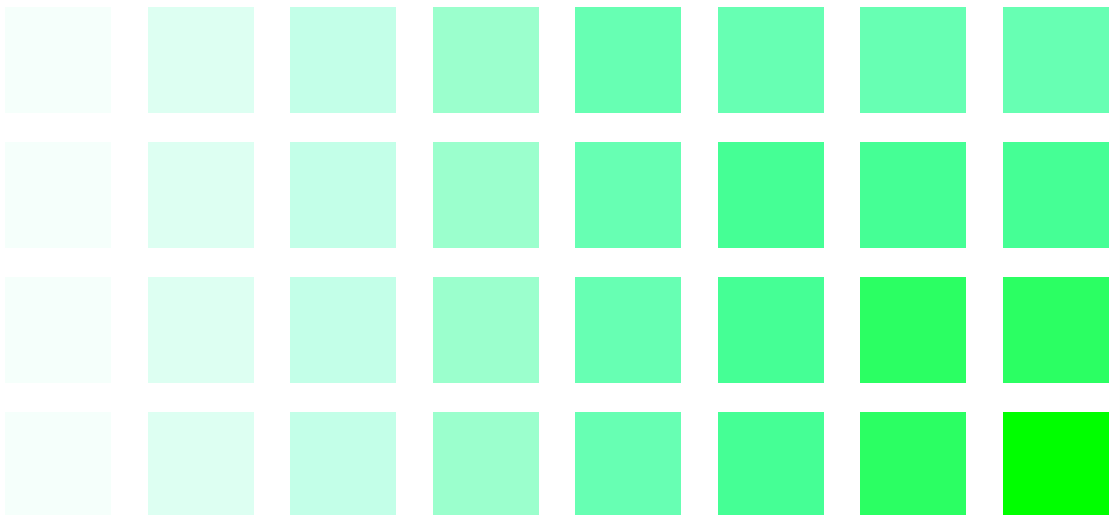


# Supplier Sustainability Guidelines

Aug 2023



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# 1. Introduction

The automotive industry to which the TS Tech Group belongs is connected to a wide range of industries, and the impact the value chain can have across those industries is immeasurable. Therefore, I believe that we have an important responsibility as a manufacturer of automotive interior components to ensure a stable and sustainable supply of safe, comfortable, and attractive products and to continue being a company trusted by society for our fair business practices.

Under the TS Tech Philosophy, TS Tech has worked to fulfill our social responsibilities as they relate the environment, safety, and various other areas. Thanks to the hard work and support of many different stakeholders, we have earned society's trust for our sourcing and procurement operations with our supply base in accordance with our vision and principles for purchasing.

Through these guidelines, we aim to foster a common understanding with our suppliers about sustainability and to carry out proactive sustainability initiatives in order for TS Tech and our suppliers to continue growing and be companies whose continued presence is appreciated by society. I therefore ask all of TS Tech's suppliers to please implement initiatives based on these guidelines and to ask their suppliers to do the same as well.

Director , Senior Managing Officer  
Corporate Sales and Purchasing Division  
Executive General Manager

Satoru Munemura



## 2. TS Tech Philosophy

The TS Tech Philosophy was established in order to set down in writing our founder's business philosophy and our company's vision and approach to business.

This philosophy is the foundation for all of the TS Tech Group's business activities. We believe that the spirit it represents should apply not just to members of the TS Tech Group but also to the work that we do and to our relationships with the people and companies with whom we do business.

TS Tech is committed to earning society's trust and fulfilling our corporate social responsibilities in accordance with these values.



### **Vision Statement**

- A company dedicated to realizing people's potential
- A company sincerely appreciated by all

### **Mission Statement**

We shall provide comfortable, high-quality products at competitive prices to our customers worldwide, always pursuing the infinite possibilities in manufacturing.

### **Operational Directives**

- We should make our workplace a vibrant one, valuing consensus and communication.
- Work should be done in accordance with the circumstances, with importance placed on time and priorities.
- We must always challenge ourselves to create new value by leveraging our passion and know-how.
- Each of us should always persevere to make our individual vision a reality.

### 3. Purpose of These Guidelines

Based on the TS Philosophy, TS Tech established the four principles of TS procurement (fair trade, practical transaction, environment protection, legal compliance & confidentiality) as the procurement philosophy.

These guidelines illustrate the belief that profit should not be our only pursuit; rather we strive to exist in harmony with society and become a company whose presence is expected and sincerely appreciated by all. These guidelines outline what sustainability means to TS Tech and define key expectations promoted with the suppliers.

In selecting a supplier, TS Tech reviews the activities in the following categories to determine the most appropriate supplier: Q (Quality), C (Cost), D (Delivery), D (Development), environment, human rights, labor, safety, compliance, risk, information protection, etc.

TS Tech asks all suppliers to comply with these standards and to share them with their supply chains.



## TS Tech's Fundamental Stance for Each Category

### **(1) Safety and Quality**

TS Tech strives to make high-quality products to deliver to our customers appealing products that are safe, comfortable, and environment friendly.

### **(2) Human Rights and Labor**

To respect the human rights of all people involved in our business activities, TS Tech promotes initiatives to respect human rights under the TS Tech Human Rights Policy.

TS Tech also strives to prevent work-related accidents, monitor employee health, and establish a comfortable workplace environment for occupational safety and health.

### **(3) The Environment**

To realize the company philosophy of being a company sincerely appreciated by all, in all aspects of corporate activities, TS Tech also implements and utilizes measures in a wide range to reduce environmental burden for global environment protection through proposals for CO2 reduction and resource circulation.

TS Tech also strives to protect biodiversity and ecosystems.

### **(4) Responsible Mineral Sourcing**

TS Tech strives to avoid using minerals that could potentially finance an armed group in a conflict area or lead to a human rights violation or environmental pollution.

### **(5) Compliance**

To be a company with a strong culture of regulation compliance, TS endeavors in good faith to comply with laws and regulations and to act ethically as a member of society.

### **(6) Information Disclosure**

We strive for swift, proper disclosure of information and a high degree of transparency to strengthen society's trust in and understanding of our company.

## 4. Guidelines by Category

: Expectations to suppliers for compliance

### (1) Safety and Quality

**1) Provide products and services that meet consumer and customer needs**

Identify consumer and customer needs and develop and supply socially responsible products\*.

\*Socially responsible products include products that are easy for anyone to use regardless of their age, gender, or disability as well as environmentally-friendly products that save energy and resources or help protect the environment.

**2) Provide appropriate information about products and services**

Provide appropriate information about your products and services to consumers and customers.

**3) Enforce governance over safety and quality of products and services**

Manufacture and provide products and services in compliance with safety and quality laws and regulations and such stipulated by the respective country and region.

**4) Guarantee safety and quality of products and services**

Establish and manage a company-wide system to ensure safety and quality.



## 4. Guidelines by Category

: Expectations to suppliers for compliance

### (2) Human Rights and Labor

#### 1) **No discrimination and respect and acceptance toward diversity**

Based on the principle that all people are born free and equal, in every aspect of employment (\*1) TS Tech respects diversity and inclusion (\*2) and prohibits discriminations against race, ethnic origin, birthplace, nationality, religion, sex, gender identify and sexual orientation, age, disabilities, etc.

\*1 Recruiting, employment, promotion, wages, termination, job assignment, disciplines, etc.

\*2 An approach to embrace diversity and turning it into corporate vitality (i.e. An approach to provide opportunities to people with various backgrounds in sex, age, nationality, etc. according to the personality or the skill of the individual)

#### 2) **Respect of human rights and no harassment**

No form of harassment is allowed at workplace based on race, ethnic origin, birthplace, nationality, religion, sex, gender identity and sexual orientation, age, disabilities, etc.

#### 3) **No child labor**

Child labor is prohibited. Abide by the minimum age requirement for labor as stipulated in the statutes (not limited to domestic laws but including international laws like treaties)

#### 4) **No forced labor**

Forced labor is prohibited. All modes of modern-day slavery including bonded labor and human trafficking are prohibited.

#### 5) **Wages**

Comply with the laws and regulations of the country and region in question concerning minimum wages, overtime, payroll deductions, payment based on output, and other wage-related issues.

#### 6) **Work hours**

Comply with the laws and regulations of the country and region in question concerning decisions on employee work hours (including overtime), the granting of holidays and annual paid leave, and other such issues.

#### 7) **Respect to freedom of association and collective bargaining rights**

Respect the rights of employees such as freedom of association and collective bargaining according to the laws, regulations, and customary practices of the respective country and region where business activities take place.

**8) Adherence to occupational health and safety**

Comply with applicable laws and regulations and provide a workplace environment that continues to ensure safety, health, and peace of mind for everyone.

**9) Respect to the rights of local residents and indigenous people**

Respect the rights of local residents and indigenous people to own, use, and manage lands, forests, water, and other natural resources in the region where business activities take place.

## 4. Guidelines by Category

: Expectations to suppliers for compliance

### (3) The Environment

#### 1) Environmental management

In order to facilitate the execution of a wide range of environmental initiatives, follow the laws and regulations in each country and region and take action to comply with future changes to laws and regulations. Implement company-wide management systems, and maintain and improve them on a continued basis.

##### (i) Establish a system at each corporation and facility

Establish environmental management system in compliance with ISO14001 or other certification system with a third-party certification body and obtain a certification from them.

#### 2) Reduce greenhouse gas (GHG) emissions

Follow the laws and regulations in each country and region and take action to comply with future changes to laws and regulations in order to help prevent global warming.

To achieve carbon neutrality, along with the GHG emission management in business activities, work toward GHG reduction by improving production efficiency, working on energy-saving activities, shifting to low-carbon energies, utilizing renewable energies, etc.

##### (i) Understand and reduce the amount of GHG emission

Promote activities to reduce the amount of GHG emission through understanding the GHG emission amount for an entire lifecycle, effectively using energies, etc.

##### (ii) Reduce chlorofluorocarbon (CFC) emission

If a production site or a product uses CFC, take actions to change to non-CFC or low-GWP alternatives.

\*GWP stands for Global Warming Potential

#### 3) Environmental preservation of air, water, and soil, etc.

In addition to complying with the laws and regulations of the respective country and region for environmental preservation of air, water, and soil, etc., strive to take actions for future changes in laws and regulations and continue to monitor and reduce environmental pollutants for environmental preservation including water conservation.



**4) Efficient use of resources**

Comply with the laws and regulations of the respective country and region regarding proper waste disposal, recycling, etc.

Effectively utilize resources to promote reduction of the final waste disposal volume and use of sustainable materials (reuses, recycles, biomass).

**5) Chemical substance management**

Follow the laws and regulations in each country and region, and take action to comply with future changes to these laws and regulations. Exercise careful management of any chemical substances that could pollute the environment. Do not use chemical substances in your products that are prohibited under the laws and regulations of the countries and regions where those products are used or sold. Likewise, do not use prohibited chemical substances in your production processes, and identify and report to the authorities the amounts of any chemical discharges or emissions in accordance with the laws and regulations of the country and region in question.

**6) Conservation of biodiversity**

Stive to conserve biodiversity in business activities as well as manufacturing of parts including procurement of raw materials.



# 4. Guidelines by Category

: Expectations to suppliers for compliance

## (4) Responsible Mineral Sourcing

### 1) Conflict Minerals

Avoid conflict minerals\* and strive to do business with conflict-free refiners. Investigate the supply chain for usage of conflict minerals. If use of a concerned mineral is found, take actions to avoid the use.

\*Minerals that potentially become a financial source for an armed group in a conflict area or lead to a human rights violation or environmental pollution.

## 4. Guidelines by Category

### : Expectations to suppliers for compliance

#### (5) Compliance

##### 1) **Compliance with laws and regulations**

Follow the laws and regulations of each country and region. Implement and maintain policies, systems, conduct guidelines, whistle-blower systems, and training to ensure compliance.

##### 2) **Compliance with competition laws**

Follow the competition laws of each country and region and do not engage in private monopolization, illegal or unfair restraint of trade (e.g. cartels or bid rigging), unfair business practices, or abuse of a dominant bargaining position.

##### 3) **Preventing corruption**

Adhere to the laws and regulations of the country or region in question when making any political contributions and donations. Maintain clean and transparent relationships with politicians and government authorities. Do not provide or accept entertainment, gifts, or money to or from business partners for the purpose of obtaining or maintaining unfair advantages or special treatment.

##### 4) **Prohibiting conflict of interest**

Do not engage in any act that works against the interests of your company and seeks the interests of an individual, a business partner, or a third party.

##### 5) **Confidential information controls and safeguards**

Use only proper and legitimate means to obtain confidential information and personal information from customers, employees, and third parties. Safeguard that information by managing it with the utmost security and using it only where it is pertinent and justified.

##### 6) **Whistleblower protection**

Protect employees and business associates from becoming a target of an adverse action such as dismissal, threat, or harassment due to a complaint.

##### 7) **Export trade**

Follow proper export procedures and management processes for export-restricted technology and goods according to the laws and regulations in each country and region.



**8) Intellectual property protection**

Protect the intellectual property that you own or possess. Do not infringe on, illegitimately use, or wrongfully acquire intellectual property belonging to a third party.

**9) Exclusion of anti-social forces**

All associates, from executives to employees, must firmly reject any relationship with anti-social forces (i.e. individual and groups that use means of violence, power, or fraud to pursue their financial interests). Please share this unequivocal commitment with your stakeholders and business partners.



# 4. Guidelines by Category

: Expectations to suppliers for compliance

## (6) Information Disclosure

### 1) Disclosure of information to stakeholders

Disclose appropriate information about your financial health, business performance, and business activities to your stakeholders at the appropriate time. Work to maintain and advance mutual understanding and trust with your stakeholders through fair and open communication.

# 5. Requests to Our Suppliers

Through these guidelines, TS Tech aims not only to create a shared understanding with our suppliers but also to enact a proactive approach to sustainability in order for both us and our suppliers to exist in harmony with society, maintain continued growth, and be companies “sincerely appreciated by all” whose presence is valued by society.

**(1) Compliance with these guidelines**

We ask that our suppliers follow these guidelines in addition to our master purchase and sales agreement that we sign with each of you.

**(2) Reinforcement of internal systems**

We ask that our suppliers develop, implement, and maintain internal systems to comply with any applicable laws, regulations, and norms. We also ask that our suppliers strengthen internal governance and internal audits to establish a corporate culture where laws, regulations, or norms do not get broken.

**(3) Dissemination throughout the supply chain**

Suppliers are asked to promote thorough dissemination of these sustainability guidelines, especially enforcement of compliance, not only to their suppliers and contractors but also throughout the supply chain.

**(4) Verification of compliance**

If necessary, we may request the submission of relevant records and data or on-site reviews (at manufacturing plants) to confirm that our suppliers are in compliance with these guidelines. We appreciate your understanding and cooperation with such requests.

**(5) Action when a compliance violation is found**

If a compliance violation is discovered in the supplier’s business operations, immediately notify TS Tech, investigate the cause, report the investigation result, and submit a recurrence prevention measure.



## 6. Issuing Department and Contact Information

Please contact the following department with any inquiries concerning these guidelines.

### **Issuing Department**

Purchasing Department  
Corporate Sales and Purchasing Division  
TS Tech Co., Ltd.

### **Contact Information**

Purchasing Section 5  
Purchasing Department  
Corporate Sales and Purchasing Division  
TS Tech Co., Ltd.

TEL: +81-28-676-1564

#### Revision History

May 2019	New	—
Aug 2023	Revised	Add items and clarify wording

# Confirmation of Compliance to Supplier Sustainability Guidelines

TS Tech requests all suppliers, who received these guidelines, to respond to the Compliance Survey and an authorized company representative to sign and submit the Confirmation of Compliance to Supplier Sustainability Guidelines.

The signature on this Confirmation of Compliance verifies that the parts and materials provided to TS Tech are as indicated in the Compliance Survey.

Please note that submission of the Compliance Survey results and the Confirmation of Compliance as well as receipt of a signature will be referenced to for the future supplier selection.

\*Signatory: An authorized representative or personnel in charge of sustainability activities (e.g. Designated Corporate Officer)

Company Name:

Supplier Code:

Date:

Title:

Signature (Handwritten or type and sign)



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