



Yaskawa America, Inc. – Drives & Motion Division

Sustainable Procurement Guidelines

Introduction

Since its founding in 1967, Yaskawa America, Inc. (YAI) has managed its interactions with business partners with a constant commitment to integrity, with the mission of "leveraging the pursuit of its business to contribute to the advancement of society and the well-being of humankind." YAI is expanding significantly in its business domains and countries/regions where it operates and wants to establish a long-term collaboration with its business partners.

As the societal need for ESG (Environmental, Social, and Governance) initiatives, in which corporations fulfill their social responsibilities through their corporate activities, is becoming increasingly strong. For example, international documents such as the United Nations (UN) Sustainable Development Goals (SDGs), UN Guiding Principles for Business and Human Rights, and the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises have been issued and revised to reflect current goals.

YAI has adopted a procurement policy and has been promoting sustainability-related initiatives with our suppliers. In order to meet the expectations of society, we established these guidelines. YAI asks all of you for your cooperation in promoting activities in accordance with these Guidelines. Shared values are the basis of sustainable business relationships.

Our Policy

Principle of Management Policy

YAI follows the Yaskawa Group Principle of Management. At YAI, our mission is to leverage the pursuit of business to contribute to the advancement of society and the well-being of humankind, by:

1. Developing and enhancing world-class technologies, with an emphasis on our foundation of quality.
2. Boosting management and operation efficiency and achieving the returns necessary for the successful growth of the company.
3. Satisfying the needs of the market and dedicate ourselves to serving our customers as a customer centric organization.

Sustainability Policy

We will strive to realize a sustainable society and increase corporate value through the implementation of the Yaskawa Group Principle of Management, which is to leverage the pursuit of our business to contribute to the advancement of society and the well-being of humankind.

1. We will contribute to the value creation for customers and society through creating innovation by cutting-edge mechatronics technologies.
2. We will realize fair and transparent corporate management through communication and collaboration with stakeholders around the world.
3. We will work to resolve social issues globally with the aim of achieving SDGs as a universal goal.



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Procurement Policy

As stipulated in Yaskawa Group Code of Conduct as follows, YAI pursues optimal procurement through assessing its suppliers and implementing proper payment procedures. Yaskawa Group also strongly requests its suppliers to adhere to its compliance policies.

1. When selecting suppliers, we make a comprehensive assessment and rational decision based not only on quality, price, and delivery times but also on the state of their system for operations, such as technical and operations capability, business soundness, legal compliance, environmental conservation, health and safety, and other criteria.
2. In procurement transactions, we secure documents or data that show the agreement between each supplier for the unit price of the order and evidence that the products or services have been received. We also conduct a thorough recording of expenses, amounts of cost and times that are consistent with the facts by following appropriate procedure.
3. We pay close attention in procurement transactions to whether there is any violation of the laws and regulations, risk for conflict of interest, or risk of involvement with organized crime group through money laundering or other illicit activities. We have no relationship whatsoever with organized crime groups and take a firm stance against their demands.
4. We examine the facts about suppliers and their eligibility as a trading partner before a transaction starts and reexamine them regularly after the transaction starts. We also strive to understand as much as possible about the subcontractors of suppliers.

Requests to our Business Partners

Promoting responsible corporate behavior in the supply chain is essential to advancing sustainable management for Yaskawa Group. In these guidelines, each of the items in the "Code of Conduct" shown in Section I and the "Establishing a Management System" shown in Section II are issues to be addressed, including the supply chain.

These guidelines refer to the "Responsibility Business Conduct Guidelines" advocated by Japan Electronics and Information Technology Industries Association (JEITA) and the Responsible Business Alliance (RBA) Code of Conduct.

We ask our business partners to fully understand and observe these matters. At the same time, we would like to ask not only your company, but also the suppliers related to your company to manage, supervise, and disseminate them thoroughly so that you can observe them.



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Section I - Code of Conduct

Respecting the Laws and Internationally Recognized Standards

Companies must respect internationally recognized standards in addition to complying with the laws and regulations of their home country as well as countries and regions where they conduct business.

Human Rights and Labor

Companies must respect the rights of workers in line with international human rights standards including the ILO core labor standards in addition to complying with relevant laws and regulations.

(1) Prohibiting Forced Labor

Companies must not use labor obtained by forced, bonded, exploitative prison labor, slavery, or human trafficking. Companies also must not force to work and must keep the right of workers to terminate employment.

(2) Prohibiting child labor and respecting the rights of young workers Companies must not allow children who are under the minimum age for employment. Furthermore, companies must also not allow young workers under the age of eighteen to perform hazardous work that is likely to jeopardize their health or safety, including night work or overtime.

(3) Decent Working Hours

Companies must not allow workers to work exceeding the maximum working hours set by local laws and regulations, and appropriately manage working hours and days off in consideration of internationally recognized standards.

(4) Adequate Wages and Allowances

Companies must comply with all applicable laws and regulations regarding payments of work (including minimum wage, overtime payments, and allowances and deductions required by law). Furthermore, it is expected that companies will pay wages at a level that allows workers to support their basic needs (a living wage).

(5) Prohibiting Inhumane Treatment

Companies must respect the human rights of workers and must not treat workers in a manner that is or may be construed inhumane, including physical and psychological abuse, coercion, or harassment. Companies must also provide workers with individually secured accommodations for storing their personal and valuable items, and a reasonable personal space along with reasonable entry and exit privilege.

(6) Prohibiting Discrimination

Companies must not engage in discrimination or harassment. Companies must also consider requests from workers regarding religious practices where appropriate.

(7) Freedom of Association and Right to Collective Bargaining



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In conformance with local laws and regulations, companies shall respect the right to collective bargaining of workers and openly communicate with workers for improving working environments and wage conditions.

Health and Safety

In addition to complying with relevant laws and regulations, Companies must take consideration of standards such as ILO health and safety guidelines to minimize injury and illness in the workplace and maintain a safe and healthy working conditions.

(1) Occupational Safety

Companies must identify and assess risks regarding occupational safety and maintain safety through proper design, engineering, and administrative controls. Reasonable steps must also be taken to protect pregnant women and nursing mothers.

(2) Emergency Preparedness

Companies must identify the possibility of emergency situations such as natural disasters or accidents that may adversely affect human life or safety, establish procedures in case of emergency to minimize harm to workers and property, install the required equipment, and conduct training and drills so that the required responses can be taken in case of emergency.

(3) Occupational Injury and Illness

Companies must identify, assess, record, and report the status of occupational injury and illness, and implement appropriate countermeasures and corrective actions.

(4) Industrial Hygiene

Companies must identify, assess, and appropriately control the risk of workers being exposed to hazardous biological, chemical, or physical agents in the workplace.

(5) Physically Demanding Work

Companies must identify and assess worker exposure to the hazards of physically demanding tasks and appropriately control such work so that it does not lead to occupational injury and illness.

(6) Machine Safeguarding

Companies must evaluate the machinery used by workers for safety hazards and provide appropriate safeguarding.

(7) Health and Safety at Facilities

Companies must appropriately maintain the health and safety of facilities and accommodations provided to workers (such as dormitories, cafeterias, and toilets). Where the local laws allow for use of dormitories and companies elect to use them, such facilities also require appropriate emergency egress to be provided, and the facilities need to comply with all other local laws and regulations.

(8) Health and Safety Communication



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Companies must provide training on appropriate health and safety information regarding various workplace hazards that workers are exposed to in the workplace in languages and methods that the workers can understand. A system that enables workers to provide feedback on safety is also required.

(9) Worker Health Management

Companies must conduct appropriate health management for all employees.

Environment

Companies must actively address environmental problems such as resource depletion, climate change, and pollution, as well as address regional environmental problems considering the health and safety of its relevant local community.

(1) Environmental Permits and Reports

Companies must obtain the permits and approvals required for conducting business as well as register and report according to local laws and regulations.

(2) Reducing Energy Consumption and Greenhouse Gas Emissions

Companies must address energy efficiency and make continuous efforts to reduce greenhouse gas emissions and energy consumption.

(3) Air Emissions

Companies must comply with relevant laws and regulations and implement appropriate measures for reducing the emission of hazardous substances into the atmosphere.

(4) Water Management

Companies must comply with laws and regulations, monitor the source, usage, and discharge of water used, and save water. All wastewater must be tested as required, monitored, controlled, and processed before discharge or disposal. Sources of pollution that may cause water pollution must also be identified and appropriately managed.

(5) Effective Utilization of Resources and Waste Management

Companies must comply with laws and regulations and implement appropriate management to promote the 3Rs (reduce, reuse, and recycle), ensure the effective utilization of resources, and minimize waste.

(6) Chemical Substance Management

Companies must comply with laws and regulations to identify, label, and manage chemical and other substances posing hazard to humans or the environment, and conduct management to ensure safe handling, transport, storage, use, recycling, reuse, or disposal of such substances.

(7) Managing the Chemical Substances Contained in Products

Companies must comply with all laws, regulations, and customer requests applicable to the prohibition and restriction of specific substances contained in products.



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Fair Trading and Ethics

Companies must conduct business activities based on high ethical standards in addition to compliance with the law.

(1) Preventing Corruption

Companies must not be involved in bribery, corruption, extortion, or embezzlement in any form.

(2) Prohibiting Inappropriate Provision and Improper Benefit

Companies must not provide or accept any promises, propositions, or approvals as a means of obtaining bribes or any other illicit or inappropriate benefit.

(3) Fair Information Disclosure

Companies must disclose information regarding labor, health and safety, environmental activities, business activities, organizational structure, financial situation, and performance according to applicable laws and regulations and industry practices. Falsification of records or the disclosure of false information is not allowed.

(4) Respecting Intellectual Property

Companies must respect intellectual property rights and the transfer of technology and expertise must be performed in a manner where intellectual property is protected. Companies must also protect the intellectual property of third parties such as customers and suppliers.

(5) Conducting Fair Business

Companies must engage in fair business, competition, and advertising.

(6) Protecting Whistleblowers

Companies must protect the confidentiality of information regarding whistleblowing and the anonymity of whistleblowers and avoid retaliations towards whistleblowers.

(7) Responsible Minerals Procurement

Companies must exercise due diligence to ensure that the minerals such as tantalum, tin, tungsten, and gold contained in its products manufactured do not cause or contribute to serious human rights abuses, environmental destruction, corruption, or disputes in Conflict-Affected and High-Risk Areas.

Quality and Safety

Companies must ensure safety and quality and provide correct and accurate information on provided products and services.

(1) Ensuring Product Safety

Companies must fulfill their responsibility as a supplier by ensuring that products meet safety standards stipulated by national laws and conduct design, manufacturing, and sales to ensure adequate product safety.



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(2) Quality Management

Companies must comply with their own quality standards and customer requirements in addition to all laws and regulations applicable to the quality of products and services.

(3) Providing Accurate Information on Products and Services

Companies must provide correct and accurate information on products and services that will not cause misunderstandings.

Information Security

Companies must prevent leaks of confidential information and personal information and enhance information security.

(1) Defense from Cyber Attacks

Companies must implement protective measures against threats such as cyber-attacks and conduct management to prevent damage to the company and others.

(2) Protecting Personal Information

Companies must comply with relevant laws and regulations and appropriately manage and protect all personal information of suppliers, customers, consumers, and employees.

(3) Preventing Leak of Confidential Information

Companies must appropriately manage and protect the confidential information not only of their own but also received including from customers and third parties.

Business Continuity Planning

Companies must make preparations to ensure that they can quickly resume business activities in order to fulfill their responsibility of supply in the event that the company or a business partner becomes a victim of a large-scale natural disaster.

(1) Developing and Preparing a Business Continuity Plan

Companies must identify and assess risks to business continuity, examine their impact on the business, and establish preparatory measures required in the medium to long term and a business continuity plan (BCP) that indicates the status of those initiatives.

Section II - Establishing a Management System

Establishing a Management System

Companies must establish a management system in order to comply with the code of conduct in Section I.

Supplier Management

Companies must establish a process for communicating the requirements of the code of conduct in Section I to suppliers and monitoring supplier compliance.



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Proper Import/Export Control

Companies must maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods as regulated by law.

Establishing a Grievance Mechanism

Companies must establish a grievance mechanism that can be used by stakeholders including workers and suppliers in order to prevent illicit behavior within their organization as well as throughout the supply chain.

Disclosing the Activities

Companies must disclose information regarding their actions according to these guidelines and relevant laws and regulations.