

Toppan Group Sustainable Procurement Guidelines

Version 3

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Toppan Inc.

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Introduction

The Toppan Group aims to contribute to the sustainable growth of society. To this end, we promote sustainable procurement activities, whereby corporate social responsibility (CSR) activities are extended throughout the entire supply chain in cooperation with our suppliers and contractors (hereinafter referred to as “Business Partners”). Through these activities, we also aim to enhance the corporate value of the Toppan Group as well as our Business Partners.

Specifically, we have been conducting sustainable procurement activities by establishing the first version of the Toppan Group CSR Procurement Guidelines in 2007, which was then revised in 2014. However, in light of recent trends with regard to sustainable procurement, such as the establishment of international standards and social demands, we have now renamed the guidelines as the Toppan Group Sustainable Procurement Guidelines (hereinafter referred to as the “Guidelines”) and revised the standards. We greatly appreciate your understanding of the purpose and content of the new Guidelines and kindly ask for your cooperation with the Toppan Group’s sustainable procurement activities.

The Structure and Positioning of the Guidelines

The Guidelines consist of the Basic Procurement Policy and a set of Sustainable Procurement Standards. The Guidelines are applied to the procurement activities of each company of the Toppan Group when it procures any goods or services necessary for its business activities by means of purchasing, leasing, or otherwise. As such, the Guidelines shall not only be applied to the procurement activities of procurement departments, but also to the procurement/purchasing activities of all departments of each company of the Toppan Group. The Guidelines, however, do not apply to financing activities.

Basic Procurement Policy

This is a basic policy that applies to all workers involved in procurement activities at the Toppan Group.

Sustainable Procurement Standards

The Sustainable Procurement Standards are comprised of nine sections including legal compliance and respect for internationally recognized standards; human rights and labor; health and safety, environment; fair business and ethics; quality and safety; information security; business continuity planning; and establishing a management system.

In this document, the descriptions in the square boxes set out requirements for Business Partners. Below the square boxes are recommendations, supplementary information for understanding the requirements, and reference information to achieve higher standards exceeding the requirements. In addition to meeting these requirements, the basic principle for doing business with our Business Partners is that Business Partners inform their suppliers and contractors of the Guidelines or of their own similar guidelines so that the details of the Guidelines are passed further up the supply chains. We may ask to conduct due diligence (investigation and assessment prior to starting business transactions) or audits of Business Partners or their suppliers and/or contractors to confirm compliance with items stipulated in the Guidelines. Cooperation from each of our Business Partners is greatly appreciated.

Definitions of Terms

Employee and Worker

- The term “employee” refers to a person who is directly entered into a labor contract with a company. This includes persons such as full-time employees, part-time employees, fixed-term contract employees, and short-term part-time employees.
- The term “worker” refers to anyone who works in any form of employment including “employees” as well as workers in other forms of employment or working style (temporary workers, contract workers, etc.).

Supply chain

Supply chain refers not only to the process starting from raw materials and ending when products and services arrive at consumers, but to all relationships including worker dispatch agents and contractors, regardless of the individual roles of each company.

Toppan Group Sustainable Procurement Guidelines

Basic Procurement Policy

- We fairly and impartially offer opportunities to all Business Partners and potential Business Partners.
- We comply with domestic and overseas laws and regulations and conduct fair business transactions based on corporate ethics.
- We strictly control the information obtained through procurement activities.
- We work to conserve the environment and reduce impact on the environment.
- We pursue QCD (Quality, Cost, Delivery) in order to meet the needs of the market.
- We work to foster mutual cooperation and build relationships of trust with Business Partners.
- We promote sustainable procurement throughout the entire supply chain.

Sustainable Procurement Standards

1. Legal Compliance and Respect for Internationally Recognized Standards

Conduct business activities in compliance with the laws and regulations of each country and region, and with respect for internationally recognized standards.

Business activities should be conducted with an understanding of, and in compliance with, human rights, labor, environmental and ethics standards, and other relevant laws and regulations in the countries and regions where the business is conducted. When conducting business activities, Business Partners must be aware that there are cases in which not only the laws and regulations of their home countries or the country or region where they operate but also the laws and regulations of a third country apply. Business Partners are also required to ensure compliance with laws and regulations not only at their own company but throughout the supply chain, and to respect internationally recognized standards.

Internationally recognized standards refer to expectations for socially responsible business practices, guided by customary international law, generally-accepted principles of international law, and universal intergovernmental agreements (including conventions and treaties). This corresponds to documents such as the Guiding Principles on Business and Human Rightsⁱ and the Sustainable Development Goals (SDGs) of the United Nations,ⁱⁱ the Guidelines for Multinational Enterprises of the Organization for Economic Co-operation and Development (OECD),ⁱⁱⁱ and the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration) of the International Labour Organization (ILO).^{iv}

2. Human Rights and Labor

Business Partners should respect the human rights of all people involved in their corporate activities and ensure that their activities do not directly or indirectly infringe on human rights.

(2-1) Prohibition of Forced Labor

Respect the right of workers to work of their own free will and to terminate their employment voluntarily. Do not use labor obtained through force, slavery, or human trafficking, or use bonded labor (including debt bondage) or exploitative prison labor.

Forced labor refers to involuntary labor provided under the threat of penalty. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction or fraud for labor or services. Bonded or indentured labor refers to labor that workers cannot voluntarily terminate and includes debt bondage. Furthermore, workers shall be free to terminate their employment without penalty or punishment if a reasonable period of notice is given as per the worker's contract.

(2-2) Prohibition of Child Labor and Respect for the Rights of Young Workers

Do not employ or allow work by children who are under the minimum working age governed by local laws and regulations. Do not allow young workers under the age of 18 to perform hazardous work that is likely to jeopardize their health or safety.

In Japan, a child shall not be employed before April 1 after reaching the age of 15. Furthermore, if a minimum working age or an age for completing compulsory education is higher than the age of 15 in local laws and regulations, Business Partners should not employ persons who are under that age. Moreover, Business Partners should protect the health and safety of workers under the age of 18 in particular, and should not allow such workers to perform hazardous work.

Under the provisions of ILO Recommendation No. 190 (1999), hazardous work refers to:

- work which exposes children to physical, psychological or sexual abuse;
- work underground, under water, at dangerous heights or in confined spaces;
- work with dangerous machinery, equipment and tools, or which involves the manual handling or transport of heavy loads, or work in an unhealthy environment which may, for example, expose children to hazardous substances, agents or processes, or to temperatures, noise levels, or vibrations damaging to their health; and
- work under particularly difficult conditions such as working for long hours or during the night, or work where the child is unreasonably confined to the premises of the employer.

(2-3) Management of Appropriate Working Hours

Do not allow workers to work beyond the working hour limits provided for in local laws and regulations. At the same time, appropriately manage workers' working hours, days off, and leave, taking internationally recognized standards into consideration.

Business Partners should appropriately assign working hours and days off and grant leave based on each country's laws and regulations. Business Partners are also expected to consider internationally recognized standards. For example, the ILO's convention (No. 14, No. 106) provides for the granting of at least one day off (at least 24 hours) every seven days. The Responsible Business Alliance (RBA), an international coalition dedicated to corporate social responsibility in the electronics industry, has set the maximum working hours, including overtime, at 60 hours per week. Appropriate management means that the number of prescribed working days per year does not exceed the legal limit and the number of working hours per week (excluding during disasters, other unavoidable emergencies or unusual situations) including overtime does not exceed the legal limit. It also ensures that the right to annual paid leave, maternity leave, and childcare leave provided for in laws and regulations is granted, rest periods as provided for in laws and regulations are granted, and that physical and mental health examinations are conducted to protect the health of workers.

(2-4) Payment of Appropriate Wages

Compensation paid to workers must comply with rules pertaining to the minimum wage, overtime, and statutory benefits, etc. provided for in local laws and regulations. Provide pay slips in a manner that workers can understand. Pay slips should include sufficient information to enable workers to confirm the exact compensation for the work they performed in each pay period.

The minimum wage provided for in local laws and regulations should be paid, and overtime wages should be paid in accordance with laws and regulations and employment contracts. Conditions relating to wages and the details of wages should be provided to workers as information, and wages should not be unfairly reduced. Business Partners are also expected to pay wages at a level that allows workers to support their basic needs (a living wage).

(2-5) Prohibition of Inhumane Treatment

Respect the human rights of workers and take preventative measures as an organization on top of prohibiting the treatment of workers in a manner that is or may be construed to be inhumane, including physical and psychological abuse, coercion, or harassment.

Psychological abuse refers to the act of causing mental or emotional harm to others through acts such as inhumane language or expressions, harassment, neglect, or words that damage one's self-esteem. Physical abuse refers to violence and work under harsh conditions. Coercion refers to the act of forcing others to do something against their will through intimidation, etc., such as forcing workers to work overtime. Harassment refers to the act of making others feel unpleasant due to pestering or bullying.

(2-6) Prohibition of Discrimination

Do not discriminate on the basis of race, ethnicity, nationality, religion, age, physical characteristics, disabilities, gender, marital status, sexual orientation, or gender identity, etc.

Disparities in hiring, training, evaluations, and treatment based on factors other than reasonable factors such as an individual's ability, aptitude, and performance, constitute an act of discrimination. The loss of equal opportunity or fair treatment due to the outcome of health checks and pregnancy tests is also regarded as discrimination.

(2-7) Freedom of Association and Right to Collective Bargaining

Respect the rights of workers to form and join trade unions and to bargain collectively, in compliance with local laws and regulations.

Business Partners should respect the right of workers to freely choose to form and join trade unions and participate in collective bargaining. Business Partners should provide opportunities for effective communication between workers and management to properly ensure such rights, and should further ensure an environment where workers and their representatives can engage in collective bargaining to formally promote mutual understanding with management regarding concerns about working conditions and management practices, without fear of discrimination, retaliation, intimidation, or harassment.

(2-8) Consideration for Job Security and Fulfillment of the Obligations of an Employer

Give consideration to employment stability and fulfill obligations as an employer, such as arranging for social security provided for in local laws and regulations.

In order to provide employees with the most stable employment possible, Business Partners should fulfill their obligations concerning job stability based on freely negotiated working conditions and social security. Business Partners should fulfill a key role in promoting employment security in countries where the cessation of their operations could lead to long-term unemployment. Business Partners are also expected to avoid undertaking arbitrary dismissal procedures and to provide stable employment for employees through active workforce planning.

(2-9) Prohibition of Infringing on the Rights of Local Communities, etc.

Do not infringe on the rights of local communities and indigenous peoples, such as engaging in unlawful eviction or the significant destruction of their living environment.

When acquiring or using, etc. land for business activities, Business Partners should comply with local laws and regulations. In addition to complying with laws and regulations, Business Partners are expected to gain the understanding of affected local communities and indigenous peoples. For example, the Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples^v recommends obtaining the Free, Prior and Informed Consent (FPIC) of indigenous peoples affected by the business activity.

3. Health and Safety

Business Partners should provide a safe and hygienic environment for workplaces, including accommodations if they provide employees with such facilities. Business Partners should also provide training and take measures to prevent potential accidents, and should be prepared for accidents.

(3-1) Maintaining Occupational Health and Safety

Assess occupational health and safety risks and maintain safety through appropriate design, technology, and management measures. Appropriate care should be taken to eliminate or mitigate occupational health and safety risks, especially for pregnant women and nursing mothers.

Business Partners should identify safety hazards in the workplace and their risk of occurrence, and implement safety measures for workers. Examples of safety hazards in the workplace include contact with chemical substances, electricity, or other energy sources, and fire, vehicular accidents, and fall hazards. Business Partners should take reasonable steps to protect pregnant women and nursing mothers.

(3-2) Emergency Preparedness

Identify and evaluate all possible emergency situations such as natural disasters and accidents in order to protect the life and safety of workers. Establish emergency plans and procedures, install the required equipment and conduct training to minimize harm to workers' lives, the environment, and property.

Emergency plans refer to, for example, emergency reporting, communication to workers, clarifying evacuation procedures, installing evacuation equipment, ensuring easily identifiable exits without obstruction, providing appropriate exit facilities, storing medical supplies for emergency, installing fire detection systems, installing fire extinguishers, fire shutters, and sprinklers, securing external communication methods, and maintaining recovery plans. Business Partners should also disseminate emergency plans within the workplace. This involves, for example, providing emergency training (including evacuation drills) to workers, and placing/posting information on emergency procedures in an easily accessible location in the workplace.

(3-3) Occupational Injury and Illness

Identify, assess, record, and report the status when workers suffer occupational injury or illness, and implement appropriate countermeasures and corrective measures.

Countermeasures and corrective measures for occupational injury or illness correspond to systems and measures for promoting workers reporting, classifying and recording injury and illnesses, providing medical treatment when necessary, investigating injury and illnesses, implementing corrective actions to eliminate causes, and facilitating the return to work of workers. This also includes implementing the required administrative procedures provided for by laws and regulations and taking out industrial accident insurance.

(3-4) Industrial Hygiene

Identify, assess, and appropriately control the risk of workers being exposed to hazardous biological, chemical, or physical agents in the workplace.

Hazardous agents include substances that are poisonous, radioactive, or cause chronic illness (such as lead and asbestos). Noise and odors may be deemed hazardous to the human body if they are significantly strong. Exposure means a person or organism coming into contact with a hazardous substance such as a chemical substance, and routes of exposure include inhalation through breathing, oral exposure through food and drink, and dermal exposure through contact with the skin.^{vi} Appropriate control refers to establishing and implementing management standards, and providing appropriate education and training and personal protective equipment to workers.

(3-5) Physically Demanding Work

Identify and assess physically demanding work and appropriately control such work so that it does not lead to occupational injury and illness.

Physically demanding work refers to manual handling or repetitive lifting of heavy loads, prolonged standing, and highly repetitive assembly or physically demanding assembly work. Appropriate management includes providing a working environment based on human engineering, regular breaks, supportive tools, and ensuring sharing and cooperation among multiple workers in regard to duties.

(3-6) Machine Safeguarding

Assess safety risks of the machinery used by workers and provide appropriate safeguarding.

Appropriate safeguarding refers to management for preventing accidents and injuries that occur during work. This can include safety mechanisms such as failsafe, foolproof, interlock, and tagout; installing safety devices and putting protective barriers in place; and regular inspection and maintenance of machinery.

(3-7) Health and Safety at Facilities

Ensure appropriate health and safety at facilities such as cafeterias, water supply facilities, toilets, and dormitories provided for workers. Ensure there are appropriate emergency evacuation routes and emergency exits at the facilities.

Business Partners should provide safe drinking water, hygienic food, and a sufficient number of clean toilet facilities proportionate to the number of workers. Dormitories should have appropriate emergency exits, and are expected to be maintained to be clean and safe, have adequate lighting, heating, and other appropriate facilities, and have reasonable space.

(3-8) Health and Safety Communication

Provide training and appropriate health and safety information regarding various hazards that workers are exposed to in the workplace using language and methods that workers can understand. Establish a system that enables workers to provide feedback on health and safety.

Workplace hazards that workers are exposed to include mechanical, electrical, chemical, fire, and physical hazards. Occupational health and safety information should be clearly posted in facilities or placed in a location identifiable and accessible by workers and should be provided in languages that workers can understand. Training should be provided to all workers before starting work and regularly after that. A system should be put in place that enables workers to raise concerns without retaliation.

(3-9) Worker Health Management

Comply with local laws and regulations and provide appropriate health management to all workers.

Business Partners should conduct health checks to the level provided for by laws and regulations as a minimum, and work on the prevention and early detection of worker illness. Business Partners are also expected to adequately consider the prevention of health problems due to overwork and treatment such as mental healthcare.

4. Environment

Business Partners should comply with local environmental laws and regulations, and strive to prevent pollution of air, water, and soil. They should continuously measure and assess the use and discharge of resources and strive to reduce impacts on the environment.

(4-1) Environmental Permits and Reports

Obtain permits and approvals required for conducting business and comply with requirements concerning management and reporting, in accordance with local laws and regulations.

Business Partners should obtain all necessary environmental permits and licenses, including operating permits and those concerning air emissions, wastewater, the storage and use of hazardous substances, and waste (individual and hazardous) disposal. Depending on the chemical substances used in their business, Business Partners may be obligated to assign a manager responsible for poisonous and deleterious substance management, designated chemical substance management, or hazardous substance management. Depending on the type of business conducted and the location of plants, Business Partners may be required to obtain government approval for facilities that handle hazardous substances and environmental impact assessments. Business Partners should properly update permits, registrations, or licenses obtained and retain a copy of the latest version.

(4-2) Contributing to Decarbonization

Strive to improve energy efficiency and make continuous efforts to reduce energy consumption and greenhouse gas emissions.

Improving energy efficiency involves minimizing energy consumption and the related Scope 1 (greenhouse gas directly emitted by a company) and Scope 2 (greenhouse gas indirectly emitted by the use of electricity, heat, and steam provided by another company) greenhouse gas (GHG) emissions. Business Partners are expected to track and document energy efficiency at each facility or business site.

(4-3) Air Emissions

Comply with local laws and regulations, monitor the emission of hazardous substances to the atmosphere, and implement appropriate countermeasures prior to their discharge.

Hazardous substances discharged to the atmosphere include volatile organic chemicals (VOC), aerosols, corrosives, microparticles, ozone depleting substances, and combustion byproducts. Business Partners should analyze and monitor these substances prior to discharge, and only discharge them after conducting the required control and treatment based on the results of the analysis and monitoring. Countermeasures include routine monitoring of the handling of substances to be discharged and the performance of treatment systems.

(4-4) Optimal Water Use

Comply with local laws and regulations, monitor the source, usage, and discharge of water used, and save water. Test the quality and properties as required, and monitor, control, and process all wastewater before discharge or disposal. Identify and appropriately manage sources of pollution that may cause water contamination.

Business Partners should monitor water sources, usage, and discharge, and conserve water and control channels of contamination. Controlling channels of contamination includes confirming that site water channels are free from contamination and are protected from contamination (such as confirming that there are no pools of standing water and grease/oil slicks near storm drains) and that the emergency response equipment is in place. (Shutoff valves and stopcocks must be installed to prevent outflow or leakage of clean water and sewage, including pollutants, due to a plant accident or natural disasters. Street inlets/sewage inlets and storage reservoirs installed to contain leaks or overflows are not sufficient.)

(4-5) Contributing to Resource Circulation

Comply with local laws and regulations and promote the 3Rs (reduce, reuse, and recycle), ensure the effective utilization of resources, and minimize waste.

Business Partners should identify and manage waste even when disposing of waste identified as non-hazardous, implement a systematic approach for responsible disposal or recycling, and work towards reducing waste. Business Partners should implement measures for disposing of substances according to local laws and regulations, and ensure that natural resources are not wasted by minimizing their disposal. Measures include changing the production equipment at the source, using alternative materials, and reusing and recycling resources. Business Partners should also establish voluntary targets in order to comply with laws and regulations. Natural resources refer to water, fossil fuels, minerals, virgin forest, and the products of virgin forest, etc. The prevention of environmental pollution leads to the saving of natural resources and is closely related to the sustainability of the planet.

(4-6) Management of Hazardous Substances

Comply with local laws and regulations to identify, label, and manage chemical and other substances posing a hazard to humans or the environment, and manage accordingly to ensure the safe handling, transport, storage, use, recycling, reuse, and disposal of such substances.

Hazardous substances, including waste, should be properly separated and clearly identified as hazardous, and access to hazardous substances should be controlled to ensure proper handling, transfer, storage, use, recycling or reuse, and disposal. Business Partners should use a legitimate business for disposal, such as a licensed or registered processing or disposal company.

(4-7) Managing the Chemical Substances Contained in Products

Comply with all laws, regulations, and Toppan Group standards that apply to the prohibition and restriction of specific substances contained in products.

In regard to substances contained in products, companies should follow the relevant Toppan Group standards and the laws and regulations of the product's country of origin and destination. Upstream companies in the supply chain should provide the required information to downstream companies in order to take responsibility for the components included in the end products. Refer to the Toppan Group Standards for the Management of Chemical Components of Raw Materials for specific details.

(4-8) Natural Resources and Biological Diversity

When procuring raw materials, avoid or minimize the impact on biological diversity and work toward the sustainable use of natural resources.

When using resources derived from forests, oceans, or living organisms, etc., Business Partners should avoid the use of resources that have been illegally extracted, cultivated, or traded. Business Partners are also expected to take resource conservation into consideration when using raw materials, including from the perspective of controlling deforestation and forest degradation. Since business activities may affect various organisms and their habitats, Business Partners are also expected to mitigate any adverse impacts. If there is a possibility that rare plants and animals are used, the impact on biological diversity can be mitigated by checking the raw materials, their origin, and the existence of relevant regulations and resource conservation measures. Refer to the Toppan Group Paper Procurement Guidelines for the Sustainable Use of Forest Resources for details regarding sustainable paper procurement.

5. Fair Business and Ethics

Business Partners should conduct business activities based on high ethical standards in addition to complying with laws and regulations. This includes the prohibition of bribery, corruption, inappropriate provision and acceptance of improper benefits, coercion, and embezzlement, and the prevention of such acts.

(5-1) Preventing Corruption

Do not engage in any form of bribery, blackmail, or embezzlement.

Business Partners should uphold a policy of prohibiting any and all forms of bribery, excessive entertainment or gifts, blackmail, or embezzlement, and maintain continuous compliance. Continuous compliance requires not only establishing policies, but also appropriately training employees and continuing to ensure that such policies are implemented.

(5-2) Prohibiting Provision and Acceptance of Inappropriate Benefits

Do not provide or accept promises, proposals, or permissions that lead to the granting or receipt of unfair or inappropriate benefits.

Business Partners are prohibited from directly or indirectly providing or receiving anything of value, or promising or proposing to do so, in order to gain business or obtain inappropriate benefit. Business Partners should clarify and monitor policies and procedures in order to comply with laws and regulations regarding the prevention of corruption.

(5-3) Disclosure of Information

Disclose information regarding labor, health and safety, environmental activities, business activities, organizational structure, financial situation, and performance according to local laws and regulations and prevailing industry practices. Do not permit the falsification of records or the disclosure of false information.

Business Partners should actively provide and disclose information to stakeholders. The information to be provided and disclosed to stakeholders includes the details of business activities, the company's financial situation and performance, ESG (environmental, social, and governance) information, risk information (such as damage due to large-scale disasters, adverse impacts on the environment and society, and the discovery of significant legal violations), and information regarding the supply chain. Disclosing information on critical risks in a timely manner and communicating to customers are also examples of actively providing information. Business Partners are not permitted to tamper with records, misrepresent information, or disclose false information. Business Partners are expected not only to disclose information as provided for by laws and regulations, etc. but also to disclose information regarding efforts to stakeholders and customers with respect to the Guidelines. Sustainability reports disclosed via corporate websites or in printed media represent one example of such information disclosure.

(5-4) Protecting and Respecting Intellectual Property

Do not infringe on the intellectual property of third parties when engaging in business activities, including the development, production, and sale of products and services. Protect your intellectual property and respect the intellectual property of customers and third parties such as suppliers and contractors.

Intellectual property rights are rights defined by laws and regulations, and include patent rights, utility model rights, design rights, trademark rights, and copyrights. Intellectual property includes trade secrets and technical know-how in addition to intellectual property rights.

(5-5) Fair Business Activities

Promote fair business activities without engaging in unfair competition and acts that impede free competition, or advertising that involves misleading content or rights infringements. Do not have any links whatsoever with any antisocial groups that pose a threat to the order and safety of civil society and comply with laws and regulations, ordinances, and all other social norms.

Business Partners should comply with laws and regulations regarding fair business practices, such as anti-monopoly and subcontracting laws, and must not engage in illegal acts such as cartel agreements to restrict competition, unfair business practices, or misleading representations. Also, Business Partners or their members of the board or anyone who substantially controls the business shall not be a force that threatens the order and safety of civil society (antisocial groups, etc.). Moreover, when it is found that suppliers or contractors are antisocial groups or that they have links with such groups, it is necessary that Business Partners avoid all links in an immediate manner. In catalog presentations and the advertising of products and services, Business Partners should not express untruths or mislead consumers and customers, and should also make sure not to include information that slanders or infringes the rights of other companies or individuals.

(5-6) Protecting Whistleblowers

In grievance mechanisms available to relevant parties, including workers of your company and your suppliers and contractors, ensure the confidentiality of what was reported and the anonymity of the whistleblower, etc., and protect whistleblowers from disadvantageous treatment by your company or individuals due to the act of whistleblowing.

Disadvantageous treatment refers to acts that harm the work environment such as harassment, and changes to working conditions such as unfair performance evaluation, rewards, dismissal, or reassignment.

(5-7) Responsible Minerals Procurement

Check that manufactured products do not contain minerals that are linked to groups or forces that cause or are complicit in causing serious human rights abuses, environmental destruction, corruption, or conflict, etc. in conflict affected and high-risk areas.

The ideal means of checking for such minerals is through due diligence on responsible minerals procurement. This refers to establishing policies, communicating expectations to suppliers (and incorporating them in contracts where possible), identifying and reviewing risks in the supply chain, and establishing and implementing strategies to handle the identified risks. The OECD has issued an internationally-recognized document regarding due diligence concerning responsible minerals procurement, entitled the Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.^{vii}

6. Quality and Safety

Business Partners should ensure the safety and quality of their products and services and provide accurate information on their products and services.

(6-1) Product Safety

Fulfill responsibility as suppliers by ensuring that products meet safety standards provided for in local laws and regulations, and by engaging in product design, manufacturing, and sales activities that ensure adequate product safety.

When designing products, Business Partners should ensure adequate product safety and consider their responsibility as a manufacturer when manufacturing and providing products. Business Partners should also consider the safety that the product should ordinarily provide, in addition to legal compliance. In Japan, safety standards relating to product safety are defined in detailed regulations in domestic laws and in Japanese Industrial Standards (JIS). Overseas safety standards include UL, BSI, and CSA standards, etc. Effective measures for ensuring product safety include management of areas such as traceability (history of materials, components, and processes, etc.) and swift handling to solve problems.

(6-2) Quality Management

Comply with your company's quality standards and the Toppan Group quality requirements, in addition to complying with local laws and regulations regarding the quality of products and services.

Business Partners should establish appropriate frameworks and management systems for complying with their own quality standards and the Toppan Group quality requirements, in addition to complying with local laws and regulations regarding the quality of products and services.

(6-3) Providing Accurate Information on Products and Services

Provide accurate information on products and services that will not cause misunderstandings.

Business Partners should provide information to customers and consumers that is accurate and does not cause misunderstandings. Business Partners must not provide false information or information that has been falsified.

7. Information Security

Business Partners should establish measures and systems to deal with computer network threats, manage and protect data to prevent leaks of confidential information and personal information, and enhance information security.

(7-1) Defense from Cyber Attacks

Establish and manage measures and systems to deal with computer network threats so as not to cause damage to your company or others.

Business Partners should prevent trouble caused by cyberattacks, such as information leaks or manipulation and the stopping of information systems. Since attackers can expand their target of attack based on the customer and client information they obtain, the scope of damage from cyberattacks is not limited to your company. Devices subject to cyberattacks are expanding from conventional computers and servers to industrial systems and IoT (Internet of Things) devices. Countermeasures should therefore be implemented for such systems and devices. Business Partners are expected to establish a plan for prompt recovery if they become the subject of a cyberattack. Measures should include, for example, setting complicated passwords, updating OS (Operating System: basic system) and firmware, applying patches, backing up critical data, duplicating servers and data centers, and maintaining a response mechanism in preparation for incidents.

(7-2) Protecting Personal Information

Comply with local laws and regulations and appropriately manage and protect all personal information of customers, consumers, suppliers, contractors, and workers, etc.

Business Partners should comply with local laws and regulations and carefully handle all personal information of customers, consumers, suppliers, contractors, and workers, etc. Business Partners should only collect, store, modify, transfer, share and otherwise process personal information to the extent necessary to achieve the specified purpose of use. Appropriate management refers to establishing and operating a general management framework for personal information, and includes establishing rules and policies that workers must comply with, as well as establishing plans, implementing measures, and conducting audits and reviews in accordance with them. Appropriate protection refers to preventing personal information from being unlawfully or unfairly obtained, used, disclosed, or leaked.

(7-3) Preventing the Leak of Confidential Information

Appropriately manage and protect not only your own company's confidential information but also confidential information received from customers and third parties.

Business Partners should establish an appropriate framework and management system for managing confidential information. This includes establishing information management levels and worker education and training. Confidential information generally refers to information disclosed according to a written confidentiality agreement or information disclosed orally after notifying that it is confidential. Appropriate management refers to establishing and implementing a general management framework for confidential information, and includes establishing rules and policies that workers must comply with, as well as establishing plans, implementing measures, and conducting audits and reviews in accordance with them. Appropriate protection refers to preventing confidential information from being unlawfully or unfairly obtained, used, disclosed, or leaked.

8. Business Continuity Planning

Business Partners should make preparations to ensure that they can quickly resume production activities, in order to fulfill their supply responsibilities, when the company, a supplier, or a contractor is affected by a disaster such as a large-scale natural disaster.

(8-1) Developing and Preparing a Business Continuity Plan

Analyze risks that impede business continuity and strive to formulate a Business Continuity Plan (BCP) that includes a detailed examination of the impact on the business, preparatory countermeasures, and the status of the initiatives.

A business continuity plan (BCP) is a plan created in advance that enables production activities to be swiftly resumed so that a company can fulfill its supply responsibilities when Business Partners or their business partners are affected by a disaster such as a large-scale natural disaster. Risks that impede business continuity include large-scale natural disasters (such as earthquakes, tsunamis, floods, heavy rainfall, heavy snowfall, and tornadoes) and subsequent power outages, water stoppages, and transportation impediments, accidents (such as fires or explosions), the spread of infectious and contagious diseases, and terrorism or riots. Preparatory countermeasures include local recovery strategies that indicate how to protect, mitigate, and recover various elements at individual production sites from anticipated damage. Business Partners are expected to strive to secure alternative methods that envisage recovery from damage taking longer than expected. Business Partners are expected to establish a manual for quickly recovering business in accordance with the details stated in the BCP when business actually stops and to provide continuous education and training to employees so that they can respond to actual disasters, etc.

9. Establishing a Management System

Business Partners should strive to establish a management system to ensure proper compliance with the Guidelines.

(9-1) Establishing a Management System

Strive to establish a management system to ensure proper compliance with the Guidelines. The purpose of the management system is to ensure:

- a. Compliance with local laws and regulations, and customer requirements regarding business and products**
- b. Management of compliance with the Guidelines**
- c. Identification and management of related operational risks and promotion of continuous improvements**

A management system refers to establishing a framework for continuous improvements through the Plan-Do-Check-Action (PDCA) cycle regarding policy compliance, implementation systems, corrective actions, and stakeholder engagement. Specifically, it includes corporate commitment, management accountability and responsibility, legal requirements and customer requirements, risk identification and management, improvement goals, education and training, communication, worker feedback, participation, grievance filing, assessment and audit of identified risks, corrective action processes, documentation and records.

In addition to management systems such as ISO in areas such as health and safety, quality, and environment, there is the OECD Due Diligence Guidance for Responsible Business Conduct,^{viii} which is a set of due diligence guidelines regarding all corporate conduct. The guidance indicates the following six items as part of the due diligence process.

- (1) Embed responsible business conduct into policies and management systems
- (2) Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services
- (3) Cease, prevent and mitigate adverse impacts
- (4) Track implementation and results
- (5) Communicate how impacts are addressed
- (6) Provide for or cooperate in remediation when appropriate

Due diligence is the process that business enterprises should carry out to identify, prevent, mitigate and account for how they address actual and potential adverse impacts in their own operations, their supply chain, and other business relationships.

(9-2) Management of Suppliers and Contractors

Communicate the requirements in the Guidelines or similar guidelines your company has established to your suppliers and contractors. Strive to establish processes for monitoring compliance with the requirements by suppliers and contractors.

According to the United Nations Guiding Principles for Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, companies are required to assume the responsibility for sustainability in their supply chain as well as in their own companies. Therefore, Business Partners should communicate the requirements in the Guidelines to suppliers and contractors, monitor the state of compliance, and promote improvements.

(9-3) Proper Import and Export Controls

Maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods regulated by local laws and regulations.

Business Partners should understand and comply with various national laws and regulations concerning importing and exporting. Technologies and goods regulated by laws and regulations refer to components, products, technologies, equipment, and software subject to import and export controls in laws and regulations based on international agreements, etc. (such as the Wassenaar Arrangement). Business Partners should obtain any necessary permission from the competent authorities regarding importing and exporting.

(9-4) Establishing Grievance Mechanisms

Establish and communicate grievance mechanisms that can be used by stakeholders, including workers, suppliers, and contractors, in order to prevent the violation of the Guidelines within your company and in your supply chain.

In order to comply with the Guidelines, in addition to due diligence, Business Partners should establish mechanisms to identify grievances from stakeholders, including workers, suppliers and contractors, and facilitate a continuous process of addressing issues at stake. In order for the grievance mechanism to function effectively, it is useful to conduct awareness surveys to check the level of understanding and to ensure stakeholders' participation in continuous improvements by receiving their suggestions, etc. A grievance mechanism refers to a framework that enables related parties to report acts suspected of breaching the Guidelines and to promote corrective action. Business Partners should enable complaints to be lodged anonymously. Whistleblowers must not be treated disadvantageously due to making complaints.

Revision History

Date Revised	Edition	Main Revisions
May 2007	First Edition	Established the Toppan Group CSR Procurement Guidelines
January 2014	Second Edition	Organized CSR Procurement Standards into Basic Procurement Standards and Procurement Standards for Human Rights, Labor, Environment, and Anti-Corruption
January 2022	Third Edition	Changed name to the Toppan Group Sustainable Procurement Guidelines Organized Sustainable Procurement Guidelines into nine sections, Legal Compliance and Respect for Internationally Recognized Standards, Human Rights and Labor, Health and Safety, Environment, Fair Business and Ethics, Quality and Safety, Information Security, Business Continuity Planning, and Establishing a Management System

- ⁱ UN's Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework, United Nations, 2011, (https://www.ohchr.org/documents/publications/guidingprinciplesbusinessshr_en.pdf, accessed on January 18, 2022)
- ⁱⁱ United Nations, Transforming Our World: The 2030 Agenda for Sustainable Development, United Nations, 2015 (<https://sdgs.un.org/2030agenda>, accessed on January 18, 2022)
- ⁱⁱⁱ OECD Guidelines for Multinational Enterprises, 2011 Edition, OECD, 2011, (https://www.oecd-ilibrary.org/governance/oecd-guidelines-for-multinational-enterprises_9789264115415-en, accessed on January 18, 2022)
- ^{iv} ILO, Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration), Fifth Edition, ILO, 2017, (https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf, accessed on January 18, 2022)
- ^v United Nations Global Compact, Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples, United Nations Global Compact, 2013 (https://d306pr3pise04h.cloudfront.net/docs/issues_doc%2Fhuman_rights%2FIndigenousPeoples%2FBusinessGuide.pdf, accessed on September 24, 2021)
- ^{vi} METI Guidebook on Chemical Risk Assessment for Business Operators, Ministry of Economy, Trade and Industry of Japan, 2007, (https://www.meti.go.jp/policy/chemical_management/law/prtr/pdf/guidebook_jissen.pdf, accessed on September 21, 2021)
- ^{vii} OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, Third Edition, OECD, 2016, (<https://www.oecd.org/daf/inv/mne/OECD-Due-Diligence-Guidance-Minerals-Edition3.pdf>, accessed on January 18, 2022)
- ^{viii} OECD Due Diligence Guidance for Responsible Business Conduct, OECD, 2018 (<https://mneguidelines.oecd.org/OECD-Due-Diligence-Guidance-for-Responsible-Business-Conduct.pdf>, accessed on January 18, 2022)