

# Promoting Social Responsibility in the Supply Chain

Based on the elements of Shinko Way's Corporate Values and management policies, the Shinko Group, together with its suppliers, promotes procurement activities throughout the supply chain with consideration for global environmental conservation, legal compliance, respect for human rights, occupational safety and health, product and service safety and quality assurance, maintenance and promotion of information security, fair trade, and corporate ethics.

## Shinko Procurement Policy

We strive to build long-term relationships of trust with our suppliers, acting as good business partners that enhance each other's capabilities for mutual prosperity and productive coexistence together. For the procurement of goods, components, software, and services required in our business activities, we have established the Shinko Procurement Policy and are conducting procurement activities in accordance with the four policies.

### Shinko Procurement Policy

- 1. Coexistence with Suppliers**  
We strive to establish a relationship of coexistence in which Shinko and our suppliers, as good business partners, build a long-term trustful relationship and close cooperation based on continuous efforts and improvements on both sides and thereby prosper together.
- 2. Fair Trade (Fair, transparent, proper evaluation and selection)**  
We promote fair, transparent and free competition and do not engage in any illicit trade. We provide open and fair access to companies that wish to become new suppliers. We evaluate and select suppliers comprehensively based on such criteria as credibility as an enterprise; technology; quality, price and delivery of procurement items; and the level of engagement with environmental protection initiatives.
- 3. Compliance with Laws and Social Norms**  
We adhere to applicable laws and social norms in our procurement operations and are committed to working with suppliers to fulfill our social responsibility in the supply chain.
- 4. Protection of the Global Environment**  
We promote green procurement throughout the entire supply chain by requesting suppliers to establish environmental management systems and control of chemical substances.

## CSR-Conscious Procurement Activities

### Procurement Guidelines

We promote procurement activities in line with societal responsibility at our company, and have established our Procurement Guidelines based on the Shinko Way and our Procurement Policy with growing recognition of the importance of corporate social responsibility throughout the supply chain. We follow these guidelines ourselves and ask suppliers to follow them as well, to promote procurement in line with societal responsibility.

In addition, we comply with the Responsible Business Alliance (RBA) Code of Conduct and promote understanding, compliance with, and spread of the RBA Code of Conduct among suppliers.

### Procurement Guidelines

- 1. Protection of the global environment**
  - Promote the procurement of materials that have minimal environmental impact.
  - Promote thorough management procedures for chemical substances.
- 2. Compliance**
  - Comply with laws and regulations in Japan and overseas, as well as social norms.
- 3. Respect for human rights, labor, health and safety**
  - Respect the human rights of each individual.
  - Do not commit unfair discrimination or acts that infringe human rights.
  - Implement a pleasant working environment for the health and safety of employees.
  - Do not use child labor or forced labor.
- 4. Assurance of safety and quality of products and services**
  - Assure the safety and quality of products and services.
- 5. Maintenance and promotion of information security**
  - Provide appropriate protection for our own information and information systems and those of third parties.
- 6. Fair trade and corporate ethics**
  - (1) Fair trade**
    - Respect free, fair and transparent competition and do not conduct transactions through unfair means.
  - (2) Protection of confidential information**
    - Manage the confidential information of the Company and third parties, as well as personal information, in an appropriate fashion and in accordance with laws, regulations, and rules.
  - (3) Protection of intellectual property**
    - Understand that intellectual property is a valuable management asset, and respect the intellectual property of other companies while protecting the rights of our own.
  - (4) Prohibition of bribes**
    - Do not bribe public officials or use a business position to commit acts of bribery, extortion, or embezzlement.

## Sharing Our Procurement Guidelines — "To Our Suppliers" —

In order to promote the "Procurement Guidelines" throughout our company's supply chain, we have compiled "To Our Suppliers," a list of items that we would like our suppliers to promote.

We also provide information annually to all suppliers that we continually do business with through our procurement website, which posts the Shinko Procurement Policy, Procurement Guidelines, and To Our Suppliers.

In FY2023, we also provided guidance to 729 companies, 709 in Japan and 20 overseas, asking them to understand and cooperate with our company policy posted on our procurement website.

In addition to informing new suppliers of the Shinko Procurement Policy and Procurement Guidelines, etc., we established a system to confirm and evaluate the status of the new suppliers' CSR initiatives through a questionnaire. At the start of trading, we seek to understand each other's initiatives and to promote CSR-conscious procurement activities.

### To Our Suppliers Contents

1. Green procurement
2. Business continuity planning
3. Excluding antisocial forces
4. Initiatives for responsible minerals sourcing
5. Corporate social responsibility

Note: To Our Suppliers  
<https://www.shinko.co.jp/english/corporate/procurement/activities/>

## Dialogue with Suppliers

### ■ Outline of CSR Survey for Suppliers

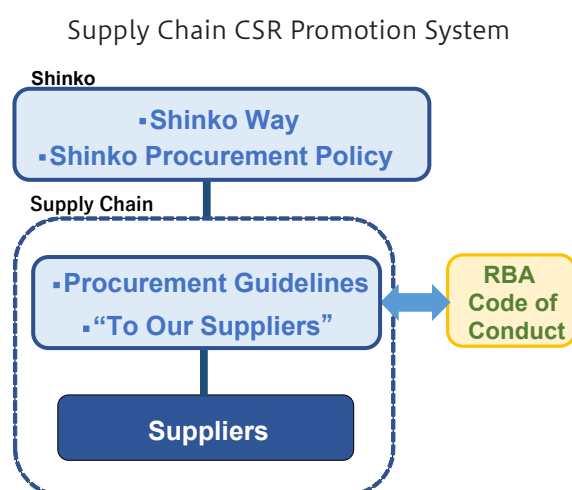
Shinko has sent questionnaire surveys about corporate social responsibility conforming to the RBA Code of Conduct to our main suppliers every year. The questionnaire confirms supplier compliance with the RBA Code of Conduct and their operation of management systems in the areas of labor, health and safety, the environment, and ethics. We continuously monitor the progress made by suppliers.

### ■ Status and Results of CSR Survey

In FY2023, we surveyed 33 suppliers (including overseas suppliers) that accounted for at least 80% of our production materials purchases.

We also send these questionnaire surveys every year to all 9 suppliers to whom we contract some processes within our plants and, based on the survey results, we conduct on-site audits every year to confirm that there are no issues in the condition of work sites. We confirmed that there were no issues in terms of the RBA Code of Conduct and relevant laws and regulations during on-site audits in FY2023.

Going forward, we will continue striving to promote social responsibility throughout the supply chain through various dialogues with suppliers, including monitoring based on questionnaire surveys, on-site audits, and interviews.



## Human Rights in the Supply Chain

In recent years, more and more emphasis has been placed on addressing human rights in the supply chain. We plainly stated in the Shinko Way Code of Conduct, which expresses the values common across the Shinko Group, that "We respect human rights." Based on this philosophy, we have included items on human rights in our Procurement Guidelines. We comply with these ourselves and ask our suppliers to do the same. Specifically, we have a high regard for and grapple with the RBA Code of Conduct. We use a questionnaire on corporate social responsibility conforming to the RBA Code of Conduct to confirm our main suppliers' status of compliance with the Code. In addition to this survey, we conduct on-the-spot inspections of work sites, etc., every year for in-house contractors at our plants. Through these activities, we have confirmed that there were no problems under the RBA Code of Conduct and related laws and regulations in FY2023.

## Initiatives for Responsible Minerals Sourcing

As part of our efforts to ensure supply chain transparency and responsible minerals sourcing in our procurement activities, we have been conducting studies on high-risk minerals as part of our due diligences, based on the Fujitsu Group Policy on Responsible Minerals Sourcing and following the guidelines of the Organization for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. The Responsible Materials Initiative's (RMI) Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) are used in the studies.

In FY2023, we conducted a survey of 44 companies and confirmed that there were no problems.

## Business Continuity Management

The strengthening of business continuity management throughout the supply chain is essential to maintain a stable supply of products and services needed by customers even during contingencies such as large-scale disasters.

Shinko has sent questionnaire surveys about business continuity management to our main suppliers of raw materials and components every year. In FY2023, we surveyed 293 major purchases.

The survey confirms each supplier's status of development of their business continuity plans (BCPs), the establishment of recovery time objectives, the inventory status of products, and problems with manufacturing sites and access to raw materials in the event of a contingency as well as their establishment of backup systems. We then ask suppliers to cooperate in strengthening their business continuity management by enhancing their BCPs and decentralizing sites.

In addition, as our own initiatives, we make sure to maintain several suppliers for primary raw materials and components to reduce procurement risks.

## Green Procurement

As a member of the Fujitsu Group, we promote green procurement—which takes into consideration the protection of the global environment—throughout the supply chain, including our suppliers. We do this by using designs and careful selection of materials that take into account energy-saving from the product development stage.

### Establishment of an Environmental Management System (EMS)

We ask our principle suppliers to establish an environmental management system (EMS) based on third party certification including ISO 14001, so that they will engage continuously in initiatives to reduce their environmental impact.

### Managing Chemical Substances in Products

For chemical substances in purchased products, we revise our Manual of Environmentally Controlled Substances Management for Suppliers from time to time and distribute it to our suppliers, and request them to establish a Chemical Substances Management System (CMS) with the aim of reducing environmental impact by complying with laws and regulations. In addition, we conduct periodic audits of 27 major suppliers of parts and materials to investigate the chemical substance content of purchased products and to check the management status of our suppliers. If any inadequacies are found in audit results, we request corrective action and provide support for improvement. Through these activities, we have strengthened the management of chemical substances contained in products in the supply chain.

### Promoting Cuts in CO<sub>2</sub> Emissions and Maintenance of Water Resources with Suppliers

We respond to climate change caused by global warming by asking our suppliers to take initiatives continuously to cut CO<sub>2</sub> emissions.

Stage 11 of our Environmental Action Program (FY2023-FY2025) sets specific targets for reducing CO<sub>2</sub> emissions and promoting initiatives to conserve water resources upstream in the supply chain, and requires each company to promote activities, including expansion to secondary suppliers.

In FY2023, 31 major suppliers were surveyed using the "Stage 11 Fujitsu Group Environmental Activity Survey Form" to confirm the status of their activities.

The survey results showed that 9 suppliers requested 2,674 secondary suppliers to reduce CO<sub>2</sub> emissions, and 7 suppliers requested 2,524 secondary suppliers to implement activities for water resource conservation.

In addition, we analyzed suppliers' replies, provided them with feedback on activity trends as a reference for future activities, and asked that they step up their own activities and expand initiatives to their suppliers.

Going forward, we will continue making efforts to promote reductions in CO<sub>2</sub> emissions and maintenance of water resources throughout the supply chain.

## Thorough Compliance in Procurement Activities

### Supplier Compliance Hotline

Shinko has established a Supplier Compliance Hotline for whistle blowing in the event an employee of Shinko has committed, or is suspected of having committed, an act in procurement operations that violates compliance. In addition, we prohibit unfair treatment of the whistle blower and the supplier for their actions.

Note: Supplier Compliance Hotline

<https://www.shinko.co.jp/english/corporate/procurement/complianceline/terms02/>

### Training Procurement Personnel

Shinko provides education and training opportunities for personnel in the Procurement Division to ensure that they understand well the Shinko Way, the Shinko Procurement Policy, the Procurement Guidelines, the Subcontract Act, and other laws relevant to procurement such as the Worker Dispatching Act. We also provide training on matters such as anti-bribery to promote understanding of laws and regulations and the acquisition of pertinent knowledge as part of our ongoing efforts to ensure compliance.