

Oiles Group Sustainable Procurement Guidelines

Fifth Edition

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Oiles Group

Table of Contents

1. Purpose of the Oiles Group Sustainable Procurement Guidelines	2
2. Scope of Application	2
3. Oiles Group Procurement Policy	2
4. Request to Our Suppliers	3
(1) Compliance	3
① Compliance with Laws, Regulations and Corporate Ethics	
② Compliance with Antimonopoly Laws	
③ Corruption Prevention	
④ Proper Transactions and Prohibition of Acts of Bribery	
⑤ Elimination of Relationships with Antisocial Forces	
⑥ Compliance with Prevailing Export Laws and Regulations	
⑦ Responsible Procurement of Minerals	
⑧ Respect for and Protection of Intellectual Property	
(2) Human Rights and Labor	4
① Abolition of Discrimination	
② Respect for Human Rights	
③ Prohibition of Child Labor	
④ Prohibition of Forced Labor	
⑤ Management of Working Hours	
⑥ Appropriate Wages and Welfare	
⑦ Education and Training for Human Resources	
⑧ Communication with Employees	
(3) Health and Safety	5
① Occupational Health and Safety Policy	
② Occupational Health and Safety Management System	
③ Safe and Healthy Work Environment	
④ Safety Measures for Machinery and Equipment	
⑤ Occupational Accidents and Diseases	
(4) Environment	6
① Environmental Management System	
② Compliance with Laws and Regulations Governing the Environment and Hazardous Substances	
③ Prevention of Environmental Pollution	
④ Promotion of Measures against Global Warming	
⑤ Conservation of Resources	
⑥ Preservation of Biodiversity	
(5) Quality and Safety	6
① Provision of Safe, High-quality Products and Services	
② Quality Management System	
③ Management of Chemical Substances in Products	
(6) Information Security	6
① Management of Confidential Information and Protection of Personal Information	
② Strengthening Information Security	
(7) Business Continuity Management	6
① Creation of Business Continuity Management (BCM)	
② Formulation of Business Continuity Plans (BCPs)	
③ Risk Reduction	
(8) Contribution to Society in Harmony with Local Communities	7
(9) Dissemination Throughout the Supply Chain	7

1. Purpose of the Oiles Group Sustainable Procurement Guidelines

The Oiles Group has been expanding its business across the globe with the vision of becoming a leading comprehensive manufacturer of oil-less bearings and serving society through technology. This vision is the foundation of our approach to management, which is based on the spirit and aspirations of our established commitment to “master tribology (friction, wear and lubrication) and damping technologies through innovative research and development, deploy this technology globally and serve society.”

While the Oiles Group is actively conducting its sustainable initiatives, it also believes that it must pursue these initiatives in concert with its suppliers, who play such a vital role in the Group’s businesses (“bearings”, “Damping & Isolation” and “construction equipment”). We formulated the Oiles Group Sustainable Procurement Guidelines (hereinafter the “Guidelines”) and have been pursuing sustainable and ethical activities.

Furthermore, in July 2019, we became a signatory of the United Nations Global Compact (UNGC), which aims to create a global framework for businesses to participate as responsible corporate citizens in achieving sustainable growth. The UNGC advocates universal values in areas such as the SDGs, the environment and labor. We work under these values as a banner for promoting our sustainable initiatives.

Promotion of sustainability is a major part of the Group’s corporate activities and the foundation for contributing to the sustainable development of society as well as for creating new corporate value. The Guidelines describe implementation of the Oiles Group Procurement Policy and requests for cooperation from our suppliers from the perspective of reducing procurement risks related to our business activities.

In this context, the Oiles Group requests suppliers to work together with the Group to promote sustainable initiatives based on a thorough understanding of the purpose of the Guidelines.

2. Scope of Application

The Guidelines apply to suppliers of divisions conducting Oiles Group materials procurement operations, including equipment, outsourced processing and construction and logistics.

3. Oiles Group Procurement Policy

The Oiles Group collaborates with its business partners in compliance with laws and regulations, social norms and corporate ethics to promote sustainable procurement activities that fulfill its corporate social responsibilities, including respect for human rights, consideration for occupational safety and health and environmental protection.

■ Compliance and Sustainable Procurement

We will promote sustainable procurement activities in compliance with laws and regulations in Japan and overseas, ethics and social norms, with due consideration of human rights, environmental protection, social and corporate governance.

■ Transactions Based on Economic Rationality

We will make rational decisions based on such aspects as proper evaluation of quality, reliability, price, lead time, technological development capabilities and proposal capabilities.

■ Sound, Fair and Equitable Transactions

We will provide all business partners with fair and equitable opportunities for competition in order to promote highly transparent transactions.

■ Environmental Protection

We will proactively strive to protect the global environment and engage in procurement activities that ensure its protection.

■ Mutual Trust, Co-existence and Co-prosperity

We will seek to establish relationships of trust with our business partners with a mutual commitment to develop, grow and prosper together.

4. Requests to Our Suppliers

(1) Compliance

- ① Compliance with Laws, Regulations and Corporate Ethics
 - Comply with the laws and regulations of all countries and regions associated with projects.
 - Formulate compliance policies, create compliance manuals and establish compliance systems.
 - Conduct compliance training for officers and employees.

- ② Compliance with Antimonopoly Laws
 - Comply with antimonopoly laws, including those similar to antitrust laws, of all countries and regions associated with projects.
 - Do not participate in activities that create unreasonable transaction restrictions including cartels and bid rigging.
 - Do not employ unfair transaction methods including abuse of a dominant position.
 - Do not establish a private monopoly.

- ③ Corruption Prevention
 - Make political donations and contributions in accordance with applicable national and regional laws and strive to maintain fair and transparent relationships with public, political and government institutions.

- ④ Proper Transactions and Prohibition of Acts of Bribery
 - Prohibit the distribution or receiving of inappropriate profits.
 - Do not participate in the exchange of entertainment, gifts, or money with customers, suppliers, or other business partners for the purpose of obtaining or maintaining inappropriate profits or preferential treatment.
 - Engage in projects via fair, transparent and open competition.
 - Do not pursue profits via unfair or unreasonable means.
 - Do not commit acts of bribery domestically or overseas.

- ⑤ Elimination of Relationships with Antisocial Forces
 - All employees must exclude antisocial forces and resolutely refuse to engage in relationships with them.
 - Do not provide any benefit to forces or organizations that adversely affect social order and sound corporate activities.

- ⑥ Compliance with Prevailing Export Laws and Regulations
 - Confirm whether goods such as parts, products, technology, equipment and software subject to the laws and regulations of countries and regions where projects are to be performed are also regulated by international laws or the laws and regulations of other relevant countries and regions and prepare and

provide export procedures and certificates of non-applicability to ensure thorough control.

⑦ Responsible Procurement of Minerals

- In procuring mineral and natural resources and raw materials, confirm that there are no direct or indirect relationships with organizations or activities that negatively impact local communities, such as regional conflicts, human rights violations, or environmental destruction. In the event any involvement is discovered, immediately take steps to discontinue their use.

⑧ Respect for and Protection of Intellectual Property

- Respect and never violate the intellectual property rights of other companies, such as those related to patents, utility models, designs, trademarks and copyrights.
- Manage and preserve intellectual property rights that belong to or are owned by your company.
- Do not illegally obtain or improperly use the intellectual property of third parties or illegally copy software or books.

(2) Human Rights and Labor

① Abolition of Discrimination

- Do not discriminate on the grounds of personal attributes such as race, physical characteristics, creed, gender (including gender identity and sexual orientation), social status, family origin, ethnicity, nationality, age, marital status and disability, in any employment or treatment (including application, hiring, promotion, compensation, right to education, job assignment, wages, benefits, punishment, dismissal and retirement).

② Respect for Human Rights

- Do not tolerate any types of workplace harassment or inhumane treatment, including abuse and corporal punishment.
- Respect the rights of persons with disabilities and the rights of ethnic and cultural minorities, sexual minorities and social minorities such as migrant workers.

③ Prohibition of Child Labor

- Do not employ or violate the obligation to protect persons who are under the minimum working age as specified by the laws of the countries and regions where projects are to be conducted, or persons who are under 15 years of age.
- Do not allow employees under 18 years of age to engage in dangerous or harmful work.

④ Prohibition of Forced Labor

- Employ workers in accordance with the laws and regulations of the countries and regions where projects are to be conducted.
- Prohibit detained labor, debt labor, prisoner labor and forced labor through slavery or human

trafficking. Ensure that all labor is voluntary and that employees are free to leave or terminate their employment. Providing a passport, official ID, work permit, or immigration application shall not be required as a condition of employment.

⑤ Management of Working Hours

- Comply with the laws and regulations of the countries and regions where projects are to be conducted with respect to employee working hours (including overtime), holidays, annual paid leave and so forth.

⑥ Appropriate Wages and Welfare

- Comply with the employment laws and regulations of the countries and regions where projects are to be conducted concerning minimum wage, overtime work, wage deduction, piecework wage and other benefits. In addition, fulfill the requirements of legally mandated welfare programs.

⑦ Education and Training for Human Resources

- Develop employee education and training programs under applicable laws and customer requirements such as the acquisition of necessary business-related knowledge and skills.

⑧ Communication with Employees

- Uphold employee rights of freedom to associate and freedom to not associate in accordance with the laws and regulations of countries in which business activities are being conducted.
- Guarantee the rights of employees or their representatives to communicate directly with management without fear of retaliation, intimidation or other negative impact. Share information on the business environment, business conditions and issues and freely converse about the work environment and working conditions.

(3) Health and Safety

① Occupational Health and Safety Policy

- Formulate policies, guidelines and regulations related to occupational health and safety to clearly acknowledge and fulfill social responsibility for occupational health and safety.

② Occupational Health and Safety Management System

Health and Safety

- In compliance with laws and regulations concerning occupational health and safety, identify risks of accidents that may occur while at work and the occurrence of chemical substances, noise and odors that are harmful to the human body; implement and enforce appropriate safety and related measures.

Physically Demanding Tasks

- Assess and properly control the conditions of physically demanding labor such as the manual handling of raw materials, heavy lifting, excessively repeated physical tasks that could result in repetitive stress injuries, and prolonged standing and provide employees engaging in such activities with the

appropriate tools.

③ Safe and Healthy Work Environment

- Ensure a safe and hygienic environment so that everyone can work with a sense of security, by maintaining comfortable indoor workplaces in terms of odor, temperature and lighting, providing necessary facilities such as washrooms and restrooms and securing space for dining such as cafeterias. Promote employee well-being through health-related activities and providing professional guidance on disease prevention.

④ Safety Measures for Machinery and Equipment

- Effectively manage the safety of machinery and equipment through periodic maintenance and performance tests as well as securing safety devices and interlocks and similar measures.

⑤ Occupational Accidents and Diseases

- Take appropriate actions to address occupational accidents and diseases including the following actions, in accordance with timely monitoring and reporting systems and procedures.
- Encourage reporting by employees.
- Classify and record accidents and diseases.
- Provide necessary treatment.
- Investigate accidents and diseases and take corrective actions to eliminate the causes.
- Support employees in confidently returning to work.

(4) Environment

① Environmental Management System

- Create and operate a system with clear goals to promote a wide range of environmental conservation activities and continue to improve the system to achieve those goals.

② Compliance with Laws and Regulations Governing the Environment and Hazardous Substances

- Comply with the laws and regulations concerning the environment and hazardous substances in the countries and regions where businesses are operated, manage hazardous chemical substances by eliminating or reducing their use and implement the appropriate precautions when using hazardous chemical substances in the manufacturing process.

③ Prevention of Environmental Pollution

- Safely and appropriately dispose of waste and prevent environmental pollution of the air, water and soil in order to maintain the human living environment while preserving the natural environment.

④ Promotion of Measures against Global Warming

- Set voluntary reduction targets for energy conservation and greenhouse gases throughout business

activities and work to reduce them.

⑤ Conservation of Resources

- Strive to reduce emissions of waste throughout business operations by setting voluntary targets as well as consistently ensuring the sustainable utilization of resources through such actions as recycling and improving the efficiency of water use. In addition, provide reports when information is requested.

⑥ Preservation of Biodiversity

- Promote initiatives to conserve biodiversity and ensure the sustainable use of natural resources.

(5) Quality and Safety

① Provision of Safe, High-quality Products and Services

- Provide products and services that meet the safety standards and required quality standards stipulated by the laws and regulations of the countries and regions where projects are to be conducted.

② Quality Management System

- Continuously improve quality by establishing and operating an effective quality management system.

③ Management of Chemical Substances in Products

- Identify and safely manage chemical substances that may pollute the environment or negatively impact human health. Products should not use chemical substances prohibited by national or regional laws and regulations. Do not use such substances in the manufacturing process; monitor the use of chemical substances designated by the laws and regulations of the specific country or region and report on their levels of emission to government authorities in accordance with the prevailing laws and regulations.

(6) Information Security

① Management of Confidential Information and Protection of Personal Information

- Properly manage and use confidential and personal information to prevent any leakage.

② Strengthening Information Security

- Promote the strengthening of information security to respond to equipment failures caused by virus infection, unauthorized invasion, information leaks and disasters.

(7) Business Continuity Management (BCM)

① Creation of Business Continuity Management (BCM)

- To respond to risks, formulate a BCP to ensure business continuity, secure resources, implement advance measures, implement education and training, conduct inspections and make continuous improvements.

② Formulation of Business Continuity Plans (BCPs)

- Formulate a plan indicating policies, systems and procedures to ensure that important operations are not interrupted in the event of an emergency or unexpected circumstances and, if they are interrupted, to restore them as quickly as possible.

③ Risk Reduction

- Evaluate risks that affect your business activities, such as earthquakes, wind and flood damage, fires, industrial accidents and violations of laws and regulations in products and business activities and strive to take measures to reduce the risks. In addition, promote necessary measures to identify and reduce risks to your suppliers.

(8) Contribution to Society in Harmony with Local Communities

- For the sound development of the local community, understand local issues and conduct social contribution activities in collaboration with the community.

(9) Dissemination throughout the Supply Chain

- Encourage your suppliers to comply with the items stipulated in the Guidelines and strive to disseminate them throughout the entire supply chain.

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