
Yamazen Group

CSR Procurement Guidelines

First Edition

— Achieving Sustainable Procurement and Fulfilling
Social Responsibilities —



Table of Contents

1	Introduction.....	3
2	Basic Policy on Sustainability	5
3	Requests to Suppliers.....	6
4	Code of Conduct	7
(1)	Compliance with laws and international norms	7
(2)	Human rights and labor	7
(2-1)	Prohibit forced labor	7
(2-2)	Prohibition of child labor and consideration for young workers	7
(2-3)	Consideration for working hours.....	7
(2-4)	Appropriate wages and allowances	8
(2-5)	Prohibition of harsh or inhumane treatment	8
(2-6)	Prohibition of discrimination.....	8
(2-7)	Bona fide labor-management consultation	8
(3)	Safety and Health.....	8
(3-1)	Occupational Safety	9
(3-2)	Emergency preparedness	9
(3-3)	Apply appropriate measures for occupational injuries and illnesses	9
(3-4)	Industrial hygiene.....	9
(3-5)	Be careful about physically demanding work	9
(3-6)	Machine safeguarding.....	10
(3-7)	Safety and Health of Facilities.....	10
(3-8)	Safety and health communication	10
(3-9)	Management workers' health.....	10
(4)	Environment	10
(4-1)	Environmental permits and reporting	10
(4-2)	Reducing energy consumption and greenhouse gas emissions	11
(4-3)	Emissions into the atmosphere	11
(4-4)	Water Management	11
(4-5)	Efficient use of resources and control of waste.....	11
(4-6)	Managing chemicals	11
(4-7)	Management of Chemical Substances in Products	11
(5)	Fair Trading.....	12

(5-1)	Anti-Corruption	12
(5-2)	Prohibit the offering and receiving of inappropriate profit and advantage	12
(5-3)	Appropriate Information Disclosure	12
(5-4)	Respect intellectual property	12
(5-5)	To conduct business fairly	12
(5-6)	Protection of whistleblowers	13
(5-7)	Responsible mineral procurement	13
(6)	Quality and safety.....	13
(6-1)	Ensuring Product Safety	13
(6-2)	Quality Control	13
(6-3)	Provide accurate information on products and services.....	13
(7)	Information Security..... エラー! ブックマークが定義されていません。	
(7-1)	Protection against cyber attacks	14
(7-2)	Protection of personal information	14
(7-3)	To prevent the leakage of confidential information.....	14
(8)	Business continuity plan	14
(8-1)	Formulation and Preparation of Business Continuity Plan.....	14
5	Construction of management system.....	15
(1)	To build a management system	15
(2)	Supplier management	15
(3)	Appropriate import and export controls	15
(4)	Establishment of a Complaint Processing Mechanism	15
(5)	Disclosure of Initiatives	15

1 Introduction

The Yamazen Group (hereafter, our group) has contributed to solving problems and improving the quality of life of customers around the world as a specialty trading company that handles a wide range of “production goods” that support the world’s manufacturing of machine tools, industrial equipment, machinery and tools, as well as “consumer goods” that provide comfortable environments for various buildings such as houses, offices, facilities and factories, as well as lifestyle goods that enrich people’s lives.

Currently, many unpredictable events such as geopolitical risks, energy issues, and financial markets are connected to each other, and it seems that the world economy is changing its shape at an accelerating pace while affecting each other. It is precisely in these times that I believe it is necessary to take an “enterprising and bold” attitude to actively adopt new ideas and make bold decisions and actions to take on uncertain times.

In light of this social background, we have clearly stated that we will work together with our stakeholders to pioneer the future as part of our “Pioneering a new future, with you all,” which is our *raison d’être* in society.

In addition, our corporate vision for 2030, which sets forth our aspirations for the future, “Leading worldwide manufacturing and enriched lives.” expresses our strong desire to work together with our supply chain partners to pioneer a sustainable future.

Accordingly, we have decided to establish the Sustainability Promotion Council in April 2023 to formulate a basic policy on sustainability as a concrete initiative to realize these goals, and to further strengthen our efforts to address material issues related to sustainability through business activities at the management level in addition to economic activities.

These guidelines have been formulated with the aim of helping

suppliers understand the Yamazen Group's initiatives and clarifying the corporate actions that we would like our business partners to implement and the matters required for the establishment of a sustainable supply chain. We ask you to use these guidelines when doing business with our group in the future.

2 Basic Policy on Sustainability

As a member of society and as a company engaged in business activities in various regions worldwide, the Yamazen Group aims to be an entity that is widely trusted, respected and supported by society. We will contribute to the realization of a sustainable society by actively implementing initiatives to achieve SDGs based on international frameworks. Recognizing the impact of our business activities on the environment and society and contributing to the resolution of social issues through business activities based on our management philosophy, we aim to realize a sustainable society and the sustainable growth of the Yamazen Group.

(1) Human Rights

We will support and respect the protection of internationally proclaimed human rights, and we will not be complicit in human rights abuses.

(2) Labor

We support good faith dialogue and consultation, the elimination of all forms of forced and compulsory labor, the effective abolition of child labor, and the elimination of discrimination in respect of employment and occupation.

(3) Environment

We support a precautionary approach to environmental challenges, take the initiative in assuming greater environmental liabilities, and encourage the development and dissemination of environmentally friendly technologies.

(4) Anti-Corruption

We will work to prevent corruption in all forms, including forbearance and bribery.

3 Requests to Suppliers

In accordance with the Basic Policy on Sustainability, we clearly state the corporate actions that you would like to implement and the matters that are necessary for the establishment of a sustainable supply chain in our “4 Code of Conduct” and “5 Establishment of Management System.” We ask that you comply with these matters, including not only your own company but also related suppliers. If a significant violation of the Fourth Code of Conduct and the Fifth Management System is found, we will request prompt corrective action. In addition, please be aware that if it does not improve, we will consider suspending transactions or reviewing the content of transactions.

From the viewpoint of making the content of these guidelines effective, we may request that Yamazen Group regularly check the status of initiatives using a questionnaire and respond to third-party audits, etc. by external auditing organizations, so we ask that you actively cooperate.

4 Code of Conduct

(1) Compliance with laws and international norms

In addition to complying with applicable laws and regulations in your country and region of operation, you must also respect the International Code of Conduct.

(2) Human rights and labor

In addition to complying with relevant laws and regulations, we must also refer to international human rights standards, including core labour standards such as the ILO, and respect the human rights of workers. ※ILO (International Labour Organization: International Labour Organization) is the only international organization (headquartered in Geneva, Switzerland) to contribute to the establishment of a world of permanent peace based on social justice by improving working conditions, and to promote full employment, social dialogue, social security, etc. It is the sole three-party organization of the government, employers, and workers.

(2-1) Prohibit forced labor

Mandatory, binding, non-humanistic prisoner labour, and the labour force gained through slaughter or human trafficking cannot be used. It is also necessary to protect the right of workers to leave their jobs and to terminate their employment by themselves without forcing them to do all work.

(2-2) Prohibition of child labor and consideration for young workers

Children below the minimum age of employment must not be allowed to work. Young workers under the age of 18 must not engage in dangerous work, such as night shifts or overtime work, that may impair their health or safety.

(2-3) Consideration for working hours

Workers shall not be allowed to work beyond the limits stipulated

by the laws and regulations of the region in which they work, and it is necessary to appropriately manage their working hours and days off in consideration of international standards.

(2-4) Appropriate wages and allowances

Compensation paid to workers (including minimum wages, overtime and legally required benefits and wage deductions) must comply with all applicable laws and regulations. In addition, it is desirable to take into consideration the payment of wages (living wages) that are at the level that can cover what is necessary for daily life.

(2-5) Prohibition of harsh or inhumane treatment

Respect the human rights of workers and refrain from inhumane treatment, such as mental and physical abuse, coercion and harassment, and from doing so. The dormitories we provide to our workers also require facilities to store their personal property and valuables, as well as sufficient personal space to adequately accommodate access.

(2-6) Prohibition of discrimination

Discrimination and harassment must not be made. In addition, it is necessary to give due consideration, to the extent appropriate, requests from workers regarding religious practices.

(2-7) Bona fide labor-management consultation

In compliance with local laws and regulations, it is necessary to engage in sincere dialogue and consultation with workers as a means of achieving labor-management consultations on such topics as the working environment and wage levels.

(3) Safety and Health

In addition to complying with relevant laws and regulations, it is essential to pay attention to health and safety guidelines such as the ILO. Efforts must be made to minimize injuries and physical and

mental illnesses associated with the work of workers and to create a safe and hygienic working environment.

(3-1) Occupational Safety

It is necessary to identify and assess risks to occupational safety and ensure safety with appropriate design, technology, and management measures. It is particularly important to give reasonable consideration to women during childbirth and mothers during nursing.

(3-2) Emergency preparedness

In preparation for emergencies, such as disasters or accidents that may damage human lives or bodily safety, it is necessary to identify the possibility of occurrence, prepare emergency response procedures that minimize damage to workers and assets, install necessary equipment, and provide education and training so that actions can be taken in the event of a disaster.

(3-3) Apply appropriate measures for occupational injuries and illnesses

It is necessary to identify, evaluate, record, and report the status of occupational accidents and occupational diseases, and to take appropriate and corrective measures.

(3-4) Industrial hygiene

In the workplace, it is necessary to identify and assess the risk of workers exposed to harmful biological, chemical and physical impacts and to implement appropriate controls.

(3-5) Be careful about physically demanding work

It is necessary to identify and evaluate the work that is physically burdensome and to manage it appropriately so as not to cause occupational accidents or diseases.

(3-6) Machine safeguarding

It is necessary to evaluate whether there are any safety risks with respect to machinery and equipment used by workers in the course of their work and to implement appropriate safety measures.

(3-7) Safety and Health of Facilities

It is necessary to appropriately ensure the safety and health of facilities (dormitories, dining halls, toilets, etc.) provided for the lives of workers. In addition, it is necessary to secure appropriate emergency exits in the dormitory.

(3-8) Safety and health communication

Workers should be provided with appropriate education and training on occupational safety and health information in a language and in a manner that is understandable to them. In addition, it is necessary to have a mechanism for providing workers with feedback on safety-related opinions.

(3-9) Management workers' health

It is necessary to conduct appropriate health management for all employees.

(4) Environment

In addition to proactively tackling global environmental issues such as resource depletion, climate change, and environmental pollution, it is necessary to give consideration to local environmental issues that take into account the securing of the health and safety of people in the regions concerned.

(4-1) Environmental permits and reporting

In accordance with the laws and regulations of the location of the business, it is necessary to obtain the necessary licenses and approvals for the business, and to register and report.

(4-2) Reducing energy consumption and greenhouse gas emissions

It is necessary to strive to improve energy efficiency and make continuous efforts to reduce energy consumption and greenhouse gas emissions.

(4-3) Emissions into the atmosphere

It is necessary to comply with relevant laws and regulations and to implement appropriate measures to reduce emissions of harmful substances into the atmosphere.

(4-4) Water Management

It is necessary to comply with laws and regulations and to monitor and save water sources, use and discharges of water used. Every wastewater must be characterized, monitored, controlled and treated as necessary before being discharged or disposed of. In addition, it is necessary to identify the sources of pollution that may cause water pollution and to carry out appropriate management.

(4-5) Efficient use of resources and control of waste

By observing laws and regulations and conducting appropriate management, it is necessary to promote Reduce, Reuse and Recycle (Recycling) to make effective use of resources and to minimize the generation of waste.

(4-6) Managing chemicals

Chemical and other substances that comply with laws and regulations and pose a danger to the human body and the environment must be identified, labeled and controlled to ensure that they are handled safely, moved, stored, used, recycled or reused, and disposed of.

(4-7) Management of Chemical Substances in Products

It is necessary to comply with all applicable laws and regulations and customer requirements with respect to prohibitions or restrictions on the use of certain substances in products.

(5) Fair Trading

It is necessary not only to comply with laws and regulations, but also to conduct business activities based on a high level of ethics.

(5-1) Anti-Corruption

We must not engage in any kind of bribery, corruption, extortion, or misappropriation.

(5-2) Prohibit the offering and receiving of inappropriate profit and advantage

Do not provide or permit any promises, offers, or permissions as a means of bribery or other unjust or inappropriate gain.

(5-3) Appropriate Information Disclosure

In accordance with applicable laws, regulations and industry practices, we are required to disclose information regarding occupational, health and safety, environmental activities, business activities, organizational structure, financial condition and performance. Falsification of records or disclosure of false information is not acceptable.

(5-4) Respect intellectual property

Respect for intellectual property rights and transfer of technology and know-how must be done in a manner that protects intellectual property. We also need to protect the intellectual property of third parties, such as customers and suppliers.

(5-5) To conduct business fairly

We need to conduct fair business, competition and advertising.

(5-6) Protection of whistleblowers

It is necessary to protect the confidentiality of information pertaining to reports and the anonymity of whistleblowers, and to eliminate retaliation against whistleblowers.

(5-7) Responsible mineral procurement

We will need to conduct due diligence to determine whether minerals, such as tantalum, tin, tungsten and gold, contained in our manufactured products, cause or are not responsible for serious human rights breaches, environmental destruction, corruption and conflicts in conflict areas and high-risk areas.

(6) Quality and safety

It is necessary to ensure the safety and quality of the products and services we provide, and to provide accurate information.

(6-1) Ensuring Product Safety

We must fulfill our responsibilities as a supplier by designing, manufacturing, and selling products that meet the safety standards stipulated by the laws and regulations of each country and ensure sufficient product safety.

(6-2) Quality Control

In addition to complying with all applicable laws and regulations regarding the quality of products and services, we must also comply with our own quality standards and customer requirements.

(6-3) Provide accurate information on products and services

It is necessary to provide accurate and non-misleading information on products and services.

(7) Information Security

It is necessary to prevent the leakage of confidential information and personal information and to strengthen information security.

(7-1) Information Security

It is necessary to take defensive measures against threats from cyber-attacks and other attacks and manage them so that the company and others do not suffer.

(7-2) Protection of personal information

It is necessary to comply with relevant laws and regulations and to properly manage and protect all personal information, including suppliers, customers, consumers and employees.

(7-3) To prevent leakage of confidential information

It is necessary to appropriately manage and protect confidential information received not only from our own company, but also from customers and third parties.

(8) Business continuity plan

In the event of a disaster, such as a large-scale natural disaster, or damage to our company or its business partners, we need to prepare to resume production activities as soon as possible in order to fulfill our supply responsibilities.

(8-1) Formulation and Preparation of Business Continuity Plan

It is necessary to identify and evaluate risks that impede business continuity, carefully examine the impact on the business, and prepare a business continuity plan (BCP) that summarizes the preliminary measures required over the medium to long term and the status of the initiatives.

5 Construction of management system

(1) To build a management system

In order to achieve compliance with the Code of Conduct, it is necessary to establish a management system.

(2) Supplier management

We need to establish a process to communicate the requirements of the Code of Conduct to our suppliers and to monitor their compliance with the Code.

(3) Appropriate import and export controls

With regard to the import and export of technology and goods regulated by laws and regulations, it is necessary to establish a clear control system and implement appropriate export and import procedures.

(4) Establishment of a Complaint Processing Mechanism

To prevent fraudulent activity in the company and its supply chain, it is necessary to establish a complaint processing mechanism that is available to stakeholders, including workers and suppliers.

(5) Disclosure of Initiatives

It is necessary to make efforts for these guidelines and to disclose information based on related laws and regulations.

Please contact us for any questions regarding these guidelines.

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