

The azbil Group Sustainable Procurement Guidelines

7th Edition

Azbil Corporation

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1. Introduction

Thank you for your understanding and cooperation in consistently conducting activities in line with the azbil Group philosophy. At the azbil Group, we strive to implement the philosophy and actively work towards achieving a sustainable society and protecting the global environment through our business activities. Our efforts focus not only on Japan but also on the Sustainable Development Goals (SDGs),^{*1} which are a global undertaking. We are making progress with a broad range of initiatives, such as activities aimed at decarbonization, sustainable planning of new products, and regional revitalization.

In this context, we aim to build a long-term relationship of trust with you, the azbil Group's business partners, in our procurement activities, thereby enhancing the added value provided by both you and the azbil Group. With this foundation, we will reinforce our supply chain initiatives to realize a sustainable society and fulfill our social responsibilities more proactively, in response to growing societal expectations regarding the SDGs and other important challenges.

As part of these supply chain initiatives, we prepared the "CSR^{*2} Procurement Guidelines" in 2021, considering both social and environmental perspectives. Thanks to the substantial cooperation we received from our business partners, we have been able to make progress with initiatives aimed at a sustainable society. These initiatives require accurate adaptation to the continually changing environment and customer requirements, which is why we have revised our correspondence standards for business integrity,^{*3} BCP, ^{*4} and other necessary initiatives, based on recent domestic and international trends. We have updated and released our guidelines, now known as the "aG^{*5} Sustainable Procurement Guidelines".

The guidelines outline the orientation of diverse sustainable activities within the supply chain as well as points requiring compliance, based on the fundamental principles expressed in the azbil Group's philosophy and the Guiding Principles for azbil Group Business.

The azbil Group looks forward to further collaboration with you, our valued business partners, toward a more sustainable society. We ask for your continued understanding and cooperation in this endeavor.

September 2024
Production Management Headquarters
Azbil Corporation

*1. SDGs: Sustainable Development Goals

The SDGs were incorporated into the 2030 Agenda for Sustainable Development, which was adopted unanimously by member states at a United Nations Summit in September 2015. The SDGs consist of 17 goals and 169 targets that aim to create a sustainable and better world by 2030.

*2. CSR: corporate social responsibility

CSR refers to corporate action through which a company takes responsibility for the impact of its activities while aiming to live in harmony with society and the environment and achieve sustainable growth. It is used to describe how a company should act to earn the trust of the various stakeholders surrounding it. Generally speaking, CSR refers to voluntary activities in areas that are not purely financial, such as legal compliance, consumer protection, environmental protection, labor rights, human rights, and contribution to local communities.

*3. Business integrity

This refers to the capacities and sense of values considered most important in a company's management. Companies are expected to prioritize integrity, fulfilling a broad range of social responsibilities that extend beyond mere compliance with the law, and to practice business ethics.

*4. BCP: business continuity plan

A plan to allow for the continuation of important business, even if a company is faced with an emergency situation like a disaster or accident. It helps minimize business interruptions and facilitates rapid recovery.

*5. aG: azbil Group

aG is an abbreviation for the azbil Group.

2. azbil Group Philosophy

To realize safety, comfort and fulfillment in people's lives and contribute to global environmental preservation through "human-centered automation." To do so,

- We create value together with customers at their site.
- We pursue our unique value based on the idea of "human-centered."
- We think towards the future and act progressively.

3. Guiding Principles for azbil Group Business

- Guideposts for the azbil Group, to implement its philosophy -

In order to implement our corporate philosophy, **we will take action based on the 5 Guideposts** (guiding principles for business), aiming to serve as a guiding bridge that interconnects our worldwide customers and leads us all into the future.

1. **Realizing a safe and comfortable social environment through cooperative creation by human ingenuity and technology**

Applying our core automation technology and aiming to create harmony between people and technology based on safety and high quality, we will actualize people-oriented automation. To ensure that our long-established credibility accompanies us into the future, we will continue to provide spaces of high value, working with pride and a sense of responsibility.

2. **Contributing *in series* to the achievement of a sustainable society**

We are aware that our business is directly linked to the shared global goal of realizing a sustainable society. We will take the initiative to address important global issues in all our business activity and through the actions of our employees, helping to realize a sustainable society and protect the Earth's environment.

3. **Building long-term partnerships with stakeholders**

Based on the happiness of people working in the azbil Group, we continually pursue the happiness of our customers at their sites, and share in their sense of accomplishment. With this business model as the driving source of growth, we establish long-standing mutual trust relationships with all stakeholders, including our shareholders and customers.

4. **Creating dynamic value through diverse human resources and teamwork**

We value individual personnel with varied personalities, abilities, and knowledge, respecting their diversity. In order to create higher value, we join our diverse human talents into an organic whole and harmonize together as a team to move forward in strength.

5. **Growing constantly through innovation and a corporate culture of continual learning**

In order to continue to be a corporate organization that provides inspiration to society, we actively take on new challenges, not fearing failure or change. We will always continue to learn and to grow by virtue of innovative action and ideas that are unrestrained by precedent or conventional frameworks.

We, the azbil Group, fulfill our corporate social responsibility (CSR) by respecting the Group Philosophy and Guideposts (Guiding Principles) as well as our Code of Conduct, and thereby continue to be a corporate organization that has value for society.

4. azbil Group Basic Procurement Policy

The azbil Group provides “safety, comfort, and fulfillment” in people’s lives and helps to preserve the environment through “human-centered automation.” Based on this philosophy, the *Guiding Principles for azbil Group Business*, and the *azbil Group Code of Conduct*, we work proactively to achieve a sustainable society and preserve the Earth’s environment. We maintain high ethical standards, understand and comply with the laws in Japan and abroad, and implement procurement-related activities fairly and equitably, taking into consideration human rights and the environment.

We recognize that procurement activities that consider corporate social responsibility (CSR) throughout the supply chain to be one of the most important issues for management. Therefore, we aim to build long-term trust relationships with our business partners, cooperate with them to achieve mutual prosperity, and contribute to the local community and society.

1. **Public nature of the company and fulfillment of our social responsibility**

We disclose timely, appropriate, and accurate information to our business partners, and act so as to earn their trust by our openness.

We receive the opinions of our business partners with sincerity, foster good communication with them, and act to fulfill our social responsibilities together with them.

2. **Observance of fairness in commercial transactions**

We comply with international rules and regulations in our domestic and international transactions, and we do not engage in activities that violate fair trade, such as abuse of a superior bargaining position with our business partners.

When selecting business partners and deciding to continue business relations, we compare and evaluate companies in a fair and equitable manner, considering their legal compliance, management foundations, quality, price, stability of supply, technological development, and efforts to achieve a sustainable society.

3. **Respect for human rights**

In our procurement activities, we stand together with our business partners in opposing behaviors that violate human rights, such as child labor, human trafficking, forced labor, and overwork, and we strive to eliminate discrimination based on race, sex, religion, etc. We seek to eradicate inhuman acts such as harassment and respect human rights.

4. **Protection of the environment**

In our procurement activities we, together with our business partners, work to combat climate change, recycle resources, preserve biodiversity, and protect the Earth’s environment. This is achieved by complying with environmental protection laws and regulations, continuously reducing greenhouse gas emissions, promoting the efficient use of energy, resources, and water, managing the chemical substances contained in products, and promoting environmentally friendly design.

5. aG Sustainable Procurement Guidelines

The aG Sustainable Procurement Guidelines outline specific actions and activities that we would like our business partners to practice and observe in each of the target areas of environment, society, and ethics and risk management.

We ask that you review and confirm the practices and compliance requirements, and the points of note for each target area, and work to improve compliance with these guidelines based on the status of your own efforts.

Additionally,

- The latter half of this document contains a supplementary explanations section with laws and regulations that should be complied with as well as specific examples of activities for your reference.
- These guidelines are aimed at securing sustainability in the supply chain (procurement), so we ask that you refer to these guidelines and share them with your suppliers in a similar manner.

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I. aG Sustainable Procurement Guidelines Structure Overview

The following table shows the list of classifications and items included in the guidelines of Chapter II:

Classification	Item
1. Compliance with laws and regulations and respect for international norms	---
2. Climate change	---
3. Pollution and resources	3.1 Compliance with environmental laws and regulations 3.2 Green procurement 3.3 Management of chemical substances 3.4 Efficient use of resources, waste reduction, and promotion of recycling and renewable energy use 3.5 Environmental consideration in product design and in products handled
4. Water security and water risks	4.1 Reduction of water use 4.2 Water pollution prevention
5. Biodiversity	---
6. Environmental management	---
7. Labor practices	7.1 Worker recruitment and employment 7.2 Working hours 7.3 Wages and benefits 7.4 Elimination of child labor and employment of young workers 7.5 Prohibition of discrimination and equal opportunity 7.6 Freedom of association, collective bargaining rights 7.7 Prohibition of inhumane treatment 7.8 Promotion of diversity, equity and inclusion (DEI)
8. Health and safety	8.1 Occupational health and safety management 8.2 Occupational safety 8.3 Emergency preparedness 8.4 Occupational injuries and illnesses 8.5 Industrial hygiene 8.6 Physically demanding work 8.7 Protecting workers from machinery 8.8 Sanitary facilities, meals, and housing 8.9 Health and safety communication 8.10 Employee health management 8.11 Work style reform and work-life balance
9. Human rights	9.1 Respect for basic human rights 9.2 Rejection of antisocial forces 9.3 Responsible mineral procurement
10. Contributing to local communities	---
11. Quality and customers	11.1 Quality management 11.2 Provision of accurate product and service information
12. Compliance with fair trade practices	12.1 Compliance with fair trade practices 12.2 Anti-corruption 12.3 Respect for intellectual property 12.4 Protection of whistleblowers 12.5 Appropriate import and export management
13. Establishment of a management system	13.1 Establishment of a management system 13.2 Supplier management 13.3 Grievance mechanism
14. Appropriate information disclosure	---
15. Information security	15.1 Information security 15.2 Protection of personal information 15.3 Prevention of confidential information leakage
16. Business continuity planning and preparation	---

II. aG Sustainable Procurement Guidelines

1. Compliance with laws and regulations and respect for international norms

Explanation

- It is necessary not only to comply with the applicable laws and regulations of one's own country and the countries and regions where business is conducted, but also to respect international standards of conduct.

2. Climate change

Explanation

- It is necessary to establish voluntary targets for reducing energy consumption and greenhouse gas emissions in response to societal expectations and to take actions to achieve those targets.

3. Pollution and resources

Explanation

3.1 Compliance with environmental laws and regulations

- It is necessary to understand environmental laws and regulations applicable to business activities and comply with the laws and regulations of the countries and regions in which business is conducted.
- It is necessary to obtain the permits, approvals, and registrations required for business operations and fulfill applicable reporting obligations. In addition, efforts must be made to achieve continuous improvement by implementing appropriate management practices and necessary measures to prevent environmental pollution and reduce environmental impacts.
- In the event of violations of environmental laws and regulations, administrative guidance, corrective orders, penalties, or similar actions, corrective measures must be implemented and the relevant azbil Group contact department and the Environmental Promotion Department(madoguchi-epo@azbil.com) must be promptly notified.

3.2 Green procurement

- Efforts should be made to select suppliers that are committed to environmental responsibility and communicate environmental requirements throughout procurement activities associated with the provision of products and services. In addition, suppliers' environmental performance should be monitored and evaluated on a regular basis, and improvements should be promoted through education and support.

3.3 Management of chemical substances

- When chemical substances are used or stored at business sites, it is necessary to comply with relevant laws and regulations, identify, label, and appropriately manage such substances, and ensure their safe handling, storage, use, transport, and disposal.
- For chemical substances contained in delivered products, it is necessary to comply with the laws and regulations of each country and region as well as customer

requirements, manage prohibited and restricted substances, and obtain and provide necessary information. These requirements must also be communicated to the company's own suppliers, and compliance status must be managed.

3.4 Efficient use of resources, waste reduction, and promotion of recycling and renewable energy use

- For waste, it is necessary to comply with the laws and regulations of each country and region and implement appropriate treatment and management.
- Efforts should be made to reduce waste, promote the effective use and circular use of resources, improve energy-use efficiency, and use renewable energy.

3.5 Environmental consideration in product design and in products handled

- In product design or in work involving the handling of products, it is expected that environmentally conscious products will be provided, including through resource conservation, energy conservation, more efficient water use, and compliance with regulations on chemical substances contained in products.

4. Water security and water risks



Explanation

4.1 Reduction of water use

- When water is used or water resources are utilized in business activities, efforts should be made to improve water-resource management through appropriate management, reduced water use, and efficient use.

4.2 Water pollution prevention

- If business activities involve discharging water outside the company after use, or activities that may lead to water pollution, it is necessary to comply with laws and regulations regarding wastewater, sludge, and similar materials, and to implement appropriate treatment and monitoring.
- Efforts should be made to improve management and reduce wastewater that may lead to water pollution, including through water reuse, circulation, and other efficient management practices.

5. Biodiversity



Explanation

- When business activities may affect ecosystems or the natural environment, impacts on ecosystems, including biodiversity, should be identified. In compliance with applicable laws and regulations, targets should be established with the aim of leaving no residual loss to ecosystems or the natural environment, and efforts should be made to avoid and reduce impacts toward achieving those targets. Where possible, initiatives that create positive impacts should also be promoted.

6. Environmental management

Explanation

- It is necessary to identify environmental impacts and risks associated with business activities, appropriately manage environmental requirements, and implement continuous improvement through the PDCA cycle. The concept of continuous improvement set out in this section applies to each environmental requirement.

7. Labor practices

Explanation

7.1 Worker recruitment and employment

- Labor obtained from inhumane methods, such as forced or bonded labor, is not permitted.
- When hiring, it is necessary to present employment terms and conditions in language that workers can understand.
- Workers must not be forced to work, and their right to leave or voluntarily end employment must be observed.

7.2 Working hours

- Workers must not be forced to work hours that exceed the maximum working hours set by local laws and regulations, and working hours and days off must be appropriately handled with consideration of internationally recognized standards.

7.3 Wages and benefits

- Regarding remuneration paid to workers, including minimum wage, overtime pay, legally required allowances, and wage deductions, it is necessary to comply with all applicable laws and regulations and to pay wages above the minimum wage.

7.4 Elimination of child labor and employment of young workers

- Children who are under the minimum age for employment cannot be allowed to work.
- Workers under the age of 18 (i.e., young workers) cannot be allowed to do night or overtime work or work that is likely to jeopardize their health or safety.

7.5 Prohibition of discrimination and equal opportunity

- There should be no discrimination in wages, promotions, compensation, training opportunities, or treatment on the basis of race, ethnicity, national origin, gender, religion, culture, beliefs, birth, age, disability, sexual orientation, or gender identity.
- In all aspects of employment, including recruitment, assignment, education and training, evaluation, and promotion, it is expected that fair opportunities will be provided without imposing unjustified restrictions based on individual attributes.

7.6 Freedom of association, collective bargaining rights

- It is necessary to respect workers' freedom of association, including the right to form, join, and operate organizations of their own choosing without interference from any

party.

- It is necessary to respect fundamental labor rights, including the right to collective bargaining, and to build good relationships with workers through healthy and sincere dialogue.

7.7 Prohibition of inhumane treatment

- It is necessary to respect workers' human rights and not engage in such inhumane acts as harassment, sexual abuse, corporal punishment, mental or physical oppression, or verbal abuse.

7.8 Promotion of diversity, equity and inclusion (DEI)

- It is necessary to respect workers' individuality and give them the opportunity to fully utilize their abilities.

8. Health and safety



Explanation

8.1 Occupational health and safety management

- It is necessary to comply with laws and regulations applicable to occupational health and safety, identify risks of occupational injuries and health impairments associated with business activities, and appropriately manage them in order to ensure a safe and healthy workplace environment.
- It is expected that an occupational health and safety management structure or mechanism will be established, targets will be set as necessary, and continuous efforts will be made through evaluation and improvement of operating conditions.

8.2 Occupational safety

- It is necessary to understand existing occupational risks and to take steps to prevent accidents and occupational injuries.
- Reasonable consideration must be given especially to pregnant women and nursing mothers.

8.3 Emergency preparedness

- To protect workers' lives and bodily safety from disasters, accidents, and other emergencies, emergency measures must be prepared, and education and training must be provided so that employees are prepared in the event of a disaster.

8.4 Occupational injuries and illnesses

- The status of occupational injuries and illnesses must be understood, and appropriate countermeasures and corrective actions implemented.

8.5 Industrial hygiene

- It is necessary to identify and properly manage chemical, biological, and physical risks

in the workplace that are harmful to the human body, and to provide workers with appropriate education about these risks.

8.6 Physically demanding work

- Physically demanding tasks must be managed by the company with consideration for their effects on the body.

8.7 Protecting workers from machinery

- Regarding the machinery used in work, it is necessary to evaluate it for safety hazards and to provide appropriate safeguards.

8.8 Sanitary facilities, meals, and housing

- It is necessary to maintain appropriate health and safety in the facilities provided for workers (such as dormitories, cafeterias, and toilets).

8.9 Health and safety communication

- For workplace hazards, it is necessary to provide training and education on appropriate health and safety information using language and methods that workers can understand.

8.10 Employee health management

- It is necessary to provide medical examinations at a level equaling or higher than that required by law, endeavoring to prevent and quickly detect illnesses.
- Sufficient consideration should also be given to mental health and other forms of care.

8.11 Work style reform and work-life balance

- It is necessary to promote diverse and flexible ways of working to achieve greater job satisfaction among workers.
- Additionally, it is necessary to work to provide more leave than is required by law to help ensure workers' physical and mental health.

9. Human rights



Explanation

9.1 Respect for basic human rights

- In addition to compliance with the relevant laws and regulations, it is necessary to reference international human rights standards, including the Core Labor Standards of the International Labour Organization (ILO), and respect the human rights of workers.

9.2 Rejection of antisocial forces

- There can be no relationships with antisocial forces, such as criminal organizations.

- There can be no capitulation to their unjust demands.
- Transactions with antisocial forces cannot be allowed.

9.3 Responsible mineral procurement

- It is necessary to exercise due diligence to ensure that tantalum, tin, tungsten, gold, and other such minerals contained in the products manufactured do not cause or contribute to serious human rights abuses, environmental destruction, corruption, or disputes in conflict-affected areas and high-risk areas.

10. Contributing to local communities

Explanation

- As a member of the local community, it is necessary to foster a corporate culture that encourages positive interactions with society and contributions to the community.

11. Quality and customers

Explanation

11.1 Quality management

- Companies must comply with their own quality standards and customer requirements in addition to all laws and regulations applicable to the quality of the products and services they intend to provide.
- It is necessary to establish a quality management system or a mechanism that conforms with such a system, to identify factors that affect quality, and to implement a continuous cycle of planning, execution, evaluation, and improvement.

11.2 Provision of accurate product and service information

- It is necessary to provide accurate and unambiguous information about products and services.

12. Compliance with fair trade practices

Explanation

12.1 Compliance with fair trade practices

- It is necessary to comply with laws and regulations concerning fair competition and fair transactions, and not to engage in unreasonable restrictions on competition or unfair transactions.
- Unfair transactions that make use of a superior bargaining position over business partners must not be conducted.
- It is necessary to comply with applicable laws and regulations of one's own country as well as of the countries and regions in which business is conducted.

12.2 Anti-corruption

- All forms of corrupt conduct, including bribery, extortion, embezzlement, money laundering, fraud, and collusion, must be prohibited.
- No bribes or other improper advantages may be promised, offered, authorized,

- provided, or accepted as a means of obtaining undue or inappropriate benefits.
- Conflicts of interest that may impair fairness in the performance of duties must be avoided and properly managed.

12.3 Respect for intellectual property

- Intellectual property rights must be respected, and transfers of technology and expertise must be done in a manner that protects intellectual property.
- The intellectual property of third parties, such as customers and suppliers, must also be protected.

12.4 Protection of whistleblowers

- The confidentiality of information related to whistleblowing and the anonymity of whistleblowers must be protected, and retaliation against whistleblowers must be prevented.

12.5 Appropriate import and export management

- It is necessary to have a clear management system for the import and export of technologies and commodities regulated by laws and regulations and to conduct import and export procedures appropriately.

13. Establishment of a management system



Explanation

13.1 Establishment of a management system

- We ask that you establish a management system to ensure compliance with this document, *the aG Sustainable Procurement Guidelines*.

13.2 Supplier management

- We ask that you relay the requirements of this document, *the aG Sustainable Procurement Guidelines*, to suppliers and establish a process to monitor compliance with the standards.

13.3 Grievance mechanism

- It is necessary to establish a complaint processing mechanism usable by stakeholders, such as workers and suppliers, to prevent fraud within your company and the supply chain.

14. Appropriate information disclosure



Explanation

- It is necessary to disclose information related to labor, health and safety, environmental activities, business activities, organizational structure, financial conditions, and performance in line with applicable laws, regulations, and industry practices.
- Additionally, we ask that you provide necessary details regarding initiatives related to

these *aG Sustainable Procurement Guidelines*, along with any information required by laws, regulations, and industry practices.

- The falsification of records and the disclosure of false information is not permitted.

15. Information security

Explanation

15.1 Information security

- It is necessary to implement defensive measures against threats such as cyberattacks and manage them so that damages are not incurred by your company or others.

15.2 Protection of personal information

- The personal information of all parties, including suppliers, customers, consumers, and workers, must be managed appropriately in compliance with the laws and regulations of the relevant country.

15.3 Prevention of confidential information leakage

- It is necessary to properly manage and protect confidential information, both your company's and that received from customers and third parties.

16. Business continuity planning and preparation

Explanation

- It is necessary to identify and evaluate risks that threaten to interrupt business continuity, examine their impact on operations, and formulate a business continuity plan (BCP) that outlines necessary countermeasures and their implementation status over the medium to long term.

III. Supplementary Explanations

1. Compliance with laws and regulations and respect for international norms

Main text

In recent years, countries have been establishing and introducing a variety of legal regulations and policies related to the environment, human rights, and bribery. It is necessary to understand and comply with these. There are cases when a portion of these laws and regulations are applicable not just in their own countries, but outside them as well. Additionally, with the globalization of the supply chain and the market, it is expected that we will comply with laws and regulations, as well as international standards of conduct, not only at our own company but throughout our supply chain.

International standards of conduct refer to what is expected as socially responsible conduct for organizations, guided by international customs, generally accepted principles of international law and agreements between governments, including pacts and accords.

2. Climate change

Main text

Greenhouse gases (GHGs) collectively refer to gases that contribute to global warming, such as carbon dioxide, methane, nitrous oxide, and fluorocarbons.

For these greenhouse gases, it is necessary to identify emissions associated with business activities, set voluntary reduction targets in light of societal expectations such as international frameworks and national policies, and promote continuous reduction activities across the entire supply chain, including suppliers.

In reducing greenhouse gases, it is important not only to promote energy conservation, but also to improve energy-use efficiency, make use of renewable energy, and promote initiatives aligned with the long-term direction of greenhouse-gas emissions reduction.

For items related to improving energy-use efficiency and using renewable energy among these initiatives, please refer to "3.4 Efficient use of resources, waste reduction, and promotion of recycling and renewable energy use".

3. Pollution and resources

Main text

3.1 Compliance with environmental laws and regulations

Various environmental laws and regulations are established in each country and region regarding waste treatment, air and water conservation, chemical substance management, and energy consumption, among other aspects of business activities.

To respond to these laws and regulations, it may be necessary to obtain required permits and approvals and establish management systems. Depending on the business activities, types of facilities, and location conditions, environmental impact assessments, notifications, and administrative supervision or guidance may also apply.

For air pollutants, such as SO_x, NO_x, soot and dust, and VOCs, and for waste, such as solids, liquids, and sludge, it is important to understand their types and properties and manage them appropriately according to the hazards they pose.

For this reason, it is important to appropriately understand and comply with laws and

regulations related to business activities. It is also important to appropriately manage waste, air and water quality, and chemical substances, and take necessary measures to prevent environmental pollution and reduce environmental impacts, thereby working toward continuous improvement.

3.2 Green procurement

Green procurement refers to initiatives that promote environmental consideration through procurement activities in order to reduce environmental impacts associated with the provision of products and services.

In the company's procurement activities, it is important to set environmental requirements, communicate and manage them with suppliers, continuously monitor and evaluate environmental performance on a regular basis, and promote supplier initiatives through information provision, education, guidance, and other forms of support based on the results, thereby promoting environmental consideration across the entire supply chain.

3.3 Management of chemical substances

Chemical substances may cause environmental pollution or affect human health if they are not appropriately managed, and are therefore important management subjects in business activities.

At business sites, chemical substances that are used or stored must be appropriately managed throughout handling, storage, use, and disposal based on the laws and regulations of each country and region. Depending on business activities and the chemical substances used, the establishment of management systems and acquisition of necessary permits and approvals may also be required.

For chemical substances contained in delivered products, it is necessary to comply with laws and regulations applicable to product destinations and to customer requirements, and to manage contained substances and obtain and provide necessary information. It is also important to communicate these requirements to the company's own suppliers and manage them appropriately across the entire supply chain.

3.4 Efficient use of resources, waste reduction, and promotion of recycling and renewable energy use

Waste generated through business activities can increase environmental impacts and waste resources if not appropriately managed, and is therefore an important management subject.

For this reason, it is necessary to ensure appropriate treatment and management of waste in compliance with the laws and regulations of each country and region.

In addition to reducing waste generation and promoting reuse and recycling, it is expected that resources will be effectively and circularly used through the use of recycled materials, voluntary targets for waste reduction will be set, and continuous improvement will be pursued. Waste subject to management, such as hazardous waste, general waste,

and sludge, should be appropriately identified, managed, and reduced according to its characteristics.

Furthermore, to promote the effective and circular use of resources, it is important to review processes and substitute materials that help reduce waste and losses, based on the status of raw material and energy use. As a result, efforts should be made to improve energy-use efficiency and enhance resource efficiency, including expanded use of renewable energy as part of the transition in energy use patterns.

3.5 Environmental consideration in product design and in products handled

Products and goods handled are important management subjects because their design and specifications affect resource use, energy consumption, water use, chemical substance use, and environmental impacts at disposal.

From the design stage, products are expected to take environmental impacts into consideration and use environmentally conscious design, including resource conservation, energy conservation, more efficient water use, and compliance with regulations on chemical substances contained in products.

It is also important to reduce environmental impacts throughout the product life cycle by reducing hazardous chemical substances and adopting packaging with lower environmental impact.

4. Water security and water risks

Main text

4.1 Reduction of water use

Water security refers to a state in which the water needed for business activities and social life can be stably secured in terms of both quantity and quality.

Water stress refers to a state in which available water resources are insufficient, or the risk of insufficiency is high, relative to water demand in a region or watershed.

If water resources continue to be wasted or used inefficiently, the balance between water demand and supply in a region or watershed will be disrupted, water stress will increase, and constraints on water resources will arise. If such conditions progress, it will become difficult to secure water stably, creating a water-security risk that may affect business continuity.

For this reason, it is expected that the status of water use in business activities will be understood and that efforts will be made to reduce usage and improve efficient use. Specifically, it is important to make effective use of water resources through water reuse, circulation, equipment efficiency improvements, and similar measures.

4.2 Water pollution prevention

If water pollution occurs, the uses and methods of use of water in rivers, groundwater, and other water sources may be restricted, and additional purification or treatment may be required, reducing the availability of water resources. If such conditions continue or expand, it will become difficult to secure water stably, creating a water-security risk that may affect business activities and the local environment.

For this reason, operations that may lead to water contamination, such as cleaning, processing, or equipment use, must identify sources and discharge pathways for wastewater and sludge, including wastewater containing hazardous substances, heavy metals, organic pollutants, and similar materials. Appropriate treatment and management, including monitoring, must be implemented, and efforts must also be made to prevent water pollution in compliance with laws and regulations, including reducing pollutant discharges, maintaining equipment, and responding to abnormalities.

If the volume of wastewater or the pollutants contained in wastewater increases, impacts on the water environment will expand, and the treatment burden and management costs will also increase. For this reason, it is important to reduce environmental load caused by contaminants contained in wastewater, known as wastewater load, through process review, efficient water use, water reuse, circulation, and similar measures.

5. Biodiversity

Main text

Biodiversity consists of the connections among a wide variety of living organisms and ecosystems. Business activities both affect and depend on these benefits. Therefore, biodiversity loss is an important environmental issue that can affect the securing of resources and the continuity of business activities.

For this reason, it is expected that direct and indirect impacts of the company's business activities on ecosystems will be understood, and that efforts will be made to avoid and reduce impacts based on local characteristics, while complying with relevant laws and regulations.

On that basis, it is important to establish targets aimed at ultimately leaving no residual loss from impacts on biodiversity, promote continuous improvement, and, as necessary, offset impacts through ecosystem restoration and conservation.

Furthermore, where possible, efforts to create more positive impacts on the natural environment through ecosystem restoration and conservation, so-called nature-positive initiatives, are expected.

6. Environmental management

Main text

Environmental management refers to a management framework for systematically and continuously addressing environmental issues across business activities, including climate change, water-resource management, resource efficiency, and biodiversity.

For these environmental requirements, it is necessary to identify environmental impacts and risks associated with business activities, establish policies and targets, and manage them systematically.

To effectively advance such initiatives, it is expected that an environmental management system will be introduced and that responses to each environmental issue will be carried out in an integrated manner and continuously improved through the Plan, Do, Check, Act cycle.

An environmental management system does not necessarily need to be certified to a standard. It is acceptable if similar management is implemented through a framework suited to the company's business scale and characteristics.

7. Labor practices

Main text

7.1 Worker recruitment and employment

Transporting, concealing, employing, transferring, and receiving people by means of threat, coercion, abduction, or deceit is prohibited. Additionally, workers cannot be forced to pay fees for employment, as this may lead to forced labor.

Forced work to pay off such a fee is also prohibited.

Forced labor includes human trafficking. Human trafficking refers to acts carried out for the purpose of sexual exploitation, forced labor or services, slavery or similar practices, servitude, or organ removal through means such as threats, coercion, any other forms of compulsion, abduction, fraud, deception, abuse of power, abuse of a vulnerable position, or giving or receiving money or benefits to obtain the consent of a person who controls another person. Such acts are unacceptable and prohibited in any country or region, regardless of how or where they occur.

In particular, there are many reports of migrant workers, including foreigners, being forced to work. Foreign workers must be provided with an employment contract containing the employment conditions in a language that they can understand before they leave their home country.

Other acts that lead to forced labor include hindering workers from using their government-issued identification, passport/visa, work permit, or immigration application (except when the law stipulates that someone other than the worker retain such documents) by means of concealment or confiscation, or imposing limitations on worker entry/exit to facilities or movement within facilities.

7.2 Working hours

In addition to compliance with relevant laws and regulations, it is necessary to respect such international human rights standards as the Universal Declaration of Human Rights and International Covenants of Human Rights of the United Nations and the Core Labor Standards of the ILO. Therefore, it is necessary to implement the appropriate management practices outlined below and work toward reducing excessive working hours.

Under the main ILO conventions, workers must not be required to work more than eight hours per day or 48 hours per week. It is also required that workers receive at least one consecutive day, 24 hours, of rest per week. These standards are widely adopted globally and form the basis of labor laws in many countries. In addition, many countries have provisions on premium pay for overtime work and upper limits on overtime hours. In practice, total weekly working hours, including overtime, are expected to be managed so as not to exceed 60 hours.

Although specific figures and procedures differ by country and region, elements include setting upper limits on working hours, securing breaks and holidays, regulating overtime work, and requiring working-hour records. It is necessary to accurately understand and comply with the legal standards of the country or region in which business is conducted.

Appropriate management includes the following:

- Annual working days not exceeding the maximum set by law
- Weekly working hours, including overtime, not exceeding the maximum set by law (excluding unavoidable times of disaster or emergency)
- Observance of workers' right to paid annual leave, maternity leave, and childcare leave as stipulated by the law
- Workers' break time as stipulated by the law
- Provision of physical and mental health checks to ensure the health of workers

7.3 Wages and benefits

Minimum wage refers to the minimum wage stipulated by laws regarding wages in the country where the company is operating, and employers are required to pay wages that exceed the minimum wage. Compensation for overtime work must be paid to workers at a wage rate that is in accordance with the laws and regulations of the region. When paying compensation, companies must provide a wage slip that includes information enabling the breakdown of the payment to be checked. Unfair wage deductions may be deemed to be the non-payment of wages.

In addition, wages are expected not only to comply with the legally prescribed minimum wage, but also to be at an appropriate level that exceeds the level needed to meet the basic living needs of workers and their families, that is, a living wage.

Examples include wage levels that take into account the costs necessary for the lives of workers and their families, such as food, water, housing, education, and medical care, and payment based on the higher of the minimum wage or living wage.

7.4 Elimination of child labor and employment of young workers

Child labor is internationally prohibited in all circumstances by the ILO and national laws. Child labor, by its nature or the circumstances in which it is carried out, is harmful to the intellectual, physical, social and moral development of youngsters. In addition, any work performed by children that is likely to harm their physical, mental, moral, or social development, or to interfere with their compulsory education, shall be considered child labor. Furthermore, preventing children from attending school, forcing them to leave school prematurely, or requiring them to work and study at the same time significantly affects their educational opportunities and healthy development.

7.5 Prohibition of discrimination and equal opportunity

Discrimination refers to treating people unequally and its results by imposing unequal burdens or denying benefits, rather than treating people fairly based on individual ability.

Equal opportunity means that opportunities related to employment and work, including recruitment, assignment, education and training, evaluation, and promotion, are fairly given regardless of individual attributes.

Behavior that may lead to discrimination is not allowed in wages, promotions, rewards, access to training, hiring, and employment practices, including discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, veteran status, protected genetic information, or marital status.

Furthermore, health checks and pregnancy tests are also regarded as discrimination if they could harm equal opportunity or the fairness of treatment.

7.6 Freedom of association, collective bargaining rights

Freedom of association refers to the right of employees and workers to form, join, and operate organizations of their own choosing without prior permission or interference by the state or any other entity.

Collective bargaining refers to all negotiations between one or more employers or employers' organizations and one or more workers' organizations, or trade unions, to determine working conditions and employment terms or to regulate the relationship between employers and workers.

The right of workers to establish and join trade unions must be respected, as well as the right of workers not to join a trade union and to refrain from such activities.

Furthermore, workers and their representatives must be able to engage in collective bargaining to formally gain mutual understanding with management regarding concerns about working conditions and management practices, without fear of discrimination, retaliation, intimidation, or harassment ([See supplementary explanation 7.7.](#))

7.7 Prohibition of inhumane treatment

Harassment refers to remarks or conduct that are unpleasant to the person targeted, or that should reasonably be recognized as unpleasant. Callous behavior such as sexual harassment and verbal abuse may intensify in the working environment without people nearby noticing it.

Therefore, it is necessary to establish procedures for early detection and response, as well as to create and publicize an internal environment where employees can seek consultation with confidence.

7.8 Promotion of diversity, equity and inclusion (DEI)

Respecting diverse human resources (i.e., having diversity in terms of race, nationality, gender, sexual orientation, age, disability, religion/beliefs, values, career and experience, and ways of working, for example) and providing them with opportunities to fully utilize their abilities will lead to corporate growth. Examples include appointing female executives, hiring foreign workers and people with disabilities, and rehiring retirees.

8. Health and safety

Main text

8.1 Occupational health and safety management

“Occupational health and safety management” refers to organizations and business operators setting health and safety policies and targets, and continuously managing and improving toward those targets, in order to prevent occupational injuries and ensure safe and healthy workplace environments. The systems, procedures, and similar mechanisms within plants and business sites used to achieve this are called an Occupational Health and Safety Management System (OHS MS)*, and it is expected that operating conditions will be continuously reviewed and improved.

*Depending on sources and standards, Occupational Safety and Health Management System (OSHMS) may also be used, but both terms refer to the same concept.

8.2 Occupational safety

Occupational safety risk refers to the potential risk of health problems and accidents that occur during work, due to factors such as electricity or other energy, fire, vehicles or moving objects, floors that are slippery or contain tripping hazards, and falling objects. It is necessary to identify safety hazards in the workplace and their risk of occurrence, and to implement safety measures for workers.

In doing so, it is expected that risk-reduction measures will be implemented according to individual characteristics, taking into account changes in physical functions and work adaptability, including those of older workers.

Reasonable steps to protect pregnant women and nursing mothers from highly hazardous conditions include avoiding risks such as lifting heavy objects and engaging in physically demanding work. It is also important to avoid exposure to infectious diseases, lead, poisonous chemical substances, and radioactive substances, as well as threats of violence, long work hours, extreme temperatures, and extreme noise.

8.3 Emergency preparedness

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

8.4 Occupational injuries and illnesses

It is necessary to record occupational injuries and worker illnesses, provide necessary medical treatment, investigate cases, identify and eliminate causes, implement corrective

actions, including prevention, management and reporting.

“Appropriate countermeasures” refer to systems and measures for promoting workers’ reporting, classifying, and recording injury and illnesses, providing medical treatment when necessary, investigating injuries and illnesses, implementing corrective actions to eliminate the causes, and facilitating workers’ return to work.

It also includes implementing the required administrative procedures stipulated by the law and taking out industrial accident insurance.

8.5 Industrial hygiene

Hazardous agents include substances that are poisonous, radioactive, or cause chronic illness (such as lead and asbestos). These substances may exist in smoke, steam, mist, or dust form. Noise and odors may be deemed hazardous to the human body if they are significantly strong.

Appropriate management of these matters refers to establishing and implementing management standards and providing the appropriate training and personal protective equipment to workers.

8.6 Physically demanding work

Physically demanding work includes long hours of work in an unnatural position, long hours of repetitive or continuous work such as data entry or assembly work that causes physical exertion, and heavy labor such as the manual handling of heavy raw materials or manual transport of heavy objects.

Appropriate management includes providing working conditions based on ergonomics, providing regular breaks, providing supportive tools, and encouraging sharing and cooperation of work among multiple workers.

8.7 Protecting workers from machinery

Appropriate safeguards include management to prevent workplace injuries and accidents, using safety mechanisms such as fail-safe, foolproof, interlock, and tagout, setting up protective barriers, and conducting regular inspections and maintenance of machinery.

Fail-safe: A device or system designed for safe operation even in the event of failure, malfunction, or erroneous operation

Foolproof: A system that prevents dangerous situations from occurring even under erroneous operation

Interlock: A mechanism that prevents other operations from being performed unless certain conditions are met

Tagout: Installation of a tag showing that operation is prohibited to prevent unlocking due to human error

8.8 Sanitary facilities, meals, and housing

Maintaining health and safety involves maintaining the cleanliness and sanitation of facilities, and requires that the following points be considered.

- Drinking water: water quality tests compliant with laws and regulations, and safe drinking water (provided by a water cooler, etc.)
- Sanitary food preparation: cleanliness of clothing and health checks for kitchen workers, pest control, temperature control of food storage, valid cafeteria business licenses, etc.
- Toilets: clean toilet facilities in sufficient number, provision of toilet paper, etc.
- Dormitories: fire response plan, emergency exit routes (egress), secured accommodations for storing personal items (providing lockable storage), adequate living space, ventilation, temperature control, adequate lighting, etc.

8.9 Health and safety communication

It is necessary to provide appropriate workplace health and safety information and training regarding all the workplace hazards that workers will be exposed to (including but not limited to machinery, electricity, chemicals, fire, and physical hazards).

Occupational health and safety information should be clearly posted in facilities or placed in a location that can be seen by workers. It also must be provided in a language that the workers can understand. Training must be provided to all workers before starting work and regularly thereafter.

Workers should be encouraged to raise safety concerns. Topics for training include the correct use of personal protective equipment, emergency response measures, safe operation of machinery, and preparations before entering hazardous environments.

8.10 Employee health management

Appropriate health management refers to conducting health checks at least at the level stipulated by law and working to prevent and quickly detect worker illnesses.

It is also necessary to adequately consider treatment such as mental health care and the prevention of health problems due to overwork.

8.11 Work style reform and work-life balance

It is important that everyone has employment opportunities that enable economic independence, avoids excessively long working hours, and secures enough leisure and self-development time to maintain health, safety, and well-being.

Companies and society are expected to aim for a sustainable and inclusive society by promoting flexible ways of working, such as flextime and teleworking, and by achieving work-life balance. This helps prevent the adverse effects of overwork on health and well-being indicated by the Organisation for Economic Co-operation and Development (OECD), while realizing the ILO's aims of reducing long working hours, aligning desired and actual working hours, and expanding flexible working-time systems.

9. Human rights



Main text

9.1 Respect for basic human rights

International human rights standards to be referenced include the Universal Declaration of Human Rights and the International Covenants on Human Rights of the United Nations, as well as the ILO Core Labor Standards. The United Nations Guiding Principles on Business and Human Rights are widely referenced as guidance for corporate activities based on these standards.

Substantively, the prohibition of discrimination and harassment, the elimination of abuse such as forced labor and child labor, offering a work environment that is safe, healthy, and free of harassment, and maintaining freedom of association and collective bargaining rights are examples of the fulfillment of our responsibility towards respecting human rights.

Please see the azbil Group's aG Human Rights Basic Policy on our homepage for details.

9.2 Rejection of antisocial forces

Antisocial forces refer to groups or individuals, such as criminal organizations, that pursue illicit benefits through illegal or improper means.

We must never have a relationship of any kind with an antisocial force.

Specifically, this means:

- Not using or employing them.
- Not providing them with assets or favors.
- Not having a close association or any other relationship with them that could attract the condemnation of society.
- Not using fraud, violent behavior, or threatening language against another party or a party associated with another party, either by the business partner itself or through a third party.

9.3 Responsible mineral procurement

Companies are increasingly required to engage in responsible mineral sourcing and are expected to operate ethically and sustainably. Several important factors underpin this necessity:

- Conflict minerals: Minerals such as gold, tin, tantalum, and tungsten, particularly mined in the Democratic Republic of the Congo (DRC) and surrounding countries, are frequently reported as sources of funding for armed groups. These groups use the funds to commit human rights abuses, meaning that purchasing products or components containing these minerals can indirectly contribute to such abuses. Therefore, it is crucial for companies to ensure that the products and components they purchase do not contain conflict minerals with human rights risks. There are also smelters in the DRC that conform to the Responsible Minerals Initiative (RMI) Responsible Minerals Assurance Process (RMAP). Therefore, procurement from RMAP-conformant smelters is supported rather than uniform avoidance of procurement.

- Labor practices: Cases of low-wage labor, forced labor, and child labor in mines and smelters represent significant issues. To prevent these unfair labor practices, companies have the responsibility to verify that appropriate labor conditions are upheld throughout their supply chains.
- Expansion of affected minerals: The issues mentioned above are not limited to gold, tin, tantalum, and tungsten but are also expanding to include other minerals such as cobalt and mica. Consequently, the regions at risk are expanding, necessitating broader responses.

Due diligence for responsible mineral procurement refers to establishing policies, from a sustainability perspective, for ESG issues related to labor, health and safety, human-rights abuses, fraud such as bribery, and environmental matters; communicating the company's expectations to suppliers, including in contracts where possible; identifying and assessing supply-chain risks; and developing and executing strategies to address identified risks. Specifically, this involves investigating the supply routes of the targeted minerals, conducting continuous audits and evaluations of companies involved, and implementing appropriate measures, including revising purchasing processes if improvements are needed. If the investigation finds use of conflict minerals that serve as a funding source for armed groups, appropriate corrective measures are expected, such as switching procurement to smelters that conform to the RMI RMAP or to third-party audits recognized as equivalent standards.

Additionally, with anticipated changes in social conditions, there is an expected expansion of risks associated with targeted minerals, high-risk regions, and issues beyond human rights, such as environmental concerns. Given the rapid pace of these changes, we ask that you actively gather information on related laws, regulations, and guidelines from organizations such as JEITA and RBA, including those listed below.

Relevant laws include the Dodd-Frank Wall Street Reform & Consumer Protection Act in the United States and the Conflict Minerals Regulation of the European Union that was based on the OECD Due Diligence Guidance for Responsible Business Conduct.

10. Contributing to local communities

Main text

As members of the local community, businesses are expected to contribute to society, participate in volunteer work, and engage in similar activities. Contributions to society can be broadly divided into financial support, material support, and personal activities. Financial support includes making donations to social service organizations. Material support includes offering technology and expertise to local educational institutions and helping to promote local culture, arts, and sports by using company-owned land and facilities. Personal activities include participatory action, such as helping to preserve green spaces and conducting cleanups, and sending employees to societal education programs as instructors or coaches.

11. Quality and customers

Main text

11.1 Quality management

The term “quality management” refers to a process by which organizations and businesses set their own quality policies and targets and then work to achieve them in order to voluntarily promote quality in their operations and management. A framework of systems and procedures for this purpose within a plant or office is called a quality management system (QMS).

A representative quality management system is the international standard ISO 9001.

11.2 Provision of accurate product and service information

Information regarding the specifications, quality, and handling of products and services, as well as the substances contained in materials and components used in products, must be accurate and not misleading. The information provided must not be false or manipulated.

12. Compliance with fair trade practices

Main text

12.1 Compliance with fair trade practices

It is necessary to comply with the laws and regulations of each country and region concerning fair competition and fair transactions. Illegal conduct, including cartel agreements and other anti-competitive agreements, unfair trade practices, misleading representations, and obtaining unjust benefits through the abuse of a dominant market position, must not be conducted. In addition, we must not engage in unfair actions such as abusing a dominant position with respect to suppliers.

12.2 Anti-corruption

A policy must be maintained that prohibits all corrupt conduct, including bribery, excessive gifts or entertainment, extortion, embezzlement, money laundering, fraud, and conspiracy, and this policy must be continuously observed.

Directly or indirectly providing or receiving something valuable, or promising or proposing to do so, in order to gain business or obtain inappropriate benefit is prohibited. Furthermore, to ensure fairness in transactions, conflicts of interest where professional responsibilities conflict with personal or third-party interests and may impair fair judgment must be properly managed.

Please see the azbil Group’s *aG Corruption Prevention Basic Policy* on our homepage for details.

12.3 Respect for intellectual property

The protection of intellectual property applies not only to the company itself, but also to third parties such as customers and suppliers.

Intellectual property rights are rights defined by law, 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.

12.4 Protection of whistleblowers

In the complaint processing mechanisms usable by stakeholders, including employees in our company and in suppliers, both the confidentiality of the report details and the anonymity of the whistleblower must be protected. Whistleblowers must also be protected from any unfavorable treatment from corporations or individuals in retaliation for reporting.

It is necessary to also protect the confidentiality of information that is brought forward and the anonymity of workers who bring the information or seek consultation, and to take steps to prevent retaliation against them.

12.5 Appropriate import and export management

There are a variety of laws and regulations for importing and exporting in each country, and it is necessary to both understand and comply with these. Technologies and goods regulated by laws and regulations refer to parts, products, technologies, equipment, software, and similar items that are subject to import and export controls based on each country's export control laws and regulations. For these controlled items, it is expected that applicable laws and regulations will be checked in advance, and that appropriate procedures, such as obtaining permits where necessary, will be implemented.

13. Establishment of a management system



Main text

13.1 Establishment of a management system

The term "management system" refers to the building of a mechanism that allows for continual improvement through plan-do-check-act (PDCA) so that we can comply with laws and regulations related to business and products as well as with customer requirements.

If there is no code of conduct for compliance with laws, regulations, and customer requirements related to business and products, please comply with these *aG Sustainable Procurement Guidelines*.

Risks can significantly impact business activities. Therefore, it is important to specify and evaluate the various risks (dangers or uncertainty) that we face, draft countermeasures, and implement risk management.

13.2 Supplier management

The responsibility of taking a sustainable approach to the supply chain is expected not only of the company itself, but it is also similarly expected of suppliers.

Accordingly, it is necessary to also communicate our code of conduct requirements to our suppliers, monitor compliance and push for improvements.

13.3 Grievance mechanism

The term "grievance mechanism" refers to the system in which related parties are

notified and urged to correct actions that may violate the code of conduct. This is done through various reporting contact points, such as suggestion boxes, telephone, e-mail, website posting, reporting apps, and external organizations. It must be possible to make complaints anonymously, and whistleblowers must not receive any unfavorable treatment in the processing of complaints.

14. Appropriate information disclosure

Main text

In addition to information disclosure provisioned in laws and regulations, it is necessary to offer and disclose information to all stakeholders, including customers. This includes details of business activities, financial conditions, business performance, environmental, social, governance (ESG) information, risk incident information (such as damages from large scale disasters, negative effects on the environment or society, major legal violations, etc.) and information related to the supply chain.

The falsification of records, the display of falsehoods, and the disclosure of false information is not allowed.

15. Information security

Main text

15.1 Information security

It is necessary to prevent issues such as information leaks, falsification, and system shutdowns caused by cyberattacks, including malware and inducements to malicious websites through targeted e-mails. The damages will not simply end at the company, as there is a possibility that the attackers will use the customer or partner company information they have obtained to broaden the scope of their targets.

It is important to draft plans for quick recovery in the event of a cyberattack. For example, backing up important data is one such countermeasure.

15.2 Protection of personal information

Compliance with local laws and regulations on personal information, and careful handling of the personal information of suppliers, customers, consumers, and employees is necessary. Personal information must only be collected, stored, processed, transmitted, and shared within the scope required to achieve its specified purpose. In Japan, the main law that addresses this matter is the Act on the Protection of Personal Information.

15.3 Prevention of confidential information leakage

Confidential information generally refers to information disclosed through documents and similar materials, including magnetically or optically recorded data, that are marked as confidential, or information disclosed orally after notice has been given that it is confidential. An appropriate framework and management system is required for managing both the company's own confidential information and that received from third parties. This includes defining information management levels and employee training.

16. Business continuity planning and preparation

Main text

Large scale natural disasters like earthquakes and hurricanes, and events such as terrorism, riots, infectious diseases, and accidents, may have a significant effect on business continuity. Business continuity plans (BCPs) must be drafted to ensure appropriate preparations, rapid resumption of production, and minimization of supply chain impact in case such events occur.

Examples of countermeasures include: building of an emergency contact system and installing safety facilities to secure employee safety, securing substitute work areas and standardizing repair and recovery procedures for production line recovery plans, accumulating spare parts and machinery, forming contracts with substitute suppliers, securing a variety of supply sources, and reinforcing inventory management.

As economic and social conditions change, so do the risks that need to be managed. Therefore, it is important to periodically review and prepare for these risks.

IV. Other references

References

The following resources were used as references in the preparation of these guidelines.

- *Guiding Principles for azbil Group Business*
- *azbil Group Code of Conduct*
- *Responsible Business Alliance, RBA Code of Conduct (ver. 8.0) (for the electronics industry)*
- *UN Global Compact, CSR/Sustainable Procurement Self-Assessment Tool Set*
- *Japan Electronics and Information Technology Industries Association (JEITA), Responsible Business Conduct Guidelines Ver.1.1*

*RBA: Responsible Business Alliance

Electronics Industry: Responsible Business Alliance

*JEITA: Japan Electronics and Information Technology Industries Association

Japan Electronics and Information Technology Industries Association

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5	March 2025	Added explanations and revised the wording regarding working hours, climate change, and responsible mineral sourcing
6	July 2025	Revised the term "Governance" to "Ethics and Risk Management"
7	September 2026	Review of Japanese legal references accompanying globalization Expansion of explanatory text and content updates Review of the positioning of compliance with laws and respect for international norms Reflection of the latest trends in the environmental field Addition of explanations regarding occupational health and safety management