

## **Nichirei Group Supplier Guidelines**

These guidelines provide commentary and reference information for complying with the Nichirei Group Supplier Code of Conduct. We request that our suppliers refer to these guidelines in successfully implementing initiatives to comply with the Supplier Code of Conduct.

“Suppliers” refers to companies from which the Nichirei Group procures raw materials and products; companies to which we outsource manufacturing; and partner companies to which we outsource logistics services such as transportation and freight handling.

### **Legal Compliance and Ethical Behavior**

#### **Legal Compliance**

- **Suppliers shall comply with the laws and regulations of applicable countries and regions and respect international standards of conduct.**

(Commentary)

Countries around the world have recently introduced and enacted various laws, regulations and policies relating to the environment, human rights and bribery. Companies need to understand and comply with these laws and regulations, some of which apply not only in the country of domicile but are also extraterritorial. Efforts to understand and fully comply with relevant laws and ordinances are therefore necessary.

International standards of conduct delineate the conduct expected of socially responsible organizations, and are derived from customary international laws, generally accepted international legal principles, and universally or nearly universally recognized intergovernmental agreements, including treaties and conventions. Examples include the

UN Guiding Principles on Business and Human Rights, the Sustainable Development Goals (SDGs), the OECD Guidelines for Multinational Enterprises, and the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. They deserve respect and accommodation even when compliance with them is not obligatory. Initiatives that conform to international standards of conduct are particularly important in countries where governance is not robust and legal compliance is insufficient.

### **Prohibition of Bribery and Corrupt Practices**

- **Suppliers shall not engage in any form of corruption, including bribery, graft, blackmail and embezzlement.**

(Commentary)

Corruption refers to making or receiving illegal or improper payments for goods or services, or committing fraudulent acts such as bribery, graft, extortion or embezzlement for personal gain. Examples include “facilitation payments” to government officials to obtain the required government approval and kickbacks paid to customers to win orders. Giving or receiving anything of value directly or indirectly, including promises or solicitation, in order to win business or profit improperly is prohibited.

Association required in the course of business to smoothly build relationships is not prohibited, but moderation is key. Maintaining a high level of transparency through means including rigorous accounting and record keeping is required to preclude personal benefit or the acceptance of impropriety as a normal condition.

Continuous compliance requires the formulation of a policy, appropriate employee education and training, and ongoing, rigorous enforcement of that policy.

### **Anti-competitive Practices**

- **Suppliers shall comply with applicable laws and shall not engage in bid-rigging or other anti-competitive practices.**

(Commentary)

Suppliers are requested to comply with all applicable antimonopoly/antitrust laws and to conduct business in a fair and competitive manner. Violations may result in substantial fines. Continuous compliance requires the formulation of a policy, appropriate employee education and training, and ongoing, rigorous enforcement of that policy.

### **Exclusion of Antisocial Forces**

- **Suppliers shall not conduct any transactions with antisocial forces.**

(Commentary)

Antisocial forces include but are not limited to crime syndicates, members of crime syndicates, criminals associated with crime syndicates, companies affiliated with crime syndicates, racketeers who extort money by disrupting companies' shareholder meetings ("sokaiya"), and racketeers or designated violent organizations posing as social movements.

## Human Rights and Labor

### **Freedom of Occupational Choice**

- **Suppliers shall respect the free will of employees, and shall not use forced labor, slave labor, human trafficking, bonded labor or involuntary prison labor.**

(Commentary)

Freedom of occupational choice means that people work voluntarily and without any threat of punishment. It is forbidden to use bonded labor, to restrict freedom of movement, or to otherwise be involved in the use of forced labor.

“Forced labor” refers to labor performed involuntarily against a person’s free will, and includes the following situations:

- Employment contracts for foreign workers that are not in their native language or in a language they can understand;
- Employment and working conditions that have not been properly explained in writing;
- Workplaces that inhibit communication with or access to the outside world;
- Compulsory withholding of a portion of employee compensation as temporary safekeeping or savings;
- Workers incurring debt to pay high fees for obtaining employment;
- Overtime work in excess of legally designated limits or labor-management agreements;

- Restrictions on employee movement without valid reasons including health, safety or information security;
- Possession by employer of original copies of employee identification such as passports

Many reports in recent years have highlighted forced labor among migrant workers, especially foreign workers. In Japan there have been many reports of problems involving the employment of foreign technical interns. Employers hiring workers from overseas through Japan's foreign technical intern system must ensure appropriate work, working conditions and living environments. These employers need to properly grasp the actual situation, including employment brokerage services, and give the utmost consideration to respecting the human rights of foreign technical intern trainees, who are in a vulnerable position.

### **Child Labor and Young Workers**

- **Suppliers shall not involve children who are under the minimum working age in labor. Employees under the age of 18 shall only be permitted to engage in non-hazardous work.**

(Commentary)

The minimum working age is defined by ILO Convention No. 138 (1973) as no less than the age of completion of compulsory schooling and, in any case, shall not be less than 15 years.

Also, the minimum working age varies depending on the type of work. For hazardous work, all countries must have a minimum working age of 18 years.

“Hazardous work” includes but is not limited to the following:

- Underground work (in mines, quarries, pits, etc.), maritime work, work at dangerous heights, or work in confined spaces;
- Work that uses dangerous machinery, equipment or tools, or that involves manual handling or transportation of heavy objects;
- Work performed in environments that are unhealthy for reasons including exposure to unsafe temperature or noise levels, or to vibration;
- Long hours of work, night work, and work involving improper detention on the employer’s premises.

Violation of the minimum working age is unlikely for Japanese citizens because of the country’s system of compulsory education. However, to avoid violation of the minimum working age among foreign children in Japan or children overseas, suppliers shall check documents that confirm date of birth, such as a birth certificate, identification card, driver’s license or graduation diploma, and retain a copy of the relevant document.

## **Discrimination**

- **Suppliers shall not discriminate based on characteristics including race, color, place of birth, age, gender, gender identity, sexual orientation, disability, pregnancy, ethnicity, religion, political views, union membership, home environment and marital status.**

(Commentary)

Acts regarding wages, promotions, compensation, education, recruitment or employment practices that could result in discrimination must not occur. Discriminatory acts include impairment of equal opportunity or fair treatment based on a health examination or pregnancy test. All employees must receive equal pay for equal work, without discrimination.

### **Freedom of Association and Right to Collective Bargaining**

- **Suppliers shall respect the right of all employees to form or join a labor union and engage in collective bargaining.**

(Commentary)

This means that suppliers shall permit their employees to form and participate in labor unions, trade associations and labor councils and committees. The purpose of this is to enable good dialogue between labor and management.

“Collective bargaining” is the means by which an employer and labor union representatives reach an agreement through employee involvement in working conditions, overtime work, grievance procedures and workplace issues.

Workers and their representatives must be able to form and participate in labor unions and engage in collective bargaining without fear of discrimination, retaliation, intimidation or harassment. In addition, workers and their representatives must be able to engage in collective bargaining in order to achieve mutual understanding with management regarding their concerns and opinions about working conditions and management practices.

## **Harassment and Punishment**

- **Suppliers shall not engage in inhumane treatment such as harassment and abuse.**

(Commentary)

“Inhumane treatment” is physical and mental abuse and harassment, including sexual and “power harassment” (workplace bullying in which the perpetrator abuses their position of authority, negatively impacting the workplace environment through acts that go beyond what is necessary or appropriate for work operation). “Harassment” is any improper and unwelcome conduct that might reasonably be expected or be perceived to cause offense or humiliation to another person. Specific examples include sexual harassment, sexual abuse, corporal punishment, mental and physical repression, verbal abuse, power harassment (workplace bullying) and discrimination based on pregnancy or birth.

Treatment that humiliates people or violates their dignity is prohibited in relationships with employees and also in relationships with business partners and client companies.

## **Working Hours**

- **Working hours shall not exceed the maximum prescribed by law.**
- **Employees shall be given a minimum of one day off per week.**

(Commentary)

Excessive working hours harm the physical and mental health of workers, reduce work efficiency and cause careless accidents. Appropriate management is therefore required. Suppliers shall



appropriately schedule working hours, holidays and rest breaks in accordance with relevant laws and regulations in each country.

Consideration shall also be given to international standards.

“Appropriate management” is as follows:

- The number of working days per year shall not exceed the maximum prescribed by law;
- The number of working hours per week, including overtime (but excluding unavoidable times of emergency such as disasters and other crises) shall not exceed the maximum prescribed by law;
- The provision of legally mandated annual paid leave, prenatal and postnatal leave and childcare leave;
- The provision of legally mandated rest breaks;
- The performance of physical and mental health examinations to protect the health of workers

Suppliers shall pay close attention to avoiding excessive working hours for long-distance truck drivers through means including appropriate operational management and health checks.

## **Wages**

- **Suppliers shall pay appropriate wages and allowances that meet statutory requirements including minimum wage, overtime wages, legal benefits and employee benefits. Also, suppliers shall not make unreasonable wage reductions for disciplinary reasons.**

(Commentary)

Wages must meet the basic living needs of employees, with some disposable income remaining. Employers must make efforts to pay a

living wage if the statutory minimum wage or the industry standard of the country or region where business is being conducted does not meet the basic needs of employees.

In addition, employers must pay workers compensation for overtime work at a higher rate than for normal working hours, in accordance with relevant laws and regulations. Employers must also provide workers with a wage slip that confirms correct payment.

Unjustified wage deductions such as uniform fees, fees for personal protective equipment required for work and uniform cleaning fees are regarded as unpaid wages. However, unpaid wages do not include compensation deducted due to late arrival or absenteeism.

Wage reductions for disciplinary reasons not covered by labor laws, work regulations, agreements between labor and management or the consent of the recipient are not permitted.

## Occupational Health and Safety

### **Employee Safety**

- **In workplaces and company-provided housing, suppliers shall identify potential chemical, biological or physical hazards that affect the safety of employees, and take safety measures.**

(Commentary)

Suppliers need to identify workplace hazards, including their likelihood of occurrence, and take safety measures for workers. Examples of

workplace hazards include human contact with machinery, chemicals and electricity and other energy sources, as well as fires, accidents involving vehicles, and falls.

Examples of safety measures that suppliers must implement systematically are as follows.

- Identify and evaluate hazards, including the likelihood of their occurrence;
- Design workplaces with appropriate attention to risk elimination and preventive maintenance;
- Safety awareness activities, including handling of personal protective equipment

Pregnant women and breastfeeding mothers require special consideration.

Types of work requiring particularly rigorous safety measures include work in low-temperature warehouses and high-temperature and high-humidity factories, vehicle operation for extended periods, and handling of harmful chemical substances, microorganisms, viruses and radioactive ores. Regarding risks arising from chemical and biological processes, management processes must be put in place to prevent or address the catastrophic release of chemical or biological substances.

## **Emergency Response**

- **Suppliers shall take emergency preparedness measures in workplaces and company-provided housing, and shall conduct periodic emergency drills.**

(Commentary)

All companies must be prepared for fires and other emergencies. They must prepare for emergencies in order to protect worker lives and safety and company assets.

”Emergency preparedness” includes emergency reporting systems; worker notification systems; clear evacuation methods; installation of evacuation facilities; clearly marked exits that are free of obstacles; appropriate exit facilities; stockpile of emergency medical supplies; installation of fire detection systems, fire extinguishers, fire doors and sprinklers; ensured means of external communication; and established recovery plans. Both workplaces and company-provided housing require advance preparation.

Employees must be thoroughly acquainted with emergency preparedness measures. Methods include conducting emergency preparedness education that includes evacuation drills, and storing and displaying emergency response procedure manuals in easily accessible places in the workplace.

### **Safety of Equipment, Facilities and Vehicles**

- **Suppliers shall conduct regular inspections and take safety measures for production machinery, vehicles, and other facilities and equipment.**

(Commentary)

Most workplaces use machinery, equipment and vehicles of some kind. The appropriate design, maintenance and use of these devices is essential for the safety and health of employees. Whether for a simple or complex machine or for a forklift or truck, every precaution must be taken to protect equipment operators, drivers and other employees from injury.

Safety measures involve management practices that prevent accidents and health problems that occur during work. For mechanical devices, examples include the adoption of safety mechanisms with nomenclature ranging from fail-safe and foolproof to interlock and tagout, the installation of safety devices and protective walls, and regular inspections and maintenance of machinery and devices.

### **Physically Demanding Tasks**

- **Suppliers shall take safety measures for physically demanding tasks, including those that require lifting of heavy objects or prolonged standing, and highly repetitive tasks.**

(Commentary)

In addition to heavy labor such as manually handling and transporting raw materials and heavy items, physically demanding tasks include repetitive work over extended periods such as physically demanding assembly work and data entry, and work that involves unnatural posture. Safety measures are important because these tasks can result in injuries and disabilities due to physical stress. Examples of safety measures include an ergonomic work environment, regular rest breaks, the provision of work aids and equipment, and sharing of tasks by and in cooperation with multiple workers.

## **Sanitation**

- **In workplaces and company-provided housing, suppliers shall provide ready access to clean toilet facilities and potable water, and sanitary eating facilities.**

(Commentary)

Protecting the health of employees and keeping the working and living environment sufficiently sanitary is crucial for sound corporate activities. Ensuring hygiene requires keeping facilities clean and hygienic and attention to the following points:

- Potable water: water quality inspection in compliance with laws and regulations, and access to safe drinking water by providing water coolers and the like;
- Provision of hygienic meals: includes clothing and health inspections for cooks, pest control, proper temperature control of food, and certification of cafeteria operations;
- Toilets: includes clean toilet facilities sufficient for the number of people, and provision of toilet paper;
- Dormitories: includes fire prevention measures, emergency evacuation routes and exits, secure storage facilities for personal belongings such as lockers with keys, sufficient room size of approx. 3.3 m<sup>2</sup> or more per person, ventilation, temperature control, and appropriate lighting.

## **Health Management**

- **Suppliers shall practice proper health management with consideration for maintaining employees' health.**

(Commentary)

Protecting the health of employees supports their health and welfare and sound corporate activities. Suppliers shall ensure that employees receive high-quality medical care in the workplace and in the local community, and implement measures such as encouraging healthy lifestyles through health promotion programs.

At its very least, “appropriate health management” involves conducting legally mandated health examinations for prevention and early detection of employee illness. Due consideration must also be given to preventing health problems due to overwork and to providing mental health and other care.

## **Communication**

- **Suppliers shall** share, convey and provide education on the necessary health and safety information in employees' native language or a language they can understand.

(Commentary)

Suppliers must provide appropriate workplace health and safety information and education and training for any identified workplace hazards to which workers will be exposed, including mechanical, electrical, chemical, fire and physical hazards. Supervisors and managers are responsible for the health and safety of their employees, so they need to know how to identify and address risk factors in the workplace. At the very least, other employees need to understand the

health and safety risks of their work and the precautions they must take to work safely.

Suppliers shall clearly display health and safety information within their facilities in locations that are identifiable and accessible to workers. Information must also be provided in a language that their workers understand, regardless of their nationality.

Education and training shall be provided to all workers prior to the start of work and thereafter on a regular basis. Adequate safety information, education and training is particularly important for workers handling dangerous substances such as radioactive materials, pharmaceuticals, pharmaceutical intermediates, reagents, microorganisms, viruses and toxic substances.

## Environment

### **Climate Change**

- **Suppliers shall set targets for reduction of greenhouse gas emissions, and make efforts to reduce greenhouse gas emissions by promoting energy conservation and the use of renewable energy.**

(Commentary)

Climate change countermeasures are one of the most important challenges facing humankind today. “Greenhouse gases” refers to a diverse array of gases, but generally to carbon dioxide (CO<sub>2</sub>), methane, nitrous oxide, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulfur hexafluoride (SF<sub>6</sub>).

Suppliers need to set voluntary reduction targets, formulate plans in order to ensure the reduction of greenhouse gas emissions.



The following are examples of measures for reducing greenhouse gas emissions:

- Efficient use of energy in operations
- Use of renewable energy such as wind power, hydropower and solar power
- Use of fuel-efficient vehicles, electric vehicles, fuel cell vehicles, etc.
- Improving transportation efficiency by raising the truckload utilization capacity ratio and by achieving a modal shift to rail and marine transportation, etc.
- Upgrading to refrigerants that have low global warming potential values

## **Water**

- **Suppliers shall make efforts to reduce the amount of water used in business processes, and prevent the release of polluted water into the environment.**

(Commentary)

Water is indispensable for almost all types of businesses, whether for factories, farmland, offices, or food processing facilities. Responsible water use means limiting water use as much as possible, minimizing the environmental impact of water use, and managing wastewater

appropriately. The use of water requires particular attention, especially in areas with high water risk.

In addition, companies must continuously monitor pollutants in wastewater to avoid adverse effects on the surrounding area and the environment. Emergency facilities are also required. Examples include isolation valves and shut-off valves to stop leakage and outflow of clean water and sewage due to industrial accidents and natural disasters, and rainwater and sewage basins to handle leakage or overflow.

## **Waste**

- **Promote efficient use of raw materials, reduce waste, and dispose of waste properly.**

(Commentary)

Waste includes by-products, virgin material and garbage from company operations. Waste must be treated in accordance with the law. The problem of food loss in particular has attracted public attention in recent years, and therefore requires appropriate measures.

Appropriate waste management programs to reuse, reduce and recycle waste can also lessen environmental impact and reduce corporate costs.

In addition, medical waste requires rigorous measures such as proper treatment of infectious waste.

## **Control of Emissions into the Atmosphere**

- **Suppliers shall make efforts to reduce emissions of ozone-depleting substances and atmospheric pollutants.**

(Commentary)

Atmospheric emissions are gases, steam, and fine particles (dust) released into the atmosphere from sources such as chimneys, vehicle exhaust, electric power generators, and facility air outlets. These emissions can cause air pollution and affect the environment and the health of employees and residents of the local community.

Atmospheric emissions can also include ozone-depleting substances and volatile organic compounds. Suppliers shall analyze and monitor these substances prior to emission, and based on the results, conduct required management and treatment before their release.

Countermeasures include regular inspections of the process for handling emitted substances and the performance of processing equipment.

## **Chemical Substance Management**

- **Appropriately manage chemical substances, reduce the amount used, replace with less harmful substances, and implement programs to prevent leakage.**

(Commentary)

Chemical substances can adversely affect the environment and the human body. Therefore, these substances must be managed and used according to their characteristics. In Japan, for example, chemical substances must be managed in accordance with the Act on the Evaluation of Chemical Substances and Regulation of Their

Manufacture, etc. (commonly referred to as the "Chemical Substances Control Law"), the Poisonous and Deleterious Substances Control Act, the Industrial Safety and Health Act, the Fire Service Act and the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (commonly referred to as the "PRTR Law"). Appropriate management of chemical substances includes proper management of safety data sheets (SDS), labeling of chemical substances, use of protective equipment and having procedures in the event of leakage.

### **Consideration for Local Communities**

- **Suppliers shall show consideration for neighboring residents by reducing noise, vibration and odors caused by the supplier's business operations.**

(Commentary)

Noise, vibration and odors from factory and vehicle operations can adversely affect the living environment of local residents. These issues must be properly managed through the introduction of equipment and changes to operations. Early morning and night-time factory and vehicle operations require particular attention.

Regular dialogue with local residents is also important for identifying issues and deepening understanding.

### **Biodiversity**

- **Suppliers shall make effort to conserve biological diversity and the natural environment.**

(Commentary)

“Biodiversity” refers to the diversity of ecosystems, species and genes on Earth. It is also a measure of the health of ecosystems. Maintaining and conserving biodiversity is important because many companies rely directly or indirectly on natural resources for the continuity of their businesses.

Specifically, area environmental assessments must be conducted before expanding or operating new factories to avoid adversely affecting the natural environment and biological diversity.

## **Animal Welfare**

- **Suppliers shall give consideration to animal welfare.**

(Commentary)

“Animal welfare” means a commitment to the physical and mental welfare of animals through activities such as minimizing the pain and stress that humans give to animals. The following “five freedoms” are principles recognized worldwide, and related legislation is moving forward in Europe and the United States.

- **Freedom from hunger or thirst** through ready access to food and water

- **Freedom from discomfort** through the provision of an appropriate environment
- **Freedom from pain, injury or disease** through prevention, diagnosis and treatment
- **Freedom to express (most) normal behavior** through the provision of sufficient space, appropriate stimulation and company of the animal's own kind
- **Freedom from fear and distress** through the provision of appropriate conditions and treatment

These principles require people to consider livestock breeding and slaughter methods. This mindset has also expanded over the past several years to include decapods such as shrimp and cephalopods such as squid in addition to livestock.

Regarding the use of animals in life science testing, the three Rs have been adopted: replacement, which means use of non-animal methods over animal methods whenever it is possible to achieve the same scientific aims; reduction, which refers to methods that enable researchers to obtain comparable levels of information from fewer animals; and refinement, which refers to methods that alleviate or minimize potential pain, suffering or distress for the animals used. Alternative methodologies that are scientifically valid and acceptable at the regulatory level are desirable.

## **Raw Material Procurement**

- **Suppliers shall ensure the traceability of raw materials and conduct procurement with consideration for protection of natural resources, the environment and animal welfare.**

(Commentary)

The collection and production of raw materials such as agricultural, marine and livestock products can cause problems such as deforestation, environmental pollution and resource depletion. Therefore, it is necessary to trace raw materials to ascertain their origin and confirm they have no adverse effect on the environment.

Through the use of a certification system, this type of sustainable raw material procurement can ensure a measurable level of sustainability.

The following are examples of well-known certifications.

- Marine Stewardship Council (MSC)

<https://www.msc.org>

- Aquaculture Stewardship Council (ASC)

<https://www.asc-aqua.org>

- Roundtable on Sustainable Palm Oil (RSPO)

<https://www.rspo.org>

- GLOBALG.A.P., ASIAGAP, and J-GAP (Good Agricultural Practice)

<https://www.globalgap.org/>

<https://jgap.jp>

## Management

### **Establishment of Management System**

- **Suppliers shall establish an appropriate internal management framework and operate a management system for complying with the Nichirei Group Supplier Code of Conduct and these guidelines.**

(Commentary)

Fulfilling each of the items in these guidelines requires an appropriate management system.

Suppliers shall establish a management system based on a framework for continuous improvement using a policy-based Plan-Do-Check-Action (PDCA) system of execution measures for corrective action and stakeholder engagement. This approach is not necessarily for the purpose of obtaining certification. Furthermore, the management system should include the following elements:

- Corporate commitment (policy)
- Manager accountability and responsibility
- Legal requirements and customer requirements
- Risk identification and risk management
- Goals for improvement
- Education and training
- Communication
- Worker feedback, participation and grievances
- Assessment and audit of identified risks
- Corrective action process



- Documentation and archiving

The following certifications are useful for establishing a management system.

- Occupational health and safety management system: ISO 45001 and others
- Environmental management system: ISO 14001 and others
- Quality management system: ISO 9000, ISO 13485 and others
- Food safety management system: ISO 22000, FSSC 22000 and others
- Information security: ISO/IEC 27001 and others
- Business continuity plan: ISO 22301 and others

## **Operating Permits**

- **Suppliers shall appropriately obtain and maintain the permits, authorizations and notifications, etc. that are necessary in their operations.**

(Commentary)

Companies need to meet the requirements of permits, authorizations and notifications mandated by laws and regulations in ways that are appropriate to their businesses.

Japan has laws and regulations that require companies to employ managers with certain qualifications. For example, the Waste Management and Public Cleansing Law requires administrators qualified to manage the treatment of specially controlled industrial waste, the Act on Temporary Measures to Promote Business Activities

for the Rational Use of Energy and the Utilization of Recycled Resources (commonly known as the Energy-Saving Act) requires energy managers in plants that use energy exceeding a designated level, and the Air Pollution Control Act requires pollution control managers at plants that emit chemical substances, dust, and soot.

In addition, the use of chemical substances in business operations incurs various obligations. For example, companies that use poisonous and deleterious substances, designated chemical substances or hazardous materials are required to employ administrators specifically qualified to manage those substances. A company's business or plant location may also necessitate environmental impact assessments or administrative permits for facilities that handle hazardous materials.

Permit, authorization and notification requirements vary by business and industry, so suppliers need to ascertain relevant obligations and take appropriate action.

## **Quality Control**

- **Suppliers shall ensure the quality and safety of their products and services.**

(Commentary)

The safety, quality, and accuracy of information regarding products and services can have a tremendous impact on customers and on stakeholders throughout the supply chain. Widely used management systems include ISO 9001 and ISO 22000.

In the unlikely event of a product malfunction, prompt action to minimize damage is required, such as reporting to relevant parties,

suspending production, recalling products and introducing corrective measures.

## **Information Management**

- **Suppliers shall properly manage and protect the inside information of other companies, including intellectual property, as well as the personal information of related parties.**

(Commentary)

Information management has become increasingly important with rapid progress in the advanced information and communication society in recent years. Inadequate information management such as leakage of confidential and personal information can have a tremendous impact, not only on companies and their customers, but also on various stakeholders, including those in the supply chain.

In addition to measures to prevent confidentiality breaches and protect personal information, cyber security against ransomware attacks has become extremely important in recent years.

## **Harmonious Coexistence with Local Communities**

- **Suppliers shall strive for harmonious coexistence with local communities as a member of society.**

(Commentary)

Harmonious coexistence with local communities is extremely important for stable business activities. Regular dialogue with local residents and a variety of community development initiatives are therefore important.

Social contributions in the local community, employee volunteerism, collaboration with NPOs and governments to resolve social issues, and donations and support in the event of a disaster are recommended.

## **Business Continuity**

- **To meet their supply obligations, suppliers shall formulate business continuity plans to ensure preparedness for large-scale natural disasters and other adverse events.**

(Commentary)

Risks that impede business continuity include large-scale natural disasters such as earthquakes, tsunamis, floods, torrential rain, heavy snowfall and tornadoes, along with associated power outages, water outages, traffic obstacles, accidents such as fires and explosions; epidemics due to infectious diseases and other illnesses; and terrorism and riots.

Requisite proactive measures require a localized strategy to protect against, mitigate and recover from assumed damage to individual components of production facilities. Efforts should also include ensuring alternative production methods under the assumption that restoring damaged facilities may take an extended period of time.

Suppliers need to formulate a manual for rapidly restoring operations in the event they are interrupted, and to provide ongoing education and training to employees so that they can respond to disasters.

## **Grievance Mechanisms**

- **Suppliers shall accept reports from stakeholders regarding acts that violate the Nichirei Group Supplier Code of Conduct and these guidelines, and implement mechanisms for rectification.**

(Commentary)

“Grievance mechanisms” are mechanisms for ameliorating negative impacts from corporate activities involving human rights or other issues should they occur. These mechanisms include hotlines, internal whistleblowing systems and mentoring systems.

The Nichirei Group Supplier Code of Conduct and these guidelines require the establishment of mechanisms that enable employees and other stakeholders to report violations following predefined procedures. Grievance mechanisms can also be established for use by a single supplier or collectively by several companies.

In addition, the grievance mechanisms must ensure the confidentiality of the report, including the names of employees and others involved in making the report, and must protect those people from retaliatory treatment.

## **Supplier Management**

- **Suppliers shall encourage upstream suppliers to comply with guidelines consistent with the Nichirei Group Supplier Code of Conduct and these guidelines.**

(Commentary)

The Nichirei Group Supplier Code of Conduct and these guidelines must be followed throughout the supply chain. Therefore, in addition to

implementing them internally, suppliers need to expand this initiative by encouraging upstream suppliers to comply with guidelines consistent with the Nichirei Group Supplier Code of Conduct and these guidelines, continuously monitor the supply chain, and take corrective action as needed.

The Nichirei Group expects swift compliance with any requests for supplier cooperation.