

Sustainable Procurement Guidelines

Idemitsu Kosan Co.,Ltd

Introduction

Idemitsu Group have established the following basic procurement policy based on our management vision and action guidelines.

In our basic procurement policy, we set two policy in order to and working to improve each other's level. One is to have established the "Sustainable Procurement Guidelines", and the other is to have exchange information with our business partners on the status of efforts related to sustainability.

This guideline is based on our management vision, action guidelines and basic procurement policy, and is formulated based on an international framework. We would like our business partners to take action based on this guideline and extend it to their business partners.

Idemitsu Kosan Co., Ltd.
Procurement Manager

Basic Procurement Policy

Idemitsu Group have established the following basic procurement policy based on our management vision and action guidelines, and through our procurement activities based on our noble ethics, we will co-create a “sustainable development society” throughout our supply chain with our business partners.

This policy applies to Idemitsu Kosan Co., Ltd., its Major affiliated companies, General affiliated companies and Second-generation subsidiaries.

1. Mutual trust and contribution to the local community

- (1) We will work with our business partners to create new value and engage in procurement activities based on mutual trust.
- (2) In our procurement activities, we will endeavor to contribute to the sustainable development of the local community.

2. Equal opportunity and fair and equitable procurement transactions

- (1) We will open the door to a wide range of domestic and overseas business partners and provide free and fair competition opportunities.
- (2) When deciding on procurement transactions, we will make a fair decision based on a comprehensive judgment which consist of not only the quality, price, delivery time, and consistency with existing equipment, but also the technical capabilities, supply capabilities, service capabilities of business partners, and management stability and sustainability efforts.

3. Social responsibility

- (1) In order to realize a “sustainable development society”, we will fully consider safety, human rights, health, and environmental protection, and fulfill our social responsibility as a company with our business partners.
- (2) We will establish “Sustainable Procurement Guidelines”, exchange information with our business partners on the status of efforts related to sustainability, and strive to improve each other's levels.

4. Compliance with law and procurement ethics

- (1) We will comply with related laws, contracts, and internal regulations, have high ethical standards, and humbly and honestly engage in procurement activities.
- (2) We will not accept bribery, entertainment and gifts that deviate from the scope of common sense and international wisdom.
- (3) We will block all relationships with anti-social forces and groups that threaten social order and safety.
- (4) We do not engage in mutual benefit transactions on the condition that our products and services are sold. Also, we will not engage in procurement activities that infringe on the intellectual property rights of our business partners or third parties.

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Idemitsu Kosan Co.,Ltd.

Sustainable Procurement Guidelines

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1. Organizational governance

(1) Legal Compliance

We will comply with various laws and regulations when conducting business activities.

We will review and observe the laws and regulations of all relevant countries and regions thoroughly and conduct business operations in accordance with the laws. In international transactions, we will comply with treaties, agreements, and other international rules.

(2) Prevent the Unauthorized Release of Personal Information

We are requested to appropriately control and protect personal information of employees, customers, and third parties.

We will construct and operate to the overall management scheme on personal information, including creation of regulations and guidelines to be observed by employees, making plans, implementing programs, internal audits, and reviews based on the management scheme.

We will not unreasonably or improperly obtaining, utilizing, disclosing or unauthorized releasing personal information.

(3) Elimination of Intellectual Property Rights Infringement

We will not eliminate intellectual property rights infringement.

Prior to development, production, sale, and/or provision of a product/service, we will preliminary survey shall be sufficiently conducted about the intellectual properties of third parties. We will not use a third party's intellectual property without permission. Also we will not procure and utilize reproduction of mold, computer software or another copyrighted work constitutes, and trade secret of a third party.

(4) Detect Injustice Promptly

We are requested to perform activities to prevent improper acts, and to streamline the system to discover and to respond to improper acts in an early stage.

We will train and enlighten employees in order to prevent improper acts as well as to create a rich communication in workplace.

We will assign in-house and outside contact persons who handle improper act so that the top management can discover an improper act in an early stage. In addition, we will try to ensure privacy of the whistleblower and protect the whistleblower appropriately.

(5) Secure Computer Networks Against Threats

Secure computer networks against threats

We are requested to take protection against threats on the computer network, and to prevent damages to their company and others.

We will take measures to prevent serious losses such as customer information and confidential information leaked by computer viruses, computer worms, spyware, etc., attacks on other companies' computers, business stagnation and loss of credit.

(6) Disclose Appropriate Company Information

We are requested to positively disclose company information for stakeholders, regardless of legal obligation.

We will proactively try to provide and disclose to stakeholders information on business activities, financial status, business results, risk information (such as damages caused by large-scale disasters, occurrence of adverse effects on the environment and society, detection of serious legal violations, etc.)

2. Human rights

(1) Respect for Human Rights

We will respect basic human rights.

We will not discriminate or infringe on human rights in accordance with the constitution, laws and international standards. Moreover, we are requested to respect the privacy of individuals.

(2) Prohibit Forced Labor

We are requested to employ all employees on a voluntary basis, and not to commit forced labor.

- We are requested to employ all employees on a voluntary basis, and not to commit forced labor. Above-mentioned forced labor means all non-voluntary labor.
- The followings are examples of typical forced labor:
- Labor for debt that limits the freedom of job turnover due to unpaid debt, etc.
- Slave labor practiced as a result of trafficking of humans
- Inhumane prison labor in harsh environments
- Prohibition of voluntary job turnover
- Obligation to deposit identification cards/passports/work permit cards with employers

(3) Prohibit Child Labor

We are not to employ children who do not meet the minimum lowest labor age and not to assign such jobs to children that impair children's development.

Generally, child labor means employment of persons who do not meet the minimum lowest labor age and negligence of young laborer protection as specified in the treaty and/or recommendations of International Labor Organization (ILO).

For example, employment of persons who are under fifteen years old and violations of the law to protect young laborers are prohibited as the case of child labor in Japan. Limitation of night-shift work and dangerous work are concrete examples of protecting young laborers from employment that may impair their health, security, and morality. Also, as for international cases, employments of persons who do not meet the minimum lowest labor age and the violation of the obligation to protect as specified in each country's law apply to child labor.

In countries where there are no relevant laws, acts violating the lowest age treaty and/or recommendations of ILO are regarded as child labor (The rule of the minimum lowest employment age is fifteen

years old: ILO treaty No.138.)

(4) Prohibit Harassment (Prohibiting Inhumane Treatment and Harassment)

We are requested to respect human rights of employees and to prohibit harsh and inhumane treatment such as maltreatments and/or various harassments.

We will prohibit abuses, physical punishments, sexual harassments, and intimidating harassments (harassment by verbal abuse and intimidating acts).

3. Labor practices

(1) Proper Management of Working Hours

We are requested to regulate employee' s working hours/holidays/vacations not to exceed the legal ceiling.

- The following are the examples of proper control:
- Working hours per week including overtime (except for emergency cases) does not exceed the legal ceiling
- Providing employees with at least one holiday per week
- Providing the rights of a vacation leave on an annual basis as specified in the law

(2) Respect for Diversity

We will respect individual diversity, personality and personality.

We will create an environment where individuals can maximize their abilities and ensure equal opportunities from a fair and impartial standpoint. In addition, the company aims to achieve corporate growth and self-fulfillment by taking advantage of the diversity of human resources. Respect the company-wide policy on diversity and inclusion not only within the company but also for all stakeholders.

(3) Occupational Health and Safety Management System

We are requested to grasp the situation of occupational injuries and illnesses in the workplace, and to provide appropriate measures.

An in-house reporting system for occupational accidents and illnesses has been established based on the safety and health management system. Classification and recording, provision of treatment as necessary, investigation, implementation of corrective measures to eliminate causes, There is a system in place that enables the promotion of return to work (including participation in industrial accident insurance). In addition, the necessary procedures for the government will be conducted in accordance with laws and regulations.

(4) Health and Safety Education and Guidance

We will thoroughly implement safety and health education and raise awareness of health and safety.

We will ensure the safety and health of the workplace and facilities, develop safety and health rules and emergency response procedures, and ensure that employees are thoroughly informed through education and guidance.

(5) Promote Health Maintenance Programs for Employees

We are requested to provide appropriate health maintenance programs for all employees.

We will prevent and detect employees' illness early by providing medical checkup according to the standard of law. Also we will prevent from health problems due to overwork and care for mental health considered adequately.

(6) Prohibit Discrimination

We will prevent and detect employees' illness early by providing medical checkup according to the standard of law. Also we will prevent from health problems due to overwork and care for mental health considered adequately.

We will hire workers based on their job capabilities.

We will eliminate discrimination based on job status, employment type, age, gender, educational background, place of origin, nationality, race, disability, ideology, religion, sexual orientation, gender identity, marital status, discriminate based on participation, non-participation, any other discrimination by other circumstances.

In addition, we will prohibit set difference in opportunities and treatment for hiring, promotion, compensation, training, etc., except for rational factors such as ability, aptitude, and results.

(7) Freedom of association and approval of collective bargaining rights.

We are requested to respect the rights to freedom of association of employees, as means of employer-employee consultation, in order to settle working conditions and/or wage issues, etc.

Respecting the rights of employees to organize means of considerations for freedom of association, freedom to participate in labor unions according to laws, freedom to stage a protest, and freedom to participate in workers' council without revenge, threats, and/or harassments to employees.

(8) Pay Appropriate Wages

We are requested to pay legal minimum wage or more, and not to practice unfair wage deduction as means of a disciplinary action.

We will pay the minimum wage stipulated by in each country's wage-related laws and other benefits including overtime allowance and statutory benefits, and will not make wage reductions that violate labor-related laws.

4. Environment

(1) Establish and Apply an Environmental Management System

We are requested to establish and implement an environmental management system.

We will make it clear the officer / organization / internal audit system for promoting environmental activities in the environmental management system and the environmental policy is created, and the measure is continuously improved by the PDCA (Plan Do Check Action) closed-loop.

(2) Promotion of Green Procurement of Raw Materials

We will promote green procurement.

We will promote green procurement aimed at reducing the burden on the environment based on domestic laws, regulations and international treaties such as the “The Basic Environmental Law” and “Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities” etc.

Furthermore, we will not procure products and parts made from illegal logging.

(3) Climate Change Action(Prevention of Global Warming)

We will conserve energy as a means of preventing global warming.

We will endeavor to reduce in unit energy consumption based on the Act on the Rational Use of Energy by strive to save the use of heat and electric energy. We will also actively use renewable energy such as solar energy.

(4) Efforts for Biodiversity Conservation

We strive for business activities that take biodiversity into consideration.

We recognize the importance of biodiversity and identify environmental impacts, including potential impacts on biodiversity, before any new or existing business changes. In addition, we respect the basic concept of protected areas and endeavor to maintain the ecosystem.

(5) Effective Utilization of Resources(3Rs)

We promote 3Rs, which mean Reduce, Reuse, and Recycle.

We promote the 3Rs of Reduce, Reuse, and Recycle and make effective use of resources by promoting the use of recycled materials and recycled parts, etc. by reducing the amount of materials used and waste in products.

5. Fair business practices

(1) Compliance with Antimonopoly Law

We will conduct business through free and fair competition.

We comply with competition-related laws such as the Antimonopoly Act, Act against Unjustifiable Premiums and Misleading Representations, the Subcontract Act and the Unfair Competition Prevention Act, and carry out our business through free and fair competition.

Under any circumstances, we understand the significance of competition-related laws and regulations and will not do anything that may impede free and fair competition such as unfair trade restrictions (cartels), restraint of resale prices, abuse of superior positions, etc.

(2) Engaging in Appropriate Export and Import Management

We will observe the provisions of all relevant laws and regulations in exporting with the aim of supporting international peace and safety.

From the viewpoint of maintaining the peace and security of the

international community, we will observe the regulation related the export of specific cargo to specific areas such as conflict areas regulated by the Foreign Exchange and Foreign Trade Law and the provision of designated technologies and services.

(3) Fair Dealing Method

We always maintain a fair and impartial position with our business partners and carry out business in accordance with relevant laws, regulations and procedures.

We will always act in good faith in accordance with the contracts with clearly defined conditions. By maintaining fair procurement activities, we will strengthen mutual trust and cooperation with our business partners, and build a sustainable partnership that enhances mutual cost competitiveness and promotes mutual research.

We open our doors in procurement activities regardless of domestic or overseas, and in the selection and evaluation of suppliers, we place emphasis on economic rationality while maintaining quality, technological development capabilities, delivery time, reliability, safety, we will judge from a comprehensive perspective includes efforts for aftercare and environmental conservation. When procuring products and services, we always keep fair competition in mind, and carry out fair and transparent procedures based on procurement-related rules without imposing high-pressure attitudes and unreasonable challenges.

(4) Prohibit Corruption and Bribery

We will not commit bribery and/or making illegal political donations.

We will not offer or pay bribes to public officials in any way, regardless of whether we are seeking a return on business benefits, benefits, etc.

(5) Restrictions on Excessive Hospitality or Gifts

In principle, we will not give gifts or entertaining with business partners.

We do not ask for the provision of gifts / entertainment by using excessive gifts / entertainment to advance the terms and conditions of business with our clients or by taking advantage of our business position. It can be misleading.

(6) Block all contact with criminal organizations or nefarious groups

We are requested to take determined action against the influence of criminal organizations or nefarious groups in order to block any and all contact with such entities.

Anti-social forces are groups / individuals pursuing economic interests using violence / power / fraud techniques, and are not limited to those involved in gangsters, a sokaiya corporate racketeer, and the groups / individuals who borrow these powers in the vicinity, Claims / complaints, activities that disguise political movements and also include social activities, demanding acts that lack social equivalence using economic transactions, etc., and groups / persons who make unreasonable requests beyond legal responsibility. We will take determined action against the approach from anti-social forces, and cooperate with police and other agencies to thoroughly block the relationship. We will never respond to unreasonable demands from anti-social forces.

(7) Approach to Conflict Mineral

We are requested to disclose the specific use of conflict minerals, such as those mined in the Democratic Republic of the Congo and other conflict regions, in products.

Conflict minerals are tantalum, tin, gold, tungsten, and other minerals designated by the US Secretary of State under the "Financial Regulation Reform Act" enacted in the United States. We will grasp condition for the usage of conflict minerals produced in conflict

areas in their products since part of the minerals produced in conflict areas, including the Democratic Republic of the Congo, is said to be fomenting conflict by providing funds for armed groups engaged in inhumane acts or human rights infringements.

6. Consumer issues

(1) Control Hazardous Chemicals

We are requested to control chemical substances defined by laws and regulations.

We will not procure products or raw materials that contain chemical substances that are prohibited by law. Moreover, we will grasp and report the amount of chemical substances transferred in the manufacturing process based on laws and regulations.

(2) Ensuring Product Safety

We are requested to satisfy safety standards defined by laws and regulations by each country, for products when they develop/design.

In the product design phase, the product safety shall be sufficiently ensured with consideration of the product liability and responsibility as a manufacturer. On product safety, normally requested safeties as well as compliance with laws are considered. Securing of product safety includes management of traceability (history of materials, parts, processes, etc.) and prompt response for problem solving.

(3) Establish and Apply Product and Service Quality

We are requested to establish and implement a quality management system.

We will build a quality management system that includes an organizational structure, planned activities, shared responsibility, practices, procedures, processes, and management resources to promote quality assurance activities. Furthermore, we will make

continuous improvements with using the so-called PDCA (Plan Do Check Action) closed-loop.

(4) Providing Precise Information on Products and Services

We are requested to provide accurate information on products and services to consumers and customers.

We will provide the information as follows:

- Accurate specification, quality, and handling procedures about products/services.
- Accurate information on substances contained within products and their components.
- Sales promotion such as catalogs and advertisements for a product/service shall not use untruthful/incorrect expressions and descriptions that mislead consumers/customers, and shall not include information that slanders or infringes other companies or individuals.

7. social contribution

(1) Contribute to Society and Community

We are expected activities to contribute to the development of global society and local community.

We will support local communities with using company's management resources as follows.

- Social contribution using regular business operation and existing technologies.
- Social contribution using facilities and human resources, etc.

Supplementary Provisions

1. Authorizing person;

This Rule shall be established, revised or abolished with the authorization of IKC General Manager of Procurement Department.

2. Responsible manager

The Static Machinery Group shall be responsible for the content of this Rule and formalities relating to its establishment, revision or abolition procedures..

3. Effective date:

This Rule shall come into effect on Apr 1, 2024.

4. Establishment and revision dates

Established on May 21, 2020

Revision 1 on Nov15,2021

Revision2 on Mar 15,2022

Revision3 on Apr 17,2023

Revision4 on Apr 1,2024