

Sanden Group “Supplier Fundamental Principles”

Jan.01,2022

Sanden Corporation SCM Headquarters Purchasing Unit

1. Preface: “Good Corporate Citizenship and Harmony with Society.”

Sanden Group, including our domestic and overseas subsidiaries, the Employees' Code of Conduct is enacted in accordance with our Corporate Philosophy in order to put compliance into practice and govern all operational activities in global.

Sanden Group and our suppliers is a member of the international and local communities, and in our activities in supply chain, our actions must remain in harmony with society. We must also be steadfast in fulfilling our role as good corporate citizens, working together with local communities in meeting our corporate responsibilities to society. Sanden Group's business activities have followed "harmony with society" and "good corporate citizen" as the first principles in its corporate philosophy.

Sanden Group will grow together with our suppliers as business partners who provide our customers with the best possible products, systems and services on the basis of fair and transparent relationships. This “Sanden Group Supplier Fundamental Principles” stipulates the principles (code of conduct) required for all suppliers, its employees, agents and subcontractors (hereinafter referred to collectively as “Supplier”) to fulfill the "corporate social responsibility" philosophy in all dealings with Sanden Group.

Sanden Group requests all the Suppliers to comply with the “Sanden Group Supplier Fundamental Principles” and would like to thank you for your commitment.

2. “Respect for human rights”

· Prohibition of forced labor

Suppliers are absolutely prohibited to use or benefit from forced or compulsory labor under any and all circumstances. Suppliers are prohibited from conducting physical punishment, confinement, threats of violence or other form of abuse or harassment in the management and discipline of its workforce. The Suppliers and their subcontractors must not employ labor with exorbitantly low wages or non-payment of wages.

· Prohibition of child labor

Suppliers are absolutely prohibited to use child labor as this is harmful or dangerous to their mental, physical, social and ethical development, and also unfairly interferes with their school education.

· Appropriate working hours

Suppliers must ensure its employees work in compliance with all related labor laws and regulations of the country, and abide by the mandatory industry standard stipulating the number of working days and/or working hours. If the industry standard differs with the country laws, the Suppliers are to comply with the country laws.

· Appropriate Compensation

Suppliers shall pay the employee wages and other remuneration as specified in employment contracts, collective agreements, and related laws and regulations.

· Prohibition of discrimination

Suppliers shall comply with the related laws and regulations which prohibit discrimination in recruitment and employment practices based on race, color, religion, sex, age, physical ability or nationality.

3. Environmental protection

In order to maintain the sustainable development of society, Suppliers shall perform the business activities with consideration for the environment in a responsible manner and in compliance with the laws and regulations of the country.

4. Corporate Ethics

Suppliers shall conduct its corporate activities on the basis of free and fair competition.

- Compliance with related laws and regulations
Suppliers must comply with related laws and regulations.

- Quality and Safety of the products Products and services offered by the Suppliers shall meet the quality and safety criteria of the related laws and regulations. Suppliers must meet the quality requirements of Sanden Group when conducting business with Sanden Group or on behalf of Sanden Group.

- Prohibition of improper convenience
Suppliers must not, directly or through an intermediary, provide or promise any personal or inappropriate convenience for the purpose of keeping or acquiring the business from a third party. Suppliers are not to receive any convenience in return for preferential treatment to third parties.

- Prohibition of having a relationship with the anti-social forces
Suppliers shall not be in any relationship with anti-social forces that threaten the order and safety of civil society, and shall not be related with the anti-social forces in any and all ways.

- Prohibition of the use of conflict minerals
Business partners must ensure that they are not using minerals that fund extensions or conflict-affected armed groups that cause serious human rights abuses.

- Prohibition of use of conflict minerals
Business partners must ensure that they do not use minerals to fund armed groups involved in civil wars and conflicts that cause serious human rights abuses.

5. Safety and Health

Suppliers shall place top priority on ensuring the operational safety and health of all employees. In addition, the facilities must be provided and maintained in accordance with the standards set by the regulations and related laws and regulations.

6. Community involvement and contribution

Suppliers shall respect regional customs and cultures around the world, and shall contribute to the social and cultural development of the communities.

7. Demonstration of Compliance and Audit and termination of Master Sales and Purchase Agreement In order to ensure that Suppliers and their subcontractors are in compliance with Sanden Group Supplier Principles and other rules, Sanden Group and its customer (applicable if Sanden Group agrees that its customer has the right of validation) may conduct on-site inspections at the facilities of the Suppliers and their subcontractors. Suppliers shall cooperate fully with the inspections.

Sanden Group has the right to cancel in whole or in part the Master Sales and Purchase Agreement if the Suppliers are not in compliance with the fundamental principles and fail to comply with the fundamental principles within a reasonable period of time after having been required to do so in writing.

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