

Sanden Group “Supplier Fundamental Principles

Dec 21, 2025

Sanden Corporation SCM Division

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 globally.

Sanden Group and our suppliers are members of the international and local communities, and in our activities in the 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. Compliance

Suppliers shall recognize that respect for human rights, occupational safety and health, environmental conservation, and corporate ethics are essential social responsibilities.

【Compliance with Applicable Laws and Regulations】

Suppliers must comply with all laws and regulations established in each country.

【Compliance with International Standards】

Suppliers must adhere to internationally recognized initiatives, including the Universal Declaration of Human Rights (United Nations), International Labour Conventions (ILO), Guiding Principles on Business and Human Rights (United Nations), Core Labour Standards (ILO), Responsible Business Alliance (RBA) Code of Conduct, and the Ten Principles of the United Nations Global Compact.

2-1 Respect for Human Rights

Through human rights compliance, suppliers shall respect human rights and ensure sustainable business operations.

【Prohibition for human rights】

Suppliers shall not, under any circumstances, employ or benefit from forced labor, bonded labor (including debt bondage), involuntary or exploitative prison labor, slave labor, or labor resulting from human trafficking. This includes any act of transporting, harboring, recruiting, transferring, or receiving individuals through threats, coercion, force, abduction, or fraud for the purpose of labor or services.

Similarly, all forms of disciplinary measures involving imprisonment, physical punishment, confinement, threats, violence, harassment, or abuse are strictly prohibited.

Furthermore, suppliers must not use factories or production facilities that impose unpaid wages or force workers to accept excessively low wages, nor may they engage contractors who operate such facilities or practices.

【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.

Accordingly, suppliers are required to implement age verification measures to prevent child labor and take corrective actions immediately if any instance of child labor is identified.

【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 law.

Furthermore, suppliers are required to establish reliable methods for recording and managing working hours for both employees and managers, and to securely store such data.

【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 Discriminatory Treatment】

Suppliers must strive to create a workplace free from harassment and discrimination.

In recruitment and employment practices, suppliers shall prohibit unlawful discrimination based on diversity factors such as race, color, religion, gender, age, physical ability, nationality, or any other characteristic.

【Freedom of Association】

Business partners must respect the rights of workers (including the right to collective bargaining and freedom of association) established under international conventions and the laws and regulations of each country and region.

In addition, suppliers are required to implement measures to prohibit any form of intimidation, harassment, retaliation, or violence against employees who choose to exercise—or not to exercise—these rights.

2-2. Occupational Safety and Health

Suppliers must prioritize ensuring a safe and hygienic working environment so that employees can work with confidence. Workplace facilities must comply with all applicable laws, regulations, and ordinances and be properly maintained.

In addition, when providing housing, suppliers shall ensure that accommodations are clean, safe, and equipped with facilities that meet employees' needs.

2-3. Environmental Conservation

Suppliers must strive to minimize adverse impacts on the environment and fulfill their social responsibilities through strict environmental compliance.

【Sustainable resource management】

Suppliers should strive to achieve sustainable resource management, implementing the 4R approach (Refuse, Reduce, Reuse, and Recycle) for all resources, ensuring efficient resource utilization and waste reduction to create a circular society. Suppliers should take responsibility for their actions, actively engaging in environmentally friendly business activities, and complying with all relevant national environmental laws and regulations.

【Monitoring and reducing greenhouse gases emissions】

To promote resource sustainability, suppliers should recognize the importance of promoting the use of renewable energy and addressing global climate change, while also regularly monitoring and reducing greenhouse gas emissions. Monitoring refers to the detection of greenhouse gas emissions, while reducing greenhouse gas emissions refers to reducing emissions of all greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, CFCs, HCFCs, etc.). Additionally, efforts should be made to manage water quality, air quality, soil quality, noise control, and promote monitoring and measurement activities in each area.

【Chemical substance management】

Suppliers shall comply with the Sanden Green Supply Guidelines for responsible management of chemical substances.

【Biodiversity】

As part of their biodiversity initiatives, Suppliers should be aware of the impact of their business activities on the ecosystem and contribute to the realization of a sustainable society.

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Suppliers must also comply with relevant laws and regulations on land, forest and water rights and must not participate in illegal forced evictions.

Biodiversity includes plant protection and biodiversity. *Biodiversity includes plant protection and animal welfare.

2-4. Corporate Ethics

Suppliers must engage in sound corporate conduct and ensure fair and free competition in all business activities.

【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 corruption】

Suppliers shall not be in any activities that could be suspected of collusion with politics or administration to build the safety of civil society and shall not be engaged in illegal activities such as bribery or money laundering. Suppliers shall not give or treatment, gift, money, or other benefits to customers, suppliers, or other business partners for the purpose of obtaining or maintaining unfair profits or preferential treatment.

【Responsible Mineral Sourcing】

Minerals such as tin, tantalum, tungsten, and gold (commonly referred to as 3TG) mined in the Democratic Republic of the Congo (DRC) and surrounding countries, as well as cobalt, mica, copper, graphite, lithium, and nickel sourced from conflict-affected and high-risk areas (CAHRAs), are of concern because they may finance armed groups in conflict regions through illicit mining and trading, and contribute to human rights violations and labor issues, including child labor and forced labor.

To fulfill its social responsibility within the supply chain, Sanden Group is committed to sourcing minerals for its products in a manner that avoids involvement in these issues. Suppliers are requested to understand Sanden Group's initiatives, cooperate in conducting due diligence on mineral sourcing, and procure minerals only from smelters certified under internationally recognized frameworks such as the Responsible Minerals Initiative (RMI), which ensures responsible sourcing practices that do not contribute to human rights abuses or environmental destruction.

【Management and protection of information】

Suppliers shall properly obtain, use, disclose, manage, and protect the personal and confidential information of customers, third parties, and their own employees. And shall comply with the Personal Information Protection Law, Unfair Competition Prevention Law, and insider trading regulations.

Suppliers shall build and operate a mechanism to ensure information security in order to prevent the occurrence of confidential information leakage or to minimize the damage if it occurs.

【Intellectual property protection】

Suppliers shall protect their own intellectual property and respect the intellectual property of others.

【Import and export transaction management】

Suppliers shall follow appropriate import/export procedures and controls when importing or exporting technology or goods that are regulated by the laws and regulations of each country or region.

【Prohibition of conflict of interest】

Suppliers shall not engage in any act that is against their company's interest to seek the interest of individuals, customers, business partners, or third parties.

【Rights of Indigenous peoples】

Suppliers shall comply with the laws of the countries and regions where they conduct business activities and should make an effort to consider the human right and culture of indigenous peoples according to international regulations such as "the United Nations Declaration on the Rights of Indigenous Peoples", "Convention on Indigenous and Tribal Peoples in the Independent States (ILO No. 169)", "Free, Prior, and Informed Consent".

【Financial responsibility】

Suppliers must maintain adequate and accurate internal records, including financial records, related to Supplier's contract with Sanden Group. Falsification of records is prohibited. Records should be retained and disposed of in accordance with all applicable laws and regulations.

【Binding requirement towards suppliers to pass on standards along the supply chain】

Sanden Group expects that the requirements and standards towards suppliers are passed along the supply chain.

【Whistleblowing】

All Business Partners, their employees and affected parties are encouraged to notify about violations, specifically illegal business practices or potential human rights violations. Business partners are to set up whistleblower systems of their own. Sanden may be notified by email or phone.

【Use of security authority】

Suppliers shall ensure, if they engage the administrative authorities having public security power or private security company, etc. (collectively “security authority”) to protect the business project for the purpose to avoid the immediate and imminent danger, that the security authority got sufficient instruction and oversight to avoid torture, cruel, inhumane, or degrading treatment, damages to life or limb of individual and the impairment of workers.

3. Quality and Safety of the products and services

Quality and Safety of the 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.

4. 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.

5. 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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