



Supplier Sustainability Guidelines

Yazaki Corporation

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1. Introduction

We, as the Yazaki Group, have been trying to make an effort to contribute to sustainable development of our society through our business as well as to pursue the realization of our Corporate Policy, “A corporation in step with the world” and “A corporation needed by society”, since establishment of our business in 1941, together with all our stakeholders.

Under social conditions in rapid changes, the Yazaki Group established “Fundamental Management Policy” (as described below) in 2002 and has engaged in corporate activities for the realization of our Corporate Policy. In 2007, we established “Purchasing Guidelines” (as described below) to strengthen the supply chain with our customers and suppliers in accordance with our fundamental management policy of “Conduct business openly and fairly, and aim for co-existence and co-prosperity.” Moreover, considering increasing expectation to the corporations for their CSR (Corporate Social Responsibility) initiatives, we issued our “CSR Policy” in 2013 as the guideline for trust-building to all stakeholders and further contribution to society, and in 2015, we issued the “Supplier CSR Guidelines” with the aim of promoting CSR activities in collaboration with our suppliers.

In addition, we received growing expectations for businesses to build a sustainable society and to take ESG (Environment, Social, and Governance) initiatives, which, in particular, include preventing and addressing issues regarding human rights and labor in the entire supply chain, and conserving and restoring the global environment. In response to such a wide range of societal demands, following the establishment of the “Yazaki Group Human Rights Policy”^{※1} and the revision of the “YAZAKI Global Responsible Mineral Policy”^{※2} and the Sustainability Policy (formerly the CSR Policy) described below, we have renamed the “Supplier CSR Guidelines” to the “Supplier Sustainability Guidelines” and updated its contents.

The Yazaki Group shall have the common understandings with suppliers toward building a sustainable society through these guidelines and actively promote related initiatives. Then we hope all of us to grow into the corporations needed by society.

We would like our suppliers to understand the purpose of the Guidelines and to cooperate in internally promoting sustainability and extend it to their own suppliers as well.

※1 Yazaki Group Human Rights Policy :

<https://www.yazaki-group.com/global/csr/humanrights.html>

※2 YAZAKI Global Responsible Mineral Policy :

<https://www.yazaki-group.com/global/csr/conflict.html>

Yazaki Corporation

2. Yazaki Group Corporate Identity and Relevant Policies

(1) Corporate Policy

“A corporation in step with the world”

“A corporation needed by society”

(2) Fundamental Management Policy

In fulfilling our Corporate Policy, Yazaki Group activities are founded upon the following principles:

1. Increase company efficiency and provide the most value to our customers worldwide through continuous effort and the implementation of new concepts.
2. Uphold the law, respect regional cultures, and contribute to economic and social development.
3. Contribute to a prosperous future society through business focused on the environment and security.
4. Conduct business openly and fairly, and aim for co-existence and co-prosperity.
5. Care for people by creating a corporate culture that prioritizes individuality and team-work, while empowering people's dreams.

(3) Sustainability Policy

The Yazaki Group achieves the Corporate Policy "A Corporation in Step with the World" and "A Corporation Needed by Society" through living up to the trust and expectations of society. We believe that achieving sustainable business growth will provide long-term value to all stakeholders. To achieve this, based on our Fundamental Management Policy and this Sustainability Policy, we will always listen to the voices of our stakeholders while developing business activities that focus on Monozukuri*¹ and Kotozukuri*² and we strive to enhance corporate governance which is the foundation of our business. We carry out these initiatives with the values of the Yazaki Spirit, "Fortitude", "Service Mind" and "Foresight". By doing so, we aim to achieve sustainable development for our group and society as a whole, while mapping all the relevant risks and opportunities. We will also ask our business partners to agree with this policy and act together with us.

<Customers>

- We provide the value expected by the customers through safe, secure, environment friendly, high-quality products and services which are created from our combined approach of Monozukuri and Kotozukuri.
- We are committed to providing products and services that meet relevant laws and standards regarding safety, quality and environment while responding to customer needs.
- We provide necessary information about our products and services from the customer's perspective.
- We will properly manage and protect information assets, including confidential information of individual customers and companies that we come to know in the course of our business.
- We take preventive measures against diverse risks and conduct risk management to our business. In the event of an emergency, we take actions to protect the lives of our employees and local residents and ensure business continuity as top priority.

<Local and Global Communities>

- Through our worldwide business activities, we contribute to create employment, enrich the economy of local communities and facilitate a prosperous society.
- We respect the culture, customs, history of each country and region, and comply with rules such as related laws in all business activities.
- In business activities that cross national and regional boundaries, we comply with the laws and regulations related to import and export, and perform appropriate management and necessary procedures.
- We protect and leverage the intellectual property rights derived from our R&D and respect the legitimate intellectual property rights of others.

- We disclose corporate information timely and properly and establish a dialogue with stakeholders to enhance the transparency of our business management.
- We build and value relationship with the stakeholders with integrity and transparency, without exception. We will also not offer or receive entertainment, gifts, or money to stakeholders for the purpose of obtaining or maintaining undue benefits or preferential treatment.

<Global Environment>

- Based on the Yazaki Global Environment Charter, we promote activities and initiatives, such as realizing carbon neutrality and promoting a circular economy, to ensure that the global environment is protected for the next generation.

<Business Partners>

- We develop products and services that contribute to resolving sustainability issues and strive to prosperously co-exist with our business partners throughout the supply chain network and encourage them to do the same.
- We maintain a fair, equitable and transparent relationship with our business partners and conduct transactions with integrity.
- We comply with the laws and regulations of each country and region in order to maintain fair competition.
- We recognize social issues such as human rights and environment, and commit to conducting responsible procurement.

<Employees>

- We earn the trust of employees through honest and open dialogue, while respecting their right to freely associate or not associate, in accordance with the laws and regulations of the countries and regions where we operate.
- We respect and accept diversity including nationality, race, ethnicity, gender, sexual orientation, gender identity, disability, age, birthplace, educational background, relative, religion, and employment status of our employees. We provide fair opportunities and eliminate discrimination in order to create a better working environment where employees can maximize their abilities.
- Based on The Yazaki Group Human Rights Policy, we respect human rights, which are fundamental rights that every human is born with, and do not tolerate any violations of those rights.
Additionally, we do not engage in forced or child labor.

- We comply with labor laws and regulations of each country and region, including provisions for wages and working hours, and also provide fair working conditions to all employees and maintain a safe and healthy working environment.
- We pursue Hitozukuri*³, which is the base of Monozukuri and Kotozukuri, and support the enhancement of employees' skills and creativity, and contribute to the career development, well-being and quality of life for the employees.

*¹ Monozukuri:

Providing high-quality, highly functional and reliable products, by our accumulated experience and wisdom while utilizing the latest technology.

*² Kotozukuri:

Providing products and services that not only meet the demands of customers, but also are enriched with added value such as innovative ideas, stories, and experiences that evoke new experiences and emotions.

*³ Hitozukuri:

Developing employees who understand their roles and responsibilities and can take pride and spirit of challenge in their activities, behavior and work.

(4) Purchasing Guidelines

Based on fundamental management policy (4. Conduct business openly and fairly, and aim for co-existence and co-prosperity), we ensure the maximum business opportunity, set short/long term target to be shared with suppliers, then implement coordinated investment and share the newly planned development and cost reduction achievement.

<Action Guidelines>

1. Conduct business openly and fairly
2. Strengthen competitiveness together with suppliers
3. Aim for co-existence and co-prosperity with suppliers
4. Share issues and target in cost reduction activity and its achievement
5. Ensure interactive communication based on mutual trust
6. In selecting a supplier, consider not only the quality, cost, delivery time, and technology, but also the status of social responsibility initiatives for environment, risk management, compliance, human rights, and labor

3. Supplier Sustainability Guidelines

The Yazaki Group will promote "sustainable procurement"※ through our overall supply chain with the cooperation of suppliers. Together with all of our suppliers, we will not only provide products and services, but also strive for "co-existence" and "co-education" from the perspective of sustainability, aiming to contribute to a sustainable society.

We would like our suppliers to understand these guidelines for their sustainability initiatives and to kindly request their own suppliers to understand and implement these guidelines as well.

※Sustainable procurement: Activities that attempt to contribute to the realization of a sustainable society through the entire supply chain by considering not only the conventional evaluation criteria—such as quality, performance, price, and delivery time—but also social responsibility factors like consideration for the environment, labor conditions, and respect for human rights when procuring products, materials, raw materials, etc.

<Quality/Safety>

Ensuring the high quality and safety of products and services

Suppliers shall ensure the safety and pursue excellence in the quality of their products and services while also considering the reduction of environmental impact. Also, suppliers shall disclose appropriate information regarding products and services and efficiently deliver those to their customers, providing products and services that meet relevant laws and standards.

<Risk Management>

Risk management

Suppliers shall identify risks that have increasingly diversified in their business activities and ensure to properly manage and address such risks. In the event of an emergency, suppliers shall take actions with the protection of the lives of their employees and local residents being the top priority, as well as working to ensure business continuity.

<Compliance>

Compliance with laws and regulations

Suppliers shall perform appropriate management and necessary procedures in order to comply with rules, including international treaties and laws and regulations related to import and export. Also, suppliers shall respect the culture, customs, and history of each country and region where they conduct their business.

Managing information asset

Suppliers shall obtain information assets, including the personal information of their customers, third parties, and their own employees, as well as the confidential information of their customers and third parties, through legitimate means. Such information shall be properly managed, protected, and used only within an appropriate scope.

Protecting intellectual property

Suppliers shall protect the intellectual property rights owned by or attributable to their company and shall also respect the legitimate intellectual property rights of others.

Prohibition of bribery and political donations

Suppliers shall not make or offer payments or anything else of value to a government official to advance the company business. Also, suppliers shall not make donations to political parties, candidates or public officials, except as permitted by each country's laws.

Prohibition of giving/receiving gifts and entertainment beyond standards

Suppliers shall not offer or receive entertainment, gifts, or money beyond local laws and business customs to/from their own stakeholders, including those to/from the employees of the Yazaki Group. If there are any inappropriate requests, suppliers shall not respond to the requests.

Supporting free and fair competition

Suppliers shall operate under free and fair competition in compliance with competition laws. Suppliers shall not make agreements with their competitors about price, quantity of production, geographical market area, sales period, standard of products and services, etc. Also, suppliers shall not interfere with transactions of their competitors, steal secrets of the competitors' new technologies and products, or information about competitors' customers and suppliers.

Conflicts of interest

Suppliers shall not cause harm to the company's interest in order to gain personal interest. Also, suppliers shall conduct business with their business partners that have particular relationships (e.g., employment, ownership, or management) with family members or close friends of their employees in a proper manner that will not cause suspicion as an illegal act. If there are any inappropriate requests of an illicit activity, suppliers shall not respond to the requests.

Establishment and management of consultation methods for raising concerns

Suppliers shall establish and appropriately manage consultation methods to ensure that all stakeholders, including business partners, can safely raise concerns about compliance violations. Also, suppliers shall ensure the anonymity of those who seek consultation and implement appropriate protective measures to prevent any disadvantage or retaliation resulting from raising concerns.

<Human Rights/Labor>

Respect for human rights

Suppliers shall respect human rights, which are fundamental rights that every human is born with, and not tolerate any violations of those rights. Refer to "Yazaki Group Human Rights Policy[※]" for details.

※<https://www.yazaki-group.com/global/csr/humanrights.html>

Prohibition of Forced Labor

Suppliers shall ensure that all work is conducted at the workers' own free will. Suppliers shall not engage in any form of forced labor, bonded labor, slave labor, or labor involving human trafficking. Also, suppliers shall guarantee that employees have the right to freely leave their employment.

Prohibition of Child Labor

Suppliers shall not employ children who have not reached the minimum working age as defined by the laws and regulations of each country and region. Also, suppliers shall ensure that no work interferes with a child's opportunity to receive an education.

Prohibition of Harassment

Suppliers shall not engage in any form of harassment or inhumane treatment, including abuse, corporal punishment, mental or physical coercion, threats, or sexual harassment toward employees.

Respect for diversity and non-discrimination

Suppliers shall respect and accept the diversity of their employees and provide fair opportunities and eliminate discrimination to create a better working environment. In order to achieve this, suppliers shall make employment and career development decisions without regard to nationality, race, ethnicity, gender, sexual orientation, gender identity, disability, age, birthplace, educational background, family and relative, religion, employment status and so on.

Fair treatment of personnel affairs

Suppliers shall comply with labor laws and regulations of each country and region, including provisions for wages and working hours, and provide all of their employees with fair working conditions.

Ensuring safety and health at workplace

Suppliers shall comply with laws and regulations of each country and region about health and safety, ensuring a secure and safe work environment for their employees. Also, suppliers shall actively support the health and well-being of their employees through health promotion activities and efforts to prevent illness.

Encouraging communication with employees

Suppliers' managements shall build relationships of mutual trust through honest and open dialogue and consultations with employees or their representatives. Also, suppliers shall respect their employees' right to freely associate, or not to associate, in accordance with the laws and regulations of the countries and regions where they operate.

<Environment>

Protecting the environment

Suppliers shall comply with environmental laws and regulations in their business operation, and shall be involved in proactive environmental protection activities to set and achieve their voluntary environmental standards and goals. Furthermore, in order to realize carbon neutrality, suppliers shall work to reduce Greenhouse gas (GHG) emission. In addition, suppliers shall promote a circular economy by working to make effective use of resources and encouraging recycling. Suppliers shall manufacture products taking the environmental impact and product safety into consideration throughout the product life cycle. Suppliers shall give their support and cooperation to environmental protection activities and nature conservation activities by government or communities. Suppliers shall actively support and cooperate with environmental conservation and nature protection initiatives led by governments and local communities and promote the proper management of environmentally hazardous substances.

Refer to “YAZAKI Green Purchasing Guidelines[※]” for details.

※https://www.yazaki-group.com/file/greenpurchasingguidelines_6th_eng.pdf

<Local and Global Communities>

Contributing to society

Suppliers, as good corporate citizens in local and global communities, shall endeavor to facilitate a prosperous society by promoting social contribution activities and communication with stakeholders.

Responsible minerals procurement

In conflict-affected and other high-risk areas that may cause serious social problems such as human rights abuses and the environmental pollution including forced labor and child labor, suppliers shall work in partnership with their suppliers and customers to examine the usage conditions in order to avoid the usage of those minerals deriving from social problems. Whenever any concerns about the usage of relevant minerals are confirmed in our supply chain, suppliers shall take measures against such usage.

Refer to “YAZAKI Global Responsible Mineral Policy[※]” for details.

※<https://www.yazaki-group.com/global/csr/conflict.html>

Information disclosure to stakeholders

Suppliers shall provide their stakeholders with timely and proper disclosure on their operating results, financial condition, environment, risk management, compliance, human rights and labor. Suppliers shall through open and fair communication, enhance to maintain and develop mutual understanding and relationships of trust with stakeholders.

<To Our Suppliers>

Compliance with the Yazaki Group Sustainability Guidelines

We kindly request suppliers to comply with the Supplier Sustainability Guidelines. If any issues suspected to be in violation of this guideline arise, we kindly request that suppliers report them promptly and make efforts toward improvement. We also ask for suppliers' active cooperation in the Yazaki Group's investigations and implementation of corrective measures.

If cooperation is not provided or no improvement is observed, we may modify the terms of our business or suspend the business relationship.

<Consulting service and Contact>

Sustainability Contact Desk

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