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# Tokai Carbon Group Procurement Policy

Version 2.0

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 **TOKAI CARBON CO., LTD.** Building a Future of Technology and Trust

# 1. Introduction

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Tokai Carbon Group has set a goal of “contributing to a sustainable society through advanced materials and solutions” in its long-term vision toward 2030. We believe that these activities will not solely be completed by the efforts of Tokai Carbon Group, but more with the understanding and cooperation of our suppliers, including those of the upstream supply chain.

Based on this concept, we have revised the Group’s procurement policy, which has been shared with our suppliers for quite a while, as Version 2.0 to more appropriately reflect the demands of society. This procurement policy consists of a basic procurement policy for Tokai Carbon Group and guidelines that we would like to share with our suppliers.

With this procurement policy, the Group will contribute to the realization of a sustainable society with our suppliers.

## 2. Tokai Carbon Procurement Basic Policy

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### 1) Partnership

Recognizing that suppliers are important partners in contributing to the realization of a sustainable society, the Group treats suppliers on an equal and fair basis and conducts sincere transactions with the aim of mutual development.

### 2) QCD and fair and impartial evaluation and selection

The Group evaluates suppliers' efforts from a fair and impartial perspective, taking into consideration the Quality/Cost/Delivery (delivery date and stability) of procured goods, and stably procures the most appropriate products and services.

### 3) Compliance

The Group not only complies with all laws and regulations applicable in the countries and regions where it does business, but also strives to conduct procurement activities with integrity and in accordance with the ethics and common sense of society.

### 4) Respect for human rights

The Group conducts procurement activities with respect for basic human rights in accordance with the Universal Declaration of Human Rights (UDHR), the Guiding Principles on Business and Human Rights, and other international regulations on human

rights, etc. such as various treaties, etc. of the International Labor Organization (ILO). If there is a conflict between international human rights conventions, etc. and laws and regulations of a country or region, the Group seeks any way to respect the former to the maximum extent while observing the latter.

## 5) Coexistence with the global environment, international community, and local communities

In order to contribute to the realization of a sustainable society, the Group gives consideration to resource conservation and environmental impact when procuring raw materials and parts of our products, and materials, services, etc.

Furthermore, the Group respects the culture and customs of each country and region, and seeks to build relationships of trust and coexistence, through appropriate communication with the international and local communities.

### 3. Guidelines to be shared with suppliers

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The Group believes that addressing social issues throughout the supply chain is important for the realization of a sustainable society.

Therefore, we request that suppliers fully understand the following matters and work together with the Group to comply with them. We also ask that suppliers encourage companies located upstream in the supply chain from which they procure to familiarize themselves with and comply with these guidelines.

#### 1) Sincere and fair business activities

- (i) Not to conduct any act that could fall under unreasonable restraint of trade including private monopolization, cartels and bid-rigging, or unfair business practices such as abuse of a superior bargaining position, and to comply with the competition laws and various regulations of the country or region concerned.
- (ii) Not to get involved, either directly or indirectly, in the giving and receiving of money, excessive business entertainment, demands for such things, or any other kind of corruption, bribery, money laundering, extortion, misappropriation, embezzlement, etc.
- (iii) To carry out appropriate procedures and control of technologies, goods, etc. restricted by laws and regulations in the countries and regions where the suppliers do business.
- (iv) We will comply with laws and regulations of each country and region concerning safety and quality, establish and operate a company-wide system to ensure safety

and quality, including ISO 9001 certification, and provide a stable supply of safe and high-quality products at reasonable prices.

- (v) In addition to the foregoing, to comply with all laws and regulations applicable in the countries and regions where the suppliers do business.
- (vi) To encourage the upstream supply chain of raw materials, etc. to comply with laws and regulations of each country and region, and at the same time, to strive to collect information on products and services, etc. by tracing back to the upstream supply chain of raw materials, etc. and manage such information appropriately. To use their best efforts to disclose any information when so requested by us or our customers, etc.

## 2) Respect for human rights and safe working environment

### ➤ **Respect for human rights**

- (i) To respect the human rights of all people and to prohibit inhumane treatment, including discrimination, abuse and harassment of all kinds. In addition, not to tolerate human rights violations such as child labor, forced labor, slave labor and human trafficking in its corporate activities in all countries and regions.
- (ii) To comply with labor-related laws and regulations in each country and region regarding working conditions, working hours and wages, and strive to provide a living wage that ensures a basic standard of living, while meeting the legal minimum wage, with respect to wages.
- (iii) To accept the rights of employees to free association and collective bargaining based on laws of each country and region.

- (iv) In addition to the foregoing, to comply with all laws and regulations concerning human rights applicable in the countries and regions where it does business.
- (v) With regard to minerals and raw materials, etc. mined or manufactured in conflict areas, etc. (e.g., conflict minerals (tin, tungsten, tantalum, gold), cobalt, natural rubber, etc.), those that are not related to human rights abuses, environmental destruction, etc. shall be procured, and if there is any concern, to take measures to avoid use of such minerals, etc.

➤ **Safe working environment**

- (i) To prioritize ensuring the health and safety of our employees in the workplace, to comply with laws and regulations of each country and region regarding occupational health and safety, and to create an environment that takes into consideration the prevention of accidents and disasters.

### 3) Efforts to preserve the global environment; coexistence with local communities

- (i) To comply with all environmental laws and regulations applicable in the countries and regions where it does business, and to establish a general management scheme for promoting environmental activities.
- (ii) To determine the impact that the business practices have on ecosystems, and give consideration to biodiversity.

- (iii) To strive to conserve resources and energy, minimize waste, reduce emissions causing global warming and toxic substances, use water efficiently, and properly manage wastewater.
- (iv) To respect the culture, customs, etc. of the local community, and to contribute to the healthy development of the community through appropriate communication and harmonious coexistence.

#### 4) Appropriate disclosure of corporate information

- (i) To provide necessary information to stakeholders in a timely and appropriate manner, and strive to maintain sound relationships with them.

#### 5) Protection of company assets and information

- (i) To properly protect and manage internal and external confidential and personal information in compliance with laws and regulations of each country and region regarding information management and internal rules, and to use such information only for appropriate purposes.