

# Sanden Human Rights Guideline

## I. Introduction and Scope of the Guideline

The *Sanden Human Rights Guideline* (hereinafter referred to as the "Guideline") was developed in accordance with the *Basic Human Rights Policy of Sanden Corporation* and other references<sup>1</sup>. The Guideline follows the laws and regulations applicable to the locations in which Sanden Group operates, and also takes into account the *Universal Declaration of Human Rights*, the *International Labour Organization Conventions*, and other international initiatives. Sanden Group is committed to respecting human rights in all business activities and to preventing, mitigating, and remedying any adverse human rights impacts of its business activities in a timely manner.

The Guideline applies to all employees of Sanden Group. Sanden Group respects the Guideline, recognizes it as a fundamental principle to be commonly followed across its global operations, and expects its business partners to understand it. When implementing the Guideline, consolidated subsidiaries and affiliates may adapt them to local contexts, considering factors such as regional characteristics, the scale and complexity of human rights issues, and the nature of corporate activities. If there is any difference between the content of the Guideline and local standards, the local standards shall prevail.

## II. Definitions and References

- **Human Rights:** Human rights are the rights inherent to all human beings, regardless of race, gender, nationality, ethnicity, language, religion or any other status. Human rights include the right to life and liberty, the right not to be subjected to slavery and torture, the right to freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to enjoy these rights without discrimination.
- **Consolidated Subsidiaries:** Subsidiaries in which Sanden Group directly or indirectly holds 50% or more of the voting rights in each country and region.
- **Employee:** Individuals directly employed by Sanden Group under the laws of the country or region where operations are conducted, including temporary, migrant, student, short-term contract workers, and all other employment types.
- **Labor-related Management Regulations:** Rules consist of objectives, scope of responsibilities, organizational structure, etc., based on the company's internal policies and regulations, and in conjunction with nine labor and human rights topics such as employee health and safety, diversity, anti-discrimination and harassment that may have the greatest impact on stakeholders in the course of operations.

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<sup>1</sup> References include international standards, guideline and internal human rights policies, such as the *Basic Human Rights Policy of Sanden Corporation*, the *Code of Conduct of the Alliance for Responsible Business*, the *International Labor Organization Core Labor Standards*, the *Universal Declaration of Human Rights*, the *International Labor Organization Conventions*, the *United Nations Guiding Principles on Business and Human Rights* and so on

- Labor Union: A broad-based organization that negotiates with employers on behalf of employees regarding terms and conditions of employment, such as wages and working hours.

### **iii. Labor and Human Rights Commitments**

Sanden Group formulates labor management regulations that require respect for and adherence to labor and human rights laws and standards, in order to properly safeguard the labor and human rights of employees. In addition, Sanden Group is committed to conducting human rights due diligence to assess the long-term implications of potential risks, in accordance with the Company's internal policies and regulations. Sanden Group has identified nine topics that may have a significantly impact on stakeholders throughout our operations and describes the requirements for each topic in terms of ensuring respect for human rights.

#### **(1) Employee Health and Safety**

Our goals:

- All employees are provided with adequate PPE (Personal protective equipment) and a safe working environment;
- Aim for zero major workplace accidents;
- Aim to conduct annual health and safety risk assessments in all workplaces;
- Aim to conduct annual health and safety trainings in all workplaces;
- Aim for 100% coverage of annual medical check-ups for employees;
- Increase the certification rate of the ISO 45001 Occupational Health and Safety Management System at newly established workplaces.

Our actions:

- The Company has established the *Safety and Health Charter* and improves the working environment in accordance with the conditions in the countries or regions where its consolidated subsidiaries and affiliated companies are located, and reviews the application and practice of its safety and health policies annually;
- The Company is committed to protecting the health and safety of all employees through the establishment of the G-HSE (Global Health, Safety and Environment) Committee, whereby the G-HSE Committee convenes quarterly, and the safety and health committees at Japanese business bases convene monthly. Meetings include the development of standardized safety and health indicators, management of safety and health policies, resolution of safety and health-related issues, and sharing of outstanding cases;

- Sanden Group has established the Safety Committee and the Health Committee as specialized committees of the Health and Safety Committee at each base. Each committee includes public health nurses and doctors (internal medicine and psychiatry), who not only organize health promotion activities, but also provide feedback channels for employees and encourage them to contribute to health management activities;
- Sanden Group regularly conducts risk assessments of employee health and safety, and takes a series of measures to prevent serious occupational accidents. These measures include facility safety improvements, monthly safety patrols by responsible personnel, and the regular conduct of internal and external safety and health audits. Upon identification of potential risks, improvement plans and implements countermeasures will be developed promptly.
- Sanden Group provides safety and health education to its employees, including training on basic safety and health promotion activities, health management and mental health care, to enhance their safety and health awareness;
- Sanden Group places emphasis on the health and safety of employees and seeks to reduce the risk of repetitive strain injuries (RSI) by appropriately distributing breaks and rest periods, implementing job rotations tailored to the circumstances, and utilizing ergonomic equipment.;
- Sanden Group regularly conducts self-defense fire drills. All the facilities in Japan conduct self-defense fire drills based on the guidance of the fire department, to ensure that employees can safely and accurately report, extinguish, and evacuate in case of an emergency;
- Sanden Group requires its business partners to comply with safety and health-related laws and international standards, establish a comprehensive occupational health and safety management system, and provides employees with a safe and healthy working environment.

## **(2) Diversity, Anti-discrimination and Harassment**

Our goals:

- Foster a work environment where all employees are free from discrimination and harassment based on race, gender, nationality, ethnicity, language, religion, or any other personal status;
- Aim for zero cases of human rights violations due to discrimination;
- Aim for zero cases of human rights violations due to harassment;
- Annual assessment of social responsibility topics such as diversity, discrimination and harassment abuse audits;

- Conduct Annual employee training on social responsibility topics, including diversity, discrimination, and harassment.

Our actions:

- Sanden Group strives to create a workplace that eliminates any discrimination and harassment. Employment practices such as promotions, compensation and training opportunities must not discriminate on the basis of race, gender, nationality, ethnicity, language, religion, color, age, sexual orientation, gender identity and expression, disability, pregnancy, political affiliation, union membership, military service, genetic information or marital status. We prohibit all forms of discrimination and harassment and will take corrective and preventive action as soon as we become aware of such behavior;
- Sanden Group is committed to diversity and inclusion in our business and to fair employment opportunities. We strive to create a work environment where employees with different attributes, values and experiences respect and cooperate each other, enabling individuals to maximize their potential, grow as a person and work comfortably;
- Sanden Group has introduced welfare programs and systems, including support for childcare, elder care, and medical treatments, as well as various types of leave and telework options. This enables us to create an environment where employees can proactively enhance their work-life balance.

### **(3) Prohibition of Child and Forced Labor**

Our goals:

- Maintain zero incidents of forced and child labor every year;
- 100% of employees receiving diversity, discrimination and harassment awareness training by 2030.
- Conduct employment audits for child and forced labor, underage labor, and exploitative prison labor annually.

Our actions:

- Sanden Group prohibits the use of child labor at any stage of business activities. We endeavor to prevent child labor proactively by diligently verifying age, and should any instance of child labor be identified, we will immediately ensure the protection of the child laborer and implement process improvements. In addition, we do not allow employees under the age of 18 to engage in hazardous work, including work that poses a high risk to their health and safety, as well as night work or overtime;
- Sanden Group prohibits the use of forced labor, bonded labor (including debt bondage),

custodial labor, involuntary or exploitative prison labor, slave labor, or labor resulting from human trafficking. This includes transporting, concealing, recruiting, transferring, or accepting persons for labor or services by means of threat, force, coercion, abduction, or fraud;

- Sanden Group prohibits hiring employees under duress or against their will, and we undertake not to use deceptive means to induce employees to work. We prohibit the collection of deposits, the withholding of proof of identity and other legal documents, and other actions that use labor against the will of the employee. All employers have the right to freely conclude and terminate their employment contracts;
- When Sanden Group discovers human rights violations such as child labor, forced labor, harassment, or other violations of the Code of Conduct, the facts will be investigated and disciplinary action will be taken based on the findings. This includes measures such as reprimands and disciplinary dismissals. In addition to resolving the case, measures will also be taken to prevent recurrence.;
- Sanden Group actively conducts internal and external audits on human rights and labor rights for all production sites, proactively evaluates human rights and social responsibility risks, then determines management priorities and action plans, and work towards mitigating the impact of risks, including a review of our systems and structures.
- Sanden Group will actively provide training to raise awareness of the prohibition of child labor and the elimination of forced and compulsory labor. In addition, relevant content will be incorporated into training programs for new employees, with the aim of creating a sustainable, equal and diverse work environment.

#### **(4) Working conditions and environment**

Our goals:

- Maintain 100% coverage of employee social security and health insurance each year;
- Committed to ensuring that all employees have adequate wages, reasonable hours and benefits, and are provided with good working conditions;
- Each consolidated subsidiary and affiliated company will ensure that its employees are paid at least the local living wage promptly.

Our actions:

- Wage

Sanden Group follows standards and initiatives such as the *United Nations Guiding Principles on Business and Human Rights* to ensure that employees are paid above the minimum wage in the location where they live and enjoy a basic and decent standard of living, including but

not limited to adequate housing, food, education, childcare and savings for unforeseen events. At the same time, Sanden Group maintains communication and cooperation with local labor unions and labor organizations, and continuously monitors the economic conditions and changes in the cost of living in each of the locations where it operates, so as to ensure that the quality of life of its employees is maintained and improved through the improvement of the compensation system and the adjustment of employee remuneration.

- Working Hours

Sanden Group will ensure that employees' working hours and rest periods are properly recorded and managed by employees and managers in accordance with local laws, and that records of working hours are kept in a secure and appropriate manner.

- Humane Treatment

All employees must be treated with respect and dignity. Sanden Group has zero tolerance for any form of threat, harassment, retaliation or violence against employees, and verbal, physical or sexual violence against employees is prohibited even if it is not recognized as illegal in the relevant region. Similarly, corporal punishment and any form of mental or physical coercion are also prohibited, and disciplinary policies and procedures to deal with these claims must be clearly defined and communicated.

- Working and Living Environment

Sanden Group and its local facilities shall provide employees with clean and hygienic restrooms, drinking water, and cooking environments in accordance with local laws, regulations and international standards. Where housing is provided, it must be ensured that it is clean, safe and well-equipped to meet the needs of employees.

## **(5) Career Management**

Our goals:

- Aim to provide all employees with training on specialized skills, such as human rights;
- Conduct rank-based education and leadership training in accordance with the human resource development and education policy.

Our actions:

### **Equal Employment**

- Sanden Group is committed to providing equal employment opportunities, career development, and growth opportunities without discrimination based on race, gender, nationality, ethnicity, language, religion, or other identity. We ensure fair treatment in all processes of recruitment and human resource management. In addition, we are committed to improving the transparency of the recruitment and performance evaluation process and providing regular feedback and training to support the development of

employees' abilities and protect their rights and interests.

#### Employee Training

- Sanden Group adheres to the concept of "people-oriented" and promotes corporate activities that emphasize the growth of employees. Recognizing that "developing our people" is the most critical management issue impacting the company's future, we conduct employee training programs grounded in the fundamental principle of fostering talent that combines "human skills" as its foundation with "technical skills." Sanden Group provides comprehensive employee education programs that covers all employees, including knowledge and skills training according to job level, selective training for future leaders, tailored training for each department, and personal self-improvement training.
- Employees can learn corporate philosophy, business skills, and management skills through the "Leadership Training" program, while also taking advantage of the flexible use of human resource systems to pursue personal growth and development. In addition, the Company aims to implement a globally standardized job grading system in line with international standards. Moving forward, the Group will actively promote related initiatives such as talent management and global mobility mechanisms across business sites, based on this system.

## **(6) Complaints and Communication**

Our goal:

- Ensure that 100% of employee grievances are accepted and completed with feedback or correction.

Our actions:

- Complaint Mechanisms

Sanden Group enhances the processes (including the Company's official reporting system) for receiving and responding to complaints of various natures, including complaints about employee health and safety, harassment, discrimination, unfair employment, and other possible human rights violations. These processes allow employees to report, complain or disclose and consult anonymously to the extent permitted by law. Employees are protected from retaliation for reporting, whistleblowing or counseling under the terms of the whistleblowing procedures, and the whistleblowing system ensures the right to report anonymously in accordance with the law. Sanden Group also provides external reporting channels for suppliers and business partners and offers full protection to whistleblowers, including the prohibition of differential treatment and retaliation against them. Sanden Group is obliged to inform its employees of the existence of these processes.

- Remediation and Communication

In order to prevent, mitigate and provide remedies for human rights impacts, Sanden Group

assesses adverse human rights impacts, processes the results of investigations, tracks responses and disseminates information on remedies. During the investigation process, we will allow employees to be accompanied by another person (coworker or union representative) during the fact-finding interview. When adverse human rights impacts are confirmed through due process, we are committed to providing appropriate remedies and implementing ongoing monitoring of the remediation process.

## **(7) Freedom of Association and Collective Bargaining**

Our goals :

- Ensure the freedom of association for employees in Sanden Group's key operating countries.
- Ensure that employees' rights and interests are protected through collective bargaining agreements and labor contracts.

Our action:

- Sanden Group respects the rights of all employees to join labor unions, to bargain collectively and to participate in peaceful assemblies, and prohibits any form of intimidation, harassment, retaliation or violence against employees who choose to exercise, or not to exercise, these rights. Sanden Group engages in good faith negotiation and consultation with employees or their representatives, and recognizes the right to join trade unions, as permitted by the laws of the countries or regions in which it operates.

## **(8) The Rights of Indigenous and Local Communities to Land, Forests, and Water Resources, and Transition Management**

Our goal:

- Ensure that there are no violations of the rights of indigenous peoples and local communities.

Our action:

- Sanden Group respect and protect the human rights of all people, including indigenous peoples and local community. We respect the land, forest, and water rights of indigenous and local peoples as set forth in the *United Nations Declaration on the Rights of Indigenous Peoples*<sup>2</sup> and the *International Labour Organization's Indigenous and Tribal Peoples Convention (No. 169)*.<sup>3</sup> We will avoid any behavior that could lead to involuntary relocation. We are committed to applying the principle of *Free, Prior and Informed Consent (FPIC)* in all of our operations, especially in decision-making that

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<sup>2</sup> The *United Nations Declaration on the Rights of Indigenous Peoples* emphasizes the basic human rights and fundamental freedoms of indigenous peoples, including their rights to lands, territories and resources, and their right to subsistence and development in their own right and in peace

<sup>3</sup> The Convention aims to protect the rights of indigenous and tribal peoples and to respect their integrity as a people, including their rights to lands, territories and resources.

affects indigenous and local peoples. In addition, we will ensure, through ongoing dialog and cooperation, that our activities do not violate the rights of indigenous and local peoples while contributing to their social, economic and cultural development.

## **(9) Security Practices**

Our goal:

- Provide adequate human rights training to security personnel.

Our actions:

- We are committed to following the *International Code of Conduct for Private Security Service Providers (ICoC)*<sup>4</sup> in the management of our security personnel to ensure that security personnel take all reasonable measures to avoid the use of force. We also pledge not to engage in or condone any form of human rights violations, including arrest, torture, abuse, or sexual violence. Furthermore, we prevent forced labor, child labor, and discrimination, and ensure proper conduct of security personnel. We commit to provide security personnel with adequate training, including in international human rights law and international humanitarian law, to ensure that they understand and are able to comply with these legal frameworks in practice.
- Sanden Group will establish transparent operational processes and accountability mechanisms to ensure that the conduct of security personnel is properly monitored, and that action is taken when human rights violations occur. We will work with national authorities to audit the state of security services to ensure they comply with national and international laws and are subject to appropriate oversight.

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<sup>4</sup> The *International Code of Conduct for Private Security Service Providers* is an international norm aimed at ensuring that private security service providers respect human rights and humanitarian law.