

CSR Procurement Guidelines

July 2024

PILLAR Corporation

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I Motto and Management Philosophy

Motto

Quality First
Cooperation and Harmony
Steady Research

Management Philosophy

Integrity	To maintain integrity and uphold high ethical standards in your professional conduct.
Innovation	To embrace the challenge of innovation to help create a better future society.
Progress	To pursue continuous improvement and reform to drive real evolution.
Human Resources	To use business activities to develop individuals who possess high levels of expertise, leadership, as well as social skills.
Team	To build a team where the wisdom and abilities of diverse colleagues generate synergy.

II Procurement Policy

In order to contribute to the emergence of a society committed to sustainability, we must accommodate the needs of society not only within our Group but also throughout the supply chain.

We therefore ask our suppliers to adhere to our Group Motto, Management Philosophy, and CSR initiatives and to support and accommodate our procurement policy. Our Group procures products and services according to the following seven policies.

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1. Compliance

We shall comply with all relevant laws and regulations as well as social norms both domestically and internationally.

2. Human rights

We shall respect human rights in all our corporate operations.

3. Environmental protection

We shall contribute to protection of the global environment through our purchasing operations.

4. Fair and equitable trading opportunities

We shall provide fair and equitable trading opportunities according to the principles of free competition both domestically and internationally.

5. Partnerships

We shall endeavor to establish bonds of trust and strengthen our relationships with our business partners in a spirit of shared prosperity.

6. Health and safety

We shall strive to prevent accidents and minimize the spread of infectious diseases while building a workplace environment in which all employees can work with greater peace of mind.

7. Rejection of anti-social forces

We shall reject any and all associations with anti-social forces and organizations.

III CSR Procurement Standards

1. Compliance

a) Compliance with laws and regulations and social norms

- We shall conduct our corporate operations according to all relevant laws and regulations, social norms, and social conventions.
- We shall strive to act in accordance with all international laws as well as the local laws and regulations of the various countries in which we operate.

b) Prohibition on giving and receiving of unethical benefits

- We prohibit to give and/or receive any unethical benefit through business transactions.
- Employees shall not engage in illegal acts, pursue profits by unethical means, or act in an inexplicable or opaque manner.

c) Protection and management of intellectual property rights and confidential information

- Respect for and protection of intellectual property
We shall respect the intellectual property rights of third parties and shall not use intellectual property in an illegal manner. Moreover, we shall manage our own intellectual property in an appropriate manner to ensure it is not used illegally.
- Management of confidential information
We shall exercise strict internal control of all confidential information obtained through our corporate operations. In addition, we shall manage this information in an appropriate manner to ensure it is never disclosed to a third party without permission.

d) Responsible procurement of resources and raw materials(elimination of conflict minerals)

When procuring resources and raw materials, we shall consider the impact on local communities arising from the use of such raw materials, including conflict minerals*, which can contribute to social problems related to human rights and the environment. *Minerals extracted in the Democratic Republic of the Congo and neighboring countries that are known to fund armed rebels and engage in human rights violations in conflict areas.

e) Labor

- Child labor
We forbid labor by children who have not attained working age according to the laws and regulations of the country or region in question.
- Unfair labor practices
We shall never engage in forced labor.
We shall ensure that all labor is voluntary and that employees are free to leave. Moreover, all vocational training and apprenticeships shall be limited to the scope permitted by the applicable laws and regulations of the country in question.
- Freedom of association
We shall respect the right of all employees to organize.

2. Human rights

a) Respect for human rights

We shall maintain a healthy working environment free from harassment and discrimination on the basis of nationality, race, ethnicity, beliefs, religion, gender, age, social status, physical characteristics, property, or place of birth.

b) Elimination of discrimination

In all employment situations (application, recruitment, promotion, compensation, right to receive education, granting of employment, wages, benefits, discipline, dismissal, retirement, etc.), we shall not discriminate on the basis of personal factors as protected by the applicable laws and regulations of each country with respect to race, ethnicity, nationality, religion, age, and gender and the like.

3. Environmental protection

a) Measures and initiatives to achieve reduction targets for CO2 emissions

With the recognition that protection of the global environment is the most important issue of common relevance to all human beings, we shall actively promote environmental initiatives as an essential condition of our corporate operations.

b) Initiatives for voluntary inspection of chemical substances

We shall take steps to improve our environmental performance and appropriately manage environmentally hazardous substances.

c) Disseminating green procurement standards

We shall formulate green procurement standards and communicate them to the manufacturing sites.

d) Evaluating the status of initiatives and providing feedback on improvements

We shall evaluate the status of our business partners' initiatives, provide feedback, and make an effort to suggest improvements.

e) Compliance with international standards as well as laws and regulations

We shall actively comply with ISO 14001, REACH regulations, RoHS directives, and other relevant standards.

4. Providing fair and equitable trading opportunities

a) Evaluation criteria for supplier selection

When selecting business partners according to the terms of our ISO 9001- and ISO 14001-based systems, we shall comprehensively consider our stance of continuous and active improvement with regard to price, quality, delivery date, and other factors, and with regard to our social responsibility initiatives related to environmental protection.

b) Fair and equitable opportunities for new entrants

We shall provide open, fair, and equitable opportunities for dealings with motivated and competitive business partners both inside and outside Japan.

5. Partnerships

a) Communication

We shall maintain active communication with our business partners and shall strive to maintain good and sound relationships.

b) Shared prosperity

We shall deepen mutual understanding with our business partners, position ourselves as partners in value creation, establish relationships of trust, and promote mutual development.

6. Health and safety

a) Strengthening of BCP activities

We shall formulate and implement a business continuity plan (BCP) for early recovery in the event of an accident or natural disaster.

b) Managing workplace risks

We shall conduct risk assessments of workplace safety and shall strive to prevent accidents and minimize damage from natural disasters so that all can work with greater peace of mind.

c) Hygiene control

We shall support the health of our employees by promoting health initiatives in the workplace, preventing disease, and providing guidance on infectious disease control.

7. Rejection of anti-social forces

We shall never do business with organized crime groups, gang members, individuals with gang ties, other anti-social forces, or businesses with ties to any of the above.

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