

DENTSU SOKEN Group Procurement Guidelines

Version 1

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DENTSU SOKEN INC.

Introduction

In the face of increasingly serious environmental and social problems, all companies are required to engage in responsible activities towards a sustainable society. Further, it is essential that this responsibility be borne and actively addressed not only by individual companies but by the entire supply chain.

In this context, DENTSU SOKEN Group aims to collaborate with all suppliers, that is, all businesses that provide products, personnel, and services to DENTSU SOKEN Group, in order to work towards achieving a sustainable society through the utilization and implementation of technology.

The “DENTSU SOKEN Group Procurement Guidelines” (hereinafter referred to as the “Guidelines”) outline the matters we request our all suppliers to address in collaboration with DENTSU SOKEN Group as part of responsible corporate activities aimed at achieving a sustainable society. We have formulated the Guidelines with reference to the Responsible Business Alliance (RBA) “Code of Conduct,” the Japan Electronics and Information Technology Industries Association (JEITA)’s “Responsible Business Conduct Guidelines,” and others, in addition to DENTSU SOKEN Group’s “Sustainability Policy” and “Procurement Policy.”

We request our suppliers to understand and practice the actions described in the Guidelines, in addition to complying with the laws and regulations as well as social norms of the countries and regions in which you operate and respecting internationally recognized standards*¹.

Please note that, should we find your compliance with the Guidelines not sufficient and observe no efforts towards improvement, we may review our business relationship.

DENTSU SOKEN Group greatly appreciates your understanding and cooperation in our pursuit of a sustainable society.

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1. Engaging in Fair Business Activities and Preventing Corruption

We request our suppliers to prioritize business integrity (faithfulness and dignity) above all else in all business activities. Suppliers are requested not to tolerate corruption in any form, such as bribery, corruption, blackmail, or embezzlement, as well as any connections with anti-social forces, and work to educate and raise awareness among employees to prevent misconduct and foster an organizational culture where business integrity is a top priority.

(1) Prohibiting Inappropriate Advantage

Suppliers shall not provide or accept bribes or any other illicit or inappropriate advantage, nor promise, offer, authorize, give or accept a means of obtaining such, either directly or indirectly through a third party.

(2) Information Disclosure

All business transactions shall be accurately reflected on the company's accounting books and records. Suppliers shall disclose Information regarding labor, health and safety, environmental activities, business activities, organizational structure, financial situation, and performance in accordance with applicable laws and regulations and industry practices. Suppliers shall not falsify records or disclose false information.

(3) Respecting Intellectual Property

Suppliers shall respect intellectual property rights, and the transfer of technology and expertise shall be performed in a manner where intellectual property is protected. Suppliers shall also protect the intellectual property of third parties such as customers and its suppliers.

(4) Conducting Fair Business, Advertising, and Competition

Suppliers shall comply with laws and regulations for fair business, advertising, and competition. In selecting suppliers, comprehensive evaluation, including a company's reliability and consideration for the environment and society, shall be made in accordance with reasonable and clear criteria.

(5) Prohibiting Abuse of Superior Bargaining Position

Suppliers shall not put at a disadvantage through such actions that are unfair in light of business practices as using a superior bargaining position in transactions to unilaterally determine or change the terms and conditions with its suppliers or imposing unreasonable demands or obligations.

(6) Protecting Whistleblowers and Prohibiting Retaliation

The confidentiality, anonymity, and protection of internal whistleblowers which are its suppliers and employees shall be ensured. A process that allows such whistleblowers to raise concerns without the fear of retaliation shall be made known widely and maintained.

(7) Responsible Minerals Procurement

Suppliers shall strive to achieve manufacturing or procuring products that do not use conflict minerals from conflict-affected and high-risk areas to ensure that they do not cause or contribute to serious human rights abuses, environmental destruction, corruption, or disputes in such areas.

(8) Proper Import/Export Control

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

2. Human Rights and Labor

We request all suppliers to respect the rights of workers*2 and treat them with dignity and respect in line with international human rights standards, including the ILO Core Labor Standards, in addition to complying with relevant laws and regulations.

(1) Prohibiting Forced Labor

Under any circumstances, suppliers shall not use labor obtained by forced, bonded (including debt bondage), exploitative prison labor, slavery, or human trafficking. In addition, suppliers shall not force to work, and shall keep the right of workers to terminate employment.

(2) Prohibiting Child Labor and Respecting the Rights of Young Workers

Suppliers shall not allow children*3 for employment. Suppliers shall also not allow young workers under the age of 18 to perform hazardous work that is likely to jeopardize their health or safety, including night work and overtime work.

(3) Compliance with Working Hours

Suppliers shall comply with the laws and regulations of the countries, regions, etc., in which workers work and not allow workers to work exceeding the maximum working hours set by

relevant laws and regulations. In addition, suppliers shall appropriately manage workers' working hours, holidays, and days off.

(4) Paying Adequate Wages and Allowances

Suppliers shall comply with all applicable laws and regulations regarding payments of work (including minimum wage, overtime payments, and allowances and deductions required by law) in the countries and regions, etc. in which workers work and pay equal wages for equal work. Suppliers shall also pay wages at a level that allows workers to support their basic needs (a living wage).

(5) Prohibiting Inhumane treatment and Harassment

Suppliers shall not treat workers in a manner that is or may be construed inhumane or as harassment, including violence, sexual harassment, sexual abuse, corporal punishment, psychological or physical oppression, or verbal abuse. Suppliers shall also provide workers with individually secured accommodations for storing their personal and valuable items, and a reasonable personal space with reasonable entry and exit privilege.

(6) Prohibiting Discrimination

Suppliers shall not engage in any form of discrimination in employment practices, including wages, promotions, rewards, hiring, and access to education and training, on the basis of race, ethnicity or national origin, place of origin, skin color, age, gender, sexual orientation, gender identity and expression, disability, mental or physical health, ideology or beliefs, political opinions, union membership, religion, pregnancy, or marital status. Suppliers shall also consider requests from workers regarding religious practices where appropriate.

(7) Respecting Freedom of Association and Right to Collective Bargaining

Suppliers shall comply with the laws and regulations of the countries and regions, etc. in which workers work, and respect basic labor rights, namely, the rights of freedom of association, collective bargaining, and collective action for the purpose of labor-management negotiations for improving working environments and wage conditions. If the right of freedom of association and collective bargaining are restricted by applicable laws and regulations, suppliers shall allow workers to elect and join alternate lawful forms of worker representations.

(8) Promotion of Technology Based on Respect for Human Rights

Suppliers shall gain understanding of the impact of new technologies such as artificial intelligence (AI) on human rights and work on the appropriate use and promotion thereof in

compliance with applicable laws and regulations in the countries and regions, etc. in which they operate, in order to prevent incidents, discrimination, privacy violations, or other problems from arising.

3. Health and Safety

In addition to complying with relevant laws and regulations, we request all suppliers to take into consideration of standards such as ILO health and safety guidelines to minimize injury and illness in the workplace and maintain safe and healthy working conditions.

(1) Ensuring Occupational Safety

Suppliers shall identify and assess risks regarding occupational safety, implement and manage appropriate mitigation measures for such risks, and ensure worker safety.

In particular, suppliers shall take reasonable steps to protect pregnant women and nursing mothers.

(2) Emergency Preparedness

Suppliers shall identify and assess emergency situations, including their likelihood of occurrence, such as natural disasters or accidents that may adversely affect human life or safety, and in order to minimize harm to workers, the environment and property, develop countermeasures, such as by establishing procedures in case of emergencies, installing the required equipment, and conducting training and drills to workers.

(3) Preventing Occupational Injury and Illness

In order to prevent occupational injuries and illness, suppliers shall understand the status of occupational injury and illness, provide necessary medical treatment, investigate incidents in detail, implement corrective actions to eliminate their causes, and establish systems to facilitate the return of workers to work.

(4) Ensuring Industrial Hygiene

Suppliers shall identify and assess the risk of workers being exposed to hazardous biological, chemical, or physical agents in the workplace, and take appropriate measures to eliminate or mitigate such risks.

(5) Physically Demanding Work

Suppliers shall identify and assess worker exposure to the hazards of physically demanding tasks and appropriately control such work to ensure that it does not lead to occupational injury and illness.

(6) Machine Safeguarding

Suppliers shall identify and evaluate the machinery used by workers for safety hazards and implement appropriate safeguarding.

(7) Ensuring Health and Safety at Facilities

Suppliers shall appropriately maintain the health and safety of facilities and accommodations provided to workers, such as dormitories, cafeterias, and toilets. Dormitories also require appropriate emergency egress to be provided.

(8) Health and Safety Communication

Suppliers shall provide appropriate safety and health information regarding various workplace hazards that workers are exposed to in the workplace, in languages and by methods that the workers can understand, as well as education and training on health and safety. Suppliers shall also have a system that enables workers to provide feedback on safety in place.

(9) Health Management

Suppliers shall strive to prevent and detect illnesses early and conduct appropriate health management for all workers by taking measures such as conducting health examinations that meet the standards set by laws and regulations.

4. Quality and Safety

We request our all suppliers to ensure the safety and quality of the products and services they provide and to provide accurate information.

(1) Ensuring Product and Service Safety

Suppliers shall ensure that products and services meet safety standards stipulated by national laws and regulations and conduct design, manufacturing, and sales to ensure adequate safety. Suppliers shall also ensure the confidentiality, authenticity, integrity, and availability of data, and provide security and privacy-conscious products and services.

(2) Quality Management

Suppliers shall comply not only with all applicable laws and regulations regarding the quality of products and services but also with their own quality standards and customer requirements.

(3) Providing Accurate Information on Products and Services

Suppliers shall provide correct and accurate information on products and services that will not cause misunderstanding in an appropriate manner.

5. Environment

We request all our suppliers to identify the environmental impact of their business activities and to engage in environmentally conscious practices to minimize adverse effects on public health and safety, the environment, and natural resources.

(1) Environmental Permits and Approvals, and Reports

Suppliers shall obtain necessary permits and approvals required for conducting business and carry out registration and reporting in accordance with environmental laws and regulations of the countries and regions in which they operate.

(2) Reduction of Resource Use, Prevention of Environmental Pollution, and Waste Management

Suppliers shall take measures such as modifying production, maintenance, and facility processes, including promoting reduction, reuse, and recycling (the 3Rs) and utilizing alternatives, to reduce resource use, and minimize or eliminate the emission of pollutants and the generation of waste. In addition, even for the disposal of substances for which hazardous properties have not been identified, suppliers shall identify and manage the waste and ensure responsible disposal or recycling.

(3) Substance Management and Restrictions

Suppliers shall identify, label, and manage chemical and other substances that pose a risk to human health or the environment, and conduct management to ensure their safe handling, transport, storage, use, recycling or reuse, and disposal.

Suppliers shall also comply with all applicable laws and regulations, and customer demands regarding the prohibition or restriction of the use of certain substances contained in products.

(4) Water Management

Suppliers shall monitor water sources, use, and discharge, seeking opportunities to conserve water. In addition, suppliers shall treat and manage wastewater in compliance with the laws and regulations applicable in the countries and regions in which they operate. Suppliers shall also identify potential sources of water pollution and manage them appropriately.

(5) Control of Air Pollutants

Suppliers shall comply with relevant laws and regulations and take appropriate measures to reduce the emission of hazardous substances into the atmosphere.

(6) Consideration for Biodiversity

Suppliers shall promote measures for biodiversity conservation and sustainable biodiversity.

(7) Reducing Energy Consumption and Greenhouse Gas Emissions

Suppliers shall address energy efficiency and make continuous efforts for reducing energy consumption and greenhouse gas emissions.

6. Information Security and Information Management/Preservation

We request all our suppliers to prevent the leakage of confidential and personal information and strengthen information security.

(1) Defense from Cyber Attacks

Suppliers shall implement protective measures against threats such as cyber attacks and conduct management to prevent damage to themselves and others.

(2) Protecting Personal Information

Suppliers shall appropriately manage and protect all personal information of suppliers, customers, consumers, employees, and others in compliance with relevant laws and regulations. Suppliers shall collect, store, modify, transfer, share, or otherwise process personal information only to the extent necessary to achieve the specified purposes of use.

(3) Preventing the Leak of Confidential Information

Suppliers shall appropriately manage and protect the confidential information not only of their own but also received from customers and third parties.

(4) Response to Security Incidents

In the event of a security incident, suppliers shall promptly contact stakeholders^{*4}, identify the cause of the incident, prevent damage from spreading, as well as take measures to prevent recurrence.

7. Developing and Preparing a Business Continuity Plan

We request our all suppliers to make preparations to ensure that they can quickly resume business activities in order to fulfill their responsibility of supply in the event that they or their suppliers are affected by such as a large-scale natural disaster. All suppliers are requested to identify and assess various risks that may hinder business continuity, such as large-scale natural disasters, infectious diseases, terrorism, and riots, formulate a business continuity plan (BCP) that outlines countermeasures, including a close examination of their impact on the business, prior measures, and alternative measures in case of prolonged damage, and provide ongoing education and training to employees to ensure that they can respond in the event of an actual disaster.

8. Management System

We request our all suppliers to adopt or establish a management system to address the content outlined in the Guidelines for their continuous efforts and improvement.

A management system involves the establishment of a framework for continuous improvements through the Plan-Do-Check-Action (PDCA) cycle regarding policy compliance, implementation systems, corrective actions, and stakeholder engagement.

(1) Purpose of Management System

A management system aims to ensure the following.

- Compliance with applicable local laws, regulations, and customer requirements regarding business practices and products
- Conformity with the Guidelines
- Identification and mitigation of operational risks related to the Guidelines

(2) Elements to Be Included in Management System

Elements that should be included in a management system are as follows.

- (i) **Company Commitment**
A statement of a company's social and environmental responsibility policy, which is approved by management and posted in a local language within the facilities and others, affirming the commitment to compliance and continuous improvement.
- (ii) **Management Accountability and Responsibilities**
Identification of management members and personnel responsible for ensuring implementation of the management system and related programs. Management shall review the status of the management system on a regular basis.
- (iii) **Response to Legal and Customer Requirements**
Processes for identifying, monitoring, and understanding applicable laws, regulations, and customer requirements, including the requirements in the Guidelines.
- (iv) **Risk Assessment and Risk Management**
Process to identify risks related to the legal compliance, environment, health and safety, labor practices, ethics, quality and safety, and information security, including the risks of severe human rights and environmental impacts. Relative significance of each identified risk shall be identified and management through appropriate procedures and physical controls shall be implemented, to manage identified risks and ensure compliance with laws and regulations.
- (v) **Improvement Objectives**
Written objectives and implementation plans for improving social, environmental, and health and safety performance, as well as periodic evaluations of the status of achievement of these objectives.
- (vi) **Training**
A training program for managers and employees to implement company policies, procedures, and improvement objectives and to meet the requirements of applicable laws and regulations.
- (vii) **Communication**
A process for disclosing clear and accurate information about company policies, objectives, and the status of achievement of the objectives to employees, suppliers, and customers.
- (viii) **Worker Feedback, Participation, and Response to Grievance**
A process, including grievance mechanisms, to confirm workers' understanding of labor practices and conditions covered by the Guidelines, capture their feedback and instances of non-compliance, and promote continuous improvement. This entails the

establishment of a safe environment where workers can voice complaints and opinions without the fear of retaliation or retribution and participate in improvement through making suggestions.

(ix) Audits and Assessments

Periodic self-assessment to ensure compliance with the requirements of laws and regulations, the content of the Guidelines, and customer requirements for social and environmental responsibility.

(x) Corrective Action Process

A process for timely correction of deficiencies identified through internal and external evaluations, investigations, reviews, etc.

(xi) Documentation and Recording

Creation and maintenance of documents and records to ensure compliance with laws, regulations, and company requirements, along with appropriate confidentiality to protect privacy.

(xii) Supplier Responsibility

A process to communicate the matters outlined in the Guidelines to your suppliers, encourage their understanding and compliance, and verify their status of compliance.

(3) Well-known Management Systems (Reference)

Well-known management systems are as follows.

- ・ Health and safety management systems: ILO “Guidelines on Occupational Safety and Health Management Systems”, OHSAS18001, ISO45001, etc.
- ・ Environmental management systems: ISO14001, Eco-Action 21, etc.
- ・ Quality management systems: ISO9000 family, IATF16949, ISO13485, etc.
- ・ Information security: ISO/IEC27001, etc.
- ・ Business continuity: ISO22301, etc.

(4) Conducting Due Diligence

As responsible corporate behavior in each of the areas discussed in the Guidelines, due diligence is an effective means of identifying, preventing, and mitigating actual and potential negative impacts resulting from business activities not only within the company itself but also in its supply chain. Especially in light of recent global awareness and trends, it is recommended that our suppliers conduct human rights and environmental due diligence.

The following guidelines may be helpful for the due diligence process.

- ・ Due diligence guidelines regarding all corporate conduct: OECD “Due Diligence Guidance for Responsible Business Conduct”

- Due diligence in the field of labor: ILO “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration)”
- Ministry of the Environment “Introductory Guide on Environmental Due Diligence along the Value Chains”

(5) Grievance Mechanism

A grievance mechanism is a framework for receiving reports of acts suspected to be in violation of the Guidelines, responding to and correcting such acts, and providing remedies for victims. It is important for this framework to enable addressing issues as a continuing process. We recommend establishing a mechanism that accepts reports not only from your own workers but also from stakeholders, including your suppliers and other third parties. In addition, it is necessary to ensure confidentiality in relation to grievance reports, protect the anonymity of whistleblowers, and ensure that whistleblowers are not subject to any disadvantageous treatment.

9. Others

(1) Future Revisions

We may revise the Guidelines in response to future changes in social and business environments. In such cases, we will notify our suppliers as appropriate.

(2) Request for Cooperation

In addition to the start of a new business relationship, we may, periodically or as needed, ask for your cooperation in investigations, reporting (disclosure), or audits regarding your compliance with the Guidelines. We will appreciate your prior understanding and cooperation. In the event that your compliance status is extremely poor and no efforts are observed towards improvement, or in the event of malicious falsification of records or false disclosures, we may review our business relationship.

<Notes>

*1 United Nations: “Guiding Principles on Business and Human Rights,” and “Sustainable Development Goals (SDGs);” OECD: “Guidelines for Multinational Enterprises on Responsible Business Conduct;” ILO “Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration),” etc.

*2 In the Guidelines, “worker(s)” refers to anyone who works, regardless of the form of employment or

work status, including regular employees, contract employees, temporary staff, temporary employees, migrant workers, foreign workers, technical interns, students, directly hired employees, and workers in any other form of employment.

- *3 “Child(ren)” refers to any person under the age of 15, or under the age at which compulsory education is to be completed, or under the national minimum employment age, whichever is oldest.
- *4 In the event of a security incident or suspected security incident related to the products and services provided or the tasks commissioned by DENTSU SOKEN Group, please promptly contact DENTSU SOKEN. In addition, upon request from DENTSU SOKEN, please report the cause, the response results, and the measures taken to prevent recurrence.

■ Revision History

Version	Date	Contents
Version 1	July 1, 2024	Establishment of Procurement Guidelines

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