Vehicle Energy Japan
Supplier CSR Procurement Guidelines

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Vehicle Energy Japan Inc.
Procurement Division

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1. Vehicle Energy Japan Procurement Policy

1-1 Basic Procurement Policy

1. Partnership

We will establish good partnerships with all procurement partners and value mutual understanding and relationships of trust.

2. Open door

Whether in Japan or overseas, we voluntarily disclose information on items we trade based on the principle of free competition.

3. Selection of procurement partners

In addition to quality, time of delivery, price and technological development capabilities, we also evaluate procurement partners to see whether they are fulfilling their social responsibilities, and select procurement partners through appropriate procedures.

4. Provision of information and confidentiality

We will respond sincerely to procurement partners who wish to do business with us and will voluntarily provide them with the information they need to carry out transactions. In addition, we will manage strictly and strive to maintain the confidentiality of trade secrets procurement partners provide.

1-2 Vehicle Energy Japan Action Guidelines for Procurement Transactions

These guidelines present the standards for conduct to be observed by the company's officers and employees in procuring the materials, products, services, and information necessary for the company operations from external sources.

1. Build good partnerships with procurement partners, keep the following in mind and strive to maintain and improve mutual understanding and relationships of trust based on a long-term perspective.

(1) Respond fairly to all procurement partners and do not treat any particular procurement partner favorably or unfavorably.

(2) Respect fair business relationships with procurement partners and do not impose disadvantages on procurement partners by acting unfairly in light of normal business practices.

(3) Manage the trade secrets of procurement partners learnt in procurement transactions strictly controlled and strive for the maintenance of confidentiality.

2. Look broadly at the world, develop the best procurement partners and strive for the maintenance of competition. In particular, keep the following matters in mind.

(1) Respond sincerely to requests from companies that wish to engage in new transactions, and voluntarily disclose information on the items to be traded, etc.

(2) In ongoing procurement transactions, review the eligibility of the procurement partner regularly and consider the possibility of more favorable transaction than other procurement partners.

3. When selecting procurement partners, in addition to quality, reliability, time of delivery, price, management stability, and technological development capabilities, also evaluate procurement partners fully to see whether they are fulfilling their social responsibilities, such as fair and transparent information disclosure, observance of laws and social norms, respect for human rights, the elimination of unfair discrimination in employment and occupation, the elimination of child labor and forced labor, environmental conservation activities, social contribution activities, the creation of workplaces that are easy to work in, and sharing of a sense of social responsibility with business partners, and carry out the prescribed procedures appropriately while observing the matters established below.

(1) Do not request quotes where there is clearly no intention to purchase.

(2) In internal procedures, the authority and responsibility to determine the purchase specifications, contract terms and receipt (inspection) belong to the requesting division, Procurement Division and inspection division respectively.

(3) Contracts with procurement partners are made by Procurement Division on behalf of the company.

4. Officers and employees must not receive personal benefits from a procurement partner in relation to a procurement transaction.

1-3 Vehicle Energy Japan Responsible Minerals Procurement Policy

Vehicle Energy Japan will work on responsible procurement activities in areas of conflict and high-risk to avoid the procurement of parts and materials containing conflict minerals (tin, tantalum, tungsten and gold) and other minerals such as cobalt where there is suspected involvement in support for armed groups, human rights violations such as child labor, corrupt activities or environmental destruction.

Specifically, we will strive to understand the social issues and roles expected of companies in the countries of origin of minerals, and promote due diligence for a responsible supply chain of minerals from areas of conflict and high-risk.

Also, we will use internationally recognized tools such as the Conflict Minerals Reporting Template (CMRT) provided by the Responsible Minerals Initiative (RMI) with each procurement partner, conduct supply chain studies for identification of the countries of origin of minerals and smelter operators, and will simultaneously request procurement from smelters compliant with the Responsible Minerals Assurance Process (RMAP).

2. Vehicle Energy Japan Code of Conduct for Procurement Partners

A. Labor

Your company needs to respect the human rights of its workers and treat them with dignity and respect so that this is understood by international society. This applies to all workers, including temporary workers, migrant workers, students, direct employees and workers in other forms of employment.

(1) Recruitment and employment of workers

Your company must not use labor obtained through coercion, detention (including debt bondage) or indentured labor, non-voluntary or exploitative prison labor, slave labor or human trafficking. This includes the transfer, concealment, recruitment, transfer or acceptance of people by intimidation, coercion, demand, abduction or fraud for labor or services. In addition, your company must not impose unreasonable restrictions on access to the facilities your company provides (facilities including dormitories and residences for workers) or impose unreasonable restrictions on the free movement of workers in facilities.

As part of the employment process, your company must provide all workers with an employment contract that includes the terms and conditions of employment in their native language or in a language that the worker understands correctly. Foreign migrant workers must receive an employment contract before leaving their home country, and there must be no substitution or

modification of the employment contract upon arrival in the host country other than changes that satisfy local law and provide at least equal terms to the original contract. All labor must be voluntary, and if a worker has given reasonable notice as stated in the contract, the worker is free to take time off work or terminate the employment relationship without payment of a penalty for breach of contract or being otherwise punished.

Your company must not retain or destroy, conceal or confiscate any worker's identification document or immigration application (government-issued identification documents, passports, work visas, personal ID cards, etc.). Employers may retain documents only if their retention is required by law. In such cases, the workers themselves must be able to manage those documents at all times.

Your company must not charge a worker for the employment placement fees of the employer's recruitment agency or its contractors, or any other fees related to employment. If a worker is found to have paid such expenses related to employment, your company must reimburse the worker for those expenses.

(2) Employment of young workers

Your company must not allow child labor at any stage of manufacturing. The term "child" here means a person who is under the age of 15 or the age of completion of compulsory education, or the minimum age for employment in the country, whichever is highest.

Your company must have an appropriate mechanism to confirm the age of workers. The implementation of legitimate workplace learning programs is permitted as long as all laws and regulations are observed. However, workers under the age of 18 (young workers) must not be allowed to engage in work that may expose their health and safety to danger, including night-time or overtime work.

Your company must ensure the appropriate management of student workers in accordance with applicable laws and regulations through appropriate maintenance of student workers' employment records, strict due diligence of education partners and the protection of student workers' rights.

And, your company needs to provide all student workers with the appropriate support and training required to perform their work. In the absence of local law, the wages of student workers, interns

and apprentice workers must be at least the same amount as other new workers performing the same or similar work.

(3) Observance of work hours

It is known based on the results of research on the realities of business, that excessive work by workers has a clear relationship with lower productivity and turnover, and increased injuries and illness. Consequently, your company must ensure that workers do not exceed the work hour limits established in local law, and must manage the work hours and holidays of workers appropriately in consideration of international standards.

(4) Wages and welfare benefits

Compensation paid to workers must comply with all applicable laws related to wages, including laws related to minimum wages, overtime work and legally mandated welfare benefits. Workers must be paid for overtime work at rates higher than normal hourly rates in observance of local laws. At the appropriate times, workers must be provided with easy-to-understand pay slips that contain sufficient information for them to confirm the accurate compensation for work carried out by the worker during each payment period. All use of temporary, dispatch and outsourced workers must be within the limits of local law.

(5) Humane treatment of workers

Your company must not engage in unpleasant or inhumane treatment such as violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical oppression, bullying, public humiliation, shaming, exposure or verbal abuse, and there must be no danger of such treatment. In addition, your company must define clearly and communicate to workers the disciplinary policies and procedures corresponding to these requirements.

(6) Elimination of discrimination and harassment

Your company must work on the creation of a workplace without harassment and unlawful discrimination.

Your company must not discriminate or harass based on race, color, age, sex, sexual orientation, gender identity or gender expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union affiliation, military service, protected genetic information or marital status in hiring or employment, including wages, promotions, compensation and educational and training opportunities. Workers must be given reasonable facilities for religious practices. Moreover,

workers or prospective workers must not be forced to take medical or physical examinations, including pregnancy and virginity tests, that could be used in a discriminatory manner.

(7) Freedom of association

In accordance with local law, your company must respect the rights of all workers to unionize and participate in voluntary trade unions, collective bargaining and peaceful assembly, as well as the right to abstain from such actions. Workers or their representatives must be able to communicate and share frankly with management their opinions and concerns about work conditions and management practices without fear of discrimination, retaliation, intimidation or harassment.

B. Health and Safety

Your company recognizes that a safe and sanitary working environment improves the quality of products and services, product uniformity, worker retention and the desire to work, in addition to minimizing the occurrence of work-related injuries and illnesses. At the same time, your company recognizes that providing information and education continuously to workers is essential to identify and resolve health and safety problems in the workplace. Useful information for formulating standards at your company can be obtained from management systems recognized widely by society, such as ISO 45001 and the ILO Guidelines on Occupational Safety and Health Management Systems.

(1) Ensuring safety in work

Your company must identify, evaluate and use hierarchical control to reduce the exposure of workers to potential sources of health and safety risk (chemicals, electricity, other energy sources, fire, vehicles, crashing and falling risks). This includes eliminating sources of risk, substituting processes and materials, controlling by appropriate design, implementing engineering and management measures, implementing preventive maintenance and safety procedures (including lock-out and tag-out) and providing continuous occupational health and safety education and training.

If it is not possible to manage sources of risk appropriately by these methods, workers must be provided with appropriate and properly maintained and managed personal protective equipment, and education about the dangers associated with these sources of risk using an effective method and in a language that allows workers to understand the details correctly.

Your company must take reasonable measures for pregnant women and mothers caring for children, such as reassigning them from work environments with sources of high risk, eliminating

or reducing occupational health and safety risks, including in relation to the division of duties, and providing reasonable facilities for mothers caring for children.

(2) Preparation for emergencies

Your company must identify and evaluate potential emergencies and minimize their impact by implementing emergency planning and response procedures such as emergency reporting, notification to employees, evacuation procedures and education and training for workers. Your company must implement disaster drills at least once a year or as required by local law, whichever is stricter. Emergency measures also include adequate fire alarms and extinguishing equipment, easy-to-understand and unobstructed exits, facilities with appropriate emergency exits, contact information for emergency personnel, and recovery plans. Such measures and procedures must focus on minimizing damage to life, the environment and assets.

(3) Occupational injuries and illnesses

Your company must manage procedures and mechanisms for the prevention, management, tracking and reporting of occupational injuries and illnesses. This must include provisions to encourage reporting by workers, classify and record cases of occupational injury and illness, provide necessary treatment, investigate cases in detail, implement corrective measures to eliminate the cause, and facilitate the return of workers to the workplace.

(4) Industrial hygiene

Your company must identify, evaluate and manage the exposure of workers to chemical, biological and physical agents based on hierarchical control. If a potential source of risk is identified, your company must seek opportunities to eliminate or reduce that potential source of risk. If the elimination or reduction of the source of risk is not possible, the potential source of risk must be controlled by appropriate design and the implementation of engineering and operational management.

If a source of risk cannot be managed appropriately by such means, appropriate and correctly maintained personal protective equipment must be provided to workers free of charge and it must be used. Protection programs must be implemented continuously and include education on the dangers associated with these sources of risk.

(5) Consideration for physically demanding work

Your company must identify and evaluate the risk of workers being injured, including direct handling of materials by hand, physically demanding work, repetitive heavy lifting, prolonged standing, and assembly work requiring great force, and manage it so that problems do not occur.

(6) Implementation of machinery and equipment safety measures

Production machinery and other machinery must be evaluated for safety hazards. Physical protection, interlocks and barriers must be installed and maintained appropriately if there is a risk that workers may be injured by machinery.

(7) Provision of sanitary equipment, food and shelter

Your company must provide workers with clean toilet facilities, use of drinking water and hygienic facilities for the preparation, storage and eating of food.

If your company provides workers with dormitories, they must be maintained cleanly and safely, and have appropriate emergency exits, hot water for bathing and showers, appropriate lighting, heating, ventilation, individually secured facilities for storing personal belongings and valuables, and a reasonable amount of personal space that can be accessed appropriately.

(8) Communication of health and safety-related matters

Your company must provide workers with appropriate workplace health and safety information, education and training on all identified sources of risk in the workplace (including, but not limited to, mechanical, electrical, chemical, fire, and physical sources of risk) to which workers may be exposed, in the native language of the worker or in a language that the worker understands correctly. In addition, health and safety information must be displayed clearly inside facilities or in places where workers can confirm or access it. All workers must be provided education and training before starting work and regularly thereafter. Workers must be encouraged to raise health and safety concerns without retaliation.

C. The Environment

Your company recognizes that responsibility towards the environment is essential to the manufacture of world-class products. Your company must identify the impacts on the environment in manufacturing activities and minimize adverse events on local society, the environment and natural resources while protecting public health and safety.

(1) Environmental permits and reports

Your company must obtain and maintain all required environmental permits (e.g., emissions monitoring), approvals and registrations, keep them up to date, and observe operational and reporting requirements.

(2) Prevention of environmental pollution and the reduction of resources

Your company must minimize or eliminate the sources of emissions of pollutants and the generation of waste by measures such as the addition of decontamination equipment, changes in processes related to production, maintenance and equipment or other means. Your company must control the use of natural resources such as water, fossil fuels, minerals and native forest products by changing processes related to production, maintenance and equipment, and by substituting, reusing, conserving or recycling natural resources and other means.

(3) Substances that pose a risk to the environment

Chemicals, waste and other substances that pose a risk to humans and the environment must be identified, labeled and managed to ensure their safe handling, movement, storage, use, recycling or reuse, and destruction.

(4) Solid waste

Your company must implement a systematic approach to the identification, management, reduction and responsible disposal or recycling of solid waste (other than hazardous material).

(5) Emissions into the atmosphere

Your company must characterize, monitor regularly and control emissions into the atmosphere of volatile organic compounds (VOC), aerosols, corrosive substances, particulates, ozone-depleting substances and byproducts of combustion generated during operations, and implement the processing required before they are emitted. Ozone-depleting substances must be managed effectively in accordance with the Montreal Protocol and applicable regulations. Your company must monitor on a daily basis the handling of substances emitted into the atmosphere and the performance of processing systems.

(6) Restrictions on substances used

Your company must satisfy all applicable laws, regulations and customer requirements regarding the prohibition or restriction of the inclusion in products and manufacture of specific substances, including labeling for recycling and waste.

(7) Water management

Apart from documenting, characterizing and monitoring the sources, use and discharge of water, your company must implement water management programs that seek water saving opportunities and control pollution pathways. All wastewater must be characterized, monitored and controlled, and the processing required must be implemented before it is discharged or disposed of.

Your company must monitor regularly the operation of wastewater processing systems, cisterns and tanks, and ensure their optimal operation and observance of regulations.

(8) Energy consumption and greenhouse gas emissions

Your company must set company-wide greenhouse gas reduction targets. Energy consumption and all related scope 1 and 2 greenhouse gas emissions must be tracked and documented, and your company must publish comparisons of the results against your greenhouse gas emission reduction targets externally.

Your company must seek methods to improve energy efficiency and minimize energy consumption and greenhouse gas emissions.

(9) Conservation of biodiversity, ecosystems, etc.

In order to maintain the biodiversity and ecosystems that are the foundations for the survival of the human race and the survival of business in a healthy state, your company must be aware of its impacts and work on raw material and product procurement activities while paying attention to the following items at all times.

- Priority procurement of paper and office supplies whose consideration of biodiversity and ecosystems has been confirmed
- Raw material mining or the development, production or procurement of raw materials, parts and products considerate of ecosystems
- Consideration of surrounding ecosystems, including the protection of rare organisms in the area during land acquisition and building reconstruction, and the avoidance of the fragmentation of animal habitats
- The promotion of nature conservation activities such as greening and afforestation with native species that leads to the conservation of ecosystems
- Continuous improvement of pollution prevention, 3R (reduce, reuse, recycle) activities and energy-saving activities from the viewpoint of the conservation of ecosystems
- Requests to procurement partners for the promotion of ecosystem conservation initiatives

D. Business Ethics

To fulfill its social responsibility and achieve success in the market, your company must observe the highest levels of business ethics as listed below.

(1) Maintenance of integrity in business continuity

Your company must maintain the highest level of integrity in continuing to do business. Your company must have a policy prohibiting all forms of bribery, corruption, extortion and embezzlement. All business transactions must be conducted transparently and reflected accurately in your company's accounting books. Your company must implement monitoring and procedures for the observance of laws related to the prevention of corruption.

(2) Elimination of inappropriate benefits

Your company must not promise, offer, permit, provide or accept bribes or any other means of obtaining an unfair or inappropriate advantage. This prohibition includes promising, offering, permitting, providing or receiving anything of value, directly or indirectly, through a third party to acquire or retain business, assign business to somebody, or otherwise obtain inappropriate benefits. Your company must implement monitoring, record-keeping and procedures to ensure the observance of laws related to the prevention of bribery and corruption.

(3) Disclosure of information

All business transactions must be implemented transparently and reflected accurately in your company's accounting books and records. Your company must disclose information on its labor, health and safety, environmental protection initiatives, business activities and its structure, financial condition and results in accordance with applicable regulations and prevailing industry practices. Making false or untrue statements about events or implemented measures that actually occurred in your company's supply chain is not allowed.

(4) Intellectual property

Your company must respect and give consideration to the protection of intellectual property rights. Your company must implement the transfer of technology and know-how such that intellectual property rights are not violated, and must protect the information of customers and procurement partners.

(5) Fair business and advertising, and observance of competition law

Your company must carry out business activities in observance of all applicable competition laws, including carrying out business activities in accordance with fair competition rules and engaging

in accurate and honest advertising. In addition, your company must also take appropriate steps to protect customer information.

(6) Protection of reporters and the elimination of retaliation

Unless prohibited by law, your company must maintain a program that ensures the protection of procurement partners and employees who report wrongdoings. Your company must communicate and maintain a process under which internal reporters can raise concerns without fear of retaliation. The means by which matters can be reported must be guaranteed.

(7) Responsible mineral procurement

You must exercise due diligence with respect to the source and chain of control of minerals (tin, tantalum, tungsten, gold (subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act (DFA)), cobalt, nickel, lithium, graphite (subject to the EU Battery Regulation), etc.) contained in products you manufacture, by providing reasonable assurance that these minerals are obtained in a manner consistent with the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs) or other internationally accepted due diligence framework as described in point 4 of Annex X of the EU Battery Regulation. The risk categories to be considered must cover the most common social and environmental risk categories listed in Annex II of OECD Guidance and the relevant social and environmental risk categories listed in point 2 of Annex X of the EU Battery Regulation.

In addition, your supply chain for the above minerals contained in the products you manufacture must be sourced from smelters and refiners that comply with the Responsible Minerals Assurance Process (RMAP).

(8) Appropriate import and export management

Your company must establish a clear management system for the import and export of technology and goods regulated by laws and regulations, and implement appropriate import and export procedures.

There are various laws and regulations on imports and exports in different countries, and it is necessary to understand and observe them. Technology and goods regulated by laws and regulations means parts, products, technology, equipment, software, and other items subject to import and export under laws and regulations based on international agreements (such as the

Wassenaar Arrangement). Procedures such as obtaining permission from the regulatory authorities may be required for imports and exports.

E. Management Systems

Your company must adopt or build management systems to the extent related to the details of this Code of Conduct.

Management systems include the following.

• Corporate commitment
• Management accountability and responsibility
• Legal requirements and customer requirements
• Risk identification and risk management
• Improvement targets
• Education and training
• Communication
• Worker feedback, participation and complaints
• Evaluation and auditing of identified risks
• Corrective action process
• Documentation and records

F. Quality and Safety

(1) Ensuring of product safety

When designing products, your company must be able to ensure sufficient product safety and sell products giving consideration to your responsibility as a manufacturer. In addition, your company must not only observe laws and regulations on product safety, but must also consider the safety that would normally be provided. Your company must observe the requirements of laws and regulations on product safety and safety standards (Japan: Electrical Appliance and Material Safety Act, Consumer Product Safety Act, Household Goods Quality Labeling Act, the detailed regulations of various laws, JIS, etc.; overseas: UL, BSI, CSA, etc.). Ensuring the safety of products must include management of traceability (parts and materials procurement and manufacturing processes) and prompt action for the resolution of problems.

(2) Promotion of quality assurance activities

Your company must establish a quality assurance policy and carry out quality assurance activities on a daily basis that make continuous improvements through the PDCA cycle based on that policy. To that end, your company must establish an organizational structure and activity plans, and build and promote a quality management system that specifies the division of responsibility and

procedures. Representative quality management systems include ISO 9000, ISO/TS 16949 and ISO 13485 so please also look at those.

G. Prevention of the Leakage of Personal and Confidential Information

(1) Defending against cyberattacks and other threats on computer networks

Your company must take measures to prevent threats against its computer networks, including cyberattacks, from impacting the company internally and externally. Threats on computer networks include computer viruses, computer worms, spyware, ransomware, social engineering and targeted attacks. If a computer or server is infected with a computer virus, etc., apart from the possibility that customer information or confidential information stored on the computer could be leaked externally, it could also invite big problems such as the generation of serious losses due to the stagnation of everyday business or a loss of trust if it goes on to attack another company's computers. In addition, if a network is invaded due to a targeted attack, various information may be lost or destroyed, inviting similar losses, so meticulous attention must be paid.

(2) Protection of privacy

Your company must work on the reasonable protection of the personal information and privacy of everybody involved in your business, including procurement partners, customers, consumers and workers. Your company must collect, store, process, transfer and share personal information in accordance with laws and regulations related to privacy and information security.

(3) Formulation of measures for the prevention of the leakage of personal information

Your company must formulate a code and policies that workers must observe, and ensure thorough management through the PDCA cycle so that personal information (*) is not obtained, used, disclosed or leaked illegally or improperly.

(*) Personal information: Information about a living individual that can be used to identify the specific individual by name, date of birth or other description contained in the information (including information that can be matched easily with other information to identify the specific individual).

(4) Formulation of measures for the prevention of the leakage of the confidential information of customers and third parties

Your company must implement thorough management through the PDCA cycle so that the confidential information (*) of customers, third parties, etc., is not obtained, used, disclosed or leaked illegally or improperly.

(*) Confidential information: Information disclosed in documents agreed to be confidential (including data information recorded electromagnetically or optically), or information disclosed orally after notification to the effect that it is confidential.