laws and regulations. Do not engage in any conduct that violates the competition laws of each country, including private monopolies, unreasonable restraints on trade (cartels, bid rigging, etc.), unfair trade practices, and abuse of a superior position.

1-3 Anti-corruption

Do not entertain, give gifts or money to or receive them from customers, suppliers, or other business partners for the purpose of obtaining or maintaining unfair profits or unfair preferential treatment. Political contributions, donations, etc. should be made in accordance with the laws of each country, and efforts should be made to build transparent and fair relationships with political and administrative authorities.

1-4 Cutting off relations with antisocial forces

Cut off relations with antisocial forces and their affiliates, and do not conduct business with them. In addition, reject any unreasonable demands from antisocial forces with a resolute attitude. Do not conduct business with countries, organizations, or individuals that are subject to international economic sanctions.

1-5 Management and protection of confidential information

All personal information of customers, third parties, and your employees, as well as

confidential information of customers and third parties, should be obtained only by legitimate means, and the information obtained should be strictly managed and protected, and used only within the appropriate scope.

1-6 Import/export transaction control

In accordance with laws and regulations governing import/export transaction control, products, technologies, etc. to be exported should be thoroughly controlled by checking whether they are regulated items, and then preparing and providing documents for determining applicability of such laws and regulations.

1-7 Protection of intellectual property

In relation to products supplied to KAI Group companies, strive to protect intellectual property rights (including patents, utility models, designs, trademarks, copyrights, etc.) owned by or belonging to you from infringement by third parties, and to conduct investigations as necessary to determine whether or not intellectual property rights, etc. of third parties are violated by the products. Do not engage in any infringement of intellectual property rights, including unauthorized acquisition or use of patents, utility models, designs, trademarks, or other intellectual property of third parties, or unauthorized copying of software or books.

2) Consideration for human rights, labor, and safety

2-1 Respect for human rights

Do not tolerate any form of harassment in the workplace because of race, ethnicity, national origin, religion, age, gender, or any other individual trait that should be protected by applicable laws and regulations of each country. Immediately report and investigate any complaints of harassment. Employees should be able to report any instance of harassment without fear of retaliation, intimidation or harassment.

2-2 Prohibit child labor

Prevent child labor and comply with all applicable laws and regulations regarding child labor, including the standards of the International Labor Organization (ILO). Do not employ children in violation of local laws and regulations as well as conventions established by the International Labor Organization (ILO). (The

minimum age for employment is 15 years old, the minimum age for employment according to the applicable laws and regulations of each country, or the age for completing compulsory education, whichever is the highest; for vocational training and apprenticeship, employment is allowed only to the extent permitted by the applicable laws and regulations of each country.)

2-3 Prohibit forced labor

Ensure that all work is voluntary and that employees are free to leave you. Do not require employees to surrender their passports, official identification documents, or work permits as a condition of employment or collect recruitment or placement fees (including costs related to them) from employees. Employees should be legally employed. Do not manufacture products using forced labor or use materials produced by forced labor.

2-4 Proper management of working hours

All applicable local laws, ILO standards, and collective agreements regarding working hours should be observed. Follow the applicable laws and regulations of each country that govern employee working hours (including overtime).

2-5 Proper payment of wages and benefits

Pay employees in compliance with applicable local laws and regulations regarding minimum wages, overtime, wage deductions, piece-rates, and other payments. Payroll and other payments, benefits and deductions should be clearly detailed to employees in a timely manner in compliance with applicable laws and regulations.

2-6 Eliminating discrimination

Do not discriminate because of race, ethnicity, national origin, religion, age, gender, or any other characteristic protected by applicable laws and regulations of each country in any employment situation (application, hiring, promotion, compensation, right to education, job assignment, wages, benefits, discipline, dismissal, retirement, etc.).

2-7 Freedom of association

Admit the right of employees to associate or not associate freely in accordance with

the applicable laws and regulations of the country in which you do business. Ensure that employees have the right to communicate openly and directly with management without fear of retaliation, intimidation or harassment.

2-8 Safe and healthy working environment

To ensure that everyone can work with peace of mind, give top priority to ensuring safety and health on the job, and strive to prevent accidents and disasters. Support the health promotion of employees through health promotion activities in the workplace and guidance for disease prevention.

3) Quality

3-1 Quality assurance of products

Strive to keep abreast of and comply with the laws and regulations regarding products and their manufacture in suppliers' home countries and countries of manufacture, and investigate and cooperate as necessary.

3-2 Ensuring product safety

Strive to continue to produce and provide products that meet the safety laws and regulations of each country where they are produced and sold.

3-3 Provision of reliable product information

Ensure that the products and services provided by business partners meet all requirements of the KAI Group, and relevant documents may be requested based on the agreement of both parties.

3-4 Crisis management and stable supply

Business partners are requested to strive to ensure a stable supply of products to the KAI Group, and if it becomes apparent that the supply of products will not be possible, which may affect the continuation of the related business, business partners are requested to contact the KAI Group and agree on and implement emergency response measures.

4) Healthy relationships with local communities and stakeholders

4-1 Relationships with local communities

Strive to maintain and develop healthy relationships in cooperation with the local community for a prosperous community and its development.

4-2 Disclosure of information to stakeholders

Disclose useful information to stakeholders in a correct and timely manner, including information related to management, finance, environmental conservation, society, and social contribution. At the same time, strive to maintain and develop healthy relationships with stakeholders through open and fair communication.

4-3 Deployment to supply chain

Strive to ensure that business partners' suppliers (secondary suppliers, raw material manufacturers, distributors, etc.) understand deeply these rules, and provide support and corrective measures as necessary.

5) Consideration for the global environment

5-1 Environmental management

Strive to establish an environmental management system that complies with the environmental laws and regulations of each country, promotes environmental conservation activities, and makes continual improvements.

5-2 Prevention of environmental pollution of air, water, and soil

Observe the laws and regulations of each country and region regarding the prevention of pollution of air, water, and soil, etc., and prevent environmental pollution through continuous monitoring and reduction of pollutants.

5-3 Reduction of greenhouse gas emissions

To contribute to the prevention of global warming, manage greenhouse gas emissions from business activities, promote reduction activities, and actively engage in the effective use of energy.

5-4 Waste management

Formulate and implement a plan to reduce waste as much as possible and strive to protect the environment. Establish a management system, separate and dispose of

hazardous waste, and handle it carefully according to the prescribed procedures. Also, strive to recycle waste whenever possible.

5-5 Use and management of chemical substances

Observe all relevant laws and regulations when using and managing chemical substances.

5-6 Effective use of resources

Promote the 3Rs (reduce, reuse and recycle) and the circular economy to make efficient use of resources and strive to sustainably reduce the use of resources and recycle resources.

6) Monitoring

The purpose of monitoring is to "provide safety and security to our customers," "coexist and prosper with our business partners," and "promote these rules". We ask for your cooperation in monitoring.

6-1 Cooperation with monitoring

We ask for your cooperation when monitoring of KAI Group or retailers who are business partners of the KAI Group is conducted.

6-2 Information storage

Certifications and documents used for monitoring, as well as the implementation records created, should be stored appropriately.

6-3 Disclosure of information

When you receive a request from KAI Group to disclose or share information, please respond promptly.

6-4 Improvement and correction

As a result of monitoring, if there are any matters that are not in compliance with these rules, strive to improve and correct them.

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