Dynic Group
CSR Procurement Standards
Version 2.2

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These Standards have been prepared to help our business partners to understand Dynic Group's corporate social responsibility (CSR) initiatives and clarify the points for which their cooperation is requested.
To promote CSR activities more effectively in the supply chain, we ask business partners to **submit the cooperation agreement** stating that they understand and support the provisions of these Standards and will comply with their requirements.

I. Introduction

Under our management philosophy "Technological superiority and harmony among people" and our basic management policy "For The Customer," Dynic Group has established Basic CSR Policy in order to fulfill our corporate social responsibility (CSR) that are essential for the realization of a sustainable society. We carry out CSR activities based on this policy.

- **Basic CSR Policy**

  Under our management philosophy "Technological superiority and harmony among people" and our basic management policy "For The Customer," Dynic Group has established Basic CSR Policy in order to fulfill our social responsibilities.
  Based on the Seven Core Subjects of CSR*, we have identified the three items below as particularly important priorities to make our CSR initiatives clear as we aim to realize a sustainable world together with our supply chain and society.

  * Seven Core Subjects of CSR: Organizational governance; Human rights; Labor practices; The environment; Fair operating practices; Consumer issues; and Community involvement and development (Source: ISO 26000, Social Responsibility Guidelines)

  (1) Promoting legal compliance and honing compliance sensitivity
  We shall respect human rights, create a healthy workplace that gives consideration to occupational safety and health, eliminate antisocial forces (organized crime), undertake planning and development that give consideration to intellectual property rights, and otherwise carry out business activities fairly, as well as endeavor to dialogue with stakeholders.

  (2) Carrying out business activities that give consideration to biodiversity conservation and climate change, contributing to the construction of a recycling society
  In compliance with Basic Environmental Policy, we are carrying out procurement and other business activities giving consideration to biodiversity in addition to our energy-saving and resource-saving initiatives.
  Design concepts that give consideration to the environment, such as prioritizing use of easy-to-recycle raw materials, are being incorporated into product planning.

  (3) Responsibilities to clients and customers
  We shall at all times adhere to Basic Quality Policy and supply safe, reliable products and services that meet client and customer requirements.

As a result of the globalization of business activities and other factors in recent years, we have seen dramatic changes to the increasingly diverse social conditions in which companies operate. The roles and responsibilities required of companies in order to realize a sustainable society are growing steadily and we have identified three particularly important priorities in Sustainability Initiatives Policy. Satisfying the demands of society at home and abroad requires the efforts of not only Dynic Group but the entire supply chain, including our business partners.
For these reasons, to promote our CSR activities more effectively, we revised Compliance Action Guidelines (our existing guidelines for business activities by employees) to establish CSR Action Guidelines. Also, as an initiative for the entire supply chain, we have formulated CSR Procurement Standards newly by revising the previous Green Procurement Standards.
We ask our business partners to gain a clear understanding of these Standards and to support them by carrying out initiatives that conform to these Guidelines. Furthermore, we request your co-operations in actively promoting CSR activities that include your own supply chains.

Dynic Group Sustainability Initiatives Policy: https://www.dynic.co.jp/en/company/sustainability.html

II. Dynic Group's Basic Policies

- **Basic Compliance Policy**

  Considering compliance to be a fundamental policy of management, Dynic Group has a clear recognition that thorough compliance is the foundation of business management. In addition to complying with various laws and regulations as required in business activities, we will carry out highly transparent business activities with fairness and integrity by implementing CSR Action Guidelines.

  Basic Approaches

  (1) We are committed to act in line with laws and good ethics.
  (2) We are committed to strive to protect the environment and conserve resources.
  (3) We are committed to contribute to society by providing products and services that clients can trust.
  (4) We are committed to ensure the transparency and soundness of management.
  (5) We are committed to build a corporate culture characterized by respect for human rights.
  (6) We are committed to eliminate permanently any involvement with antisocial forces.

  CSR Action Guidelines (Former Compliance Action Guidelines):
  https://www.dynic.co.jp/en/company/csr.html

- **Basic Environmental Policy**

  Dynic Group recognizes that efforts to ensure environmental preservation are an important business challenge and believes that it is our responsibility as a manufacturer to observe all applicable environmental laws and regulations at home and abroad and offer products with a lower environmental load. To implement this concept in a specific manner, we are committed to thoroughly promoting the following principles in each stage including development, material procurement, manufacturing, sales, distribution and disposal;

  (1) We are committed to reducing environmental load and consideration of Biodiversity in all stages of our business activities throughout the life cycle of our products.
  (2) We are committed to making proactive efforts to save energy and reduce waste, thereby preventing environmental contamination.
  (3) We are committed to preventing the risk of harmful chemical substances damaging the environmental.
  (4) We are committed to disclosing information regarding our business activities related to the environmental and proactively promoting environmental preservation activities in concept with local communities; and
  (5) We are committed to implementing education and training related to environmental preservation to improve awareness of the environment.

- **Basic Quality Policy**

  Under its basic policy of management, “For The Customer,” Dynic Group believes that it is our role to offer products and services from the customer’s viewpoint at all times.
  To implement these concepts, we are committed to thoroughly promoting the following principles in each stage including development, materials procurement, manufacturing, purchasing, sales, and distribution:

  (1) We are committed to complying with all applicable laws, regulations, and standards.
  (2) We are committed to striving to offer quality that meets customer requirements through manufacturing, evaluation, technology, sales, and services, etc.
  (3) We are committed to ensuring the Production Department complies with the requirements for quality-related certifications, such as ISO and FSSC, and always strives to stabilize and improve quality.
  (4) We are committed to ensuring the Sales Department deals with customers, bearing in mind the provision of quality, delivery time, cost, and technology that meet customer satisfaction.
  (5) We are committed to continuing to implement education and training on quality and standards to raise awareness of quality control.
  (6) We are committed to continuing to reform the quality system to gain customer satisfaction at all times, without being content with our long-standing history.

III. Position of these Standards

- Scope
  These Standards apply to business partners supplying products and services (including subcontracted processing, construction, maintenance, design, and software) in Dynic Group's procurement activities.

- Documents to submit
  We ask our business partners to consent to the intent of these Standards and submit Document (a) below by email or by regular post. In the event of any major revisions to the details of the agreement submitted, please submit updated information.

  (a) Dynic Group CSR Procurement Standards Cooperation Agreement (V. Annex)

  In addition, please submit Documents (b)-(f) below as necessary in accordance with the attached Eco-designed Procurement Guidelines:

  (b) Supplier Environment/Quality Questionnaire
  (c) chemSHERPA-CI or chemSHERPA-AI
  (d) CMRT and EMRT (conflict minerals templates)
  (e) Specified Chemical Substance Inspection Request/Report of Results
  (f) Data related to climate change, biodiversity preservation, etc.

- Handling of information
  The materials you submit will not be used for any purposes other than those related to CSR procurement at Dynic Group. Personal information will be handled in compliance with laws and regulations on appropriate handling of information and other applicable norms.

- Revisions
  The details of these Standards may be revised in response to changes in the circumstances and conditions of Dynic Group's CSR activities, such as changes to domestic and international laws and regulations.
  In such cases, revisions will be posted on Dynic's website (https://www.dynic.co.jp/en/index.html) and the business partners concerned will be notified.

Ⅳ. CSR Procurement Guideline

Section 1. Code of Conduct

1. Respecting the Laws and the Standards recognized internationally

We, Dynic Corporation and business partners, need to respect the standards recognized internationally in addition to complying with the laws and regulations of their home country as well as countries and regions where they conduct business.

2. Human Rights and Labor

We need to 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.

(2-1) Prohibiting Forced Labor

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

(2-2) Prohibiting Child labor and Respecting the Rights of Young Workers

We must not allow children who are under the minimum age for employment. Furthermore, we must also not allow young workers under the age of 18 to perform hazardous work that is likely to jeopardize their health or safety, including night work or overtime.

(2-3) Decent Working Hours

We 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 the standards recognized internationally.

(2-4) Adequate Wages and Allowances

We 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, we must pay wages at a level that allows workers to support their basic needs (a living wage).

(2-5) Prohibiting Inhuman Treatment

We 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 and harassment.

(2-6) Prohibiting Discrimination

We must not engage in discrimination nor harassment. We must also consider requests from workers regarding religious practices where appropriate.

(2-7) Freedom of Association and Right to Collective Bargaining

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

3. Health and Safety

In addition to complying with relevant laws and regulations, we need to 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.

(3-1) Occupational Safety

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

(3-2) Emergency Preparedness

We must identify the possibility of emergency situations by 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.

(3-3) Occupational Injury and Illness

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

(3-4) Industrial Hygiene

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

(3-5) Physically Demanding Work

We 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.

(3-6) Machine Safeguarding

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

(3-7) Health and Safety at Facilities

We must appropriately maintain the health and safety of facilities and accommodations provided to workers (such as dormitories, cafeterias~~,~~ and toilets).

Dormitories also require appropriate emergency egress to be provided.

(3-8) Health and Safety Communication

We 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.

(3-9) Worker Health Management

We must conduct appropriate health management for all employees.

4. Environment

We need to actively address environmental issues such as resource depletion, climate change and pollution, as well as address regional environmental issues considering the health and safety of the relevant local community.

Please check “Eco-designed Procurement Guideline” as well for this article.

(4-1) Environmental Permits and Reports

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

(4-2) Reducing Energy Consumption and Greenhouse Gas Emissions

We must address energy efficiency and make continuous efforts for reducing greenhouse gas emissions and energy consumption.

(4-3) Emission to the atmosphere

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

(4-4) Water Management

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

(4-5) Effective Utilization of Resources and Waste Management

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

(4-6) Chemical Substance Management

We 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 and disposal of such substances.

(4-7) Managing the Chemical Substances Contained in Products

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

(4-8) Biodiversity Conservation

We must strive to avoid or minimize the negative impacts from the operations on biodiversity and to use land and natural resources by a sustainable method / Nature Base Solution.

5. Fair Trading and Ethics

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

(5-1) Preventing Corruption

We must not be involved in bribery, corruption, blackmail and embezzlement in any form.

(5-2) Prohibiting Inappropriate Provision and Improper Benefit

We must not provide nor accept any promises, propositions and approvals as a means of obtaining bribes or any other illicit or inappropriate benefit.

(5-3) Fair Information Disclosure

We 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.

(5-4) Respecting Intellectual Property

We must respect intellectual property rights and the transfer of technology and expertise must be performed in a manner where intellectual property is protected.

We must also protect the intellectual property of third parties such as customers and suppliers.

(5-5) Conducting Fair Business

We must engage in fair business, competition and advertising.

(5-6) Protecting Whistle-blowers

We must protect the confidentiality of information regarding whistleblowing and the anonymity of whistle-blowers and avoid retaliations towards whistle-blowers.

(5-7) Responsible Minerals Procurement

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

6. Quality and Safety

We need to ensure the safety and quality and provide correct and accurate information on provided products and services.

(6-1) Ensuring Product Safety

We must fulfil the 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.

(6-2) Quality Management

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

(6-3) Providing Accurate Information on Products and Services

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

7. Information Security

We need to prevent leaks of confidential information and personal information and enhance information security.

(7-1) Defense from Cyber Attacks

We must implement protective measures against threats such as cyber-attacks and conduct

management to prevent damage to the company and others.

(7-2) Protecting Personal Information

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

(7-3) Preventing Leak of Confidential Information

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

8. Business Continuity Planning

We need to make preparations to ensure that they can quickly resume business activities in order to fulfil the responsibility of supply in the event that we or a business partners become a victim of such as a large-scale natural disaster.

(8-1) Developing and Preparing a Business Continuity Plan

We must identify and assess risks to business continuity, examine the 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 2. Establishing a Management System

A. Establishing a Management System

We need to establish a management system in order to comply with the code of conduct in Section 1.

B. Supplier Management

We need to establish a process for communicating the requirements of the code of conduct in Section 1 to suppliers and monitoring supplier compliance.

C. Proper Import/Export Control

We need to maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods regulated by law.

D. Establishing a Grievance Mechanism

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

E. Disclosing the Activities

We need to disclose information regarding their actions according to these guidelines and relevant laws and regulations.

V. Annex

To: Dynic Group

Sample

Dynic Group
CSR Procurement Standards Cooperation Agreement

Date: _____

Company:

_____

Title:

Name of person responsible:

_____

Contact point regarding this response:

Section: _____

Person in charge: _____

Tel.: _____

Email: _____

We support the intent of CSR Procurement Standards established by Dynic Group and agree to cooperate in the following matters to promote behavior in transactions with your firm that falls under these standards:

- Submission of documents and other materials related to CSR procurement as requested by Dynic Group
- Cooperating with requests to make improvements as necessary in response to the occurrence of issues or similar matters

Handling of personal information Personal information of business partners entered on this form will be used solely for legitimate purposes such as checking the details of matters related to CSR procurement.

VI. Revision History

Date of revision	Version	Main revisions
August 2023	1.0	New CSR Procurement Standards established through integration with the previous Green Procurement Standards, in connection with the establishment of the CSR Procurement Guidelines.
July 2024	2.0	The wordings reviewed and revised, in connection with expanding CSR procurement activity across all the domestic group companies.
September 2024	2.1	Eco-designed Procurement Guideline revised to Version 2.0 with the addition of prohibited substances and biodiversity investigation.
August 2026	2.2	Eco-designed Procurement Guidelines revised to Version 3.0 with the addition of prohibited substances and new requirements addressing biodiversity and the circular economy.

● **Issued by:**

Dynic Corporation CSR Steering Office
Environment Steering Office
Quality Assurance Division

● **Contact**

Please submit any questions or other inquiries concerning these Standards through the "CONTACT" form on Dynic Corporation website (https://www.dynic.co.jp/en/contact/index.asp).

To: Dynic Group

Dynic Group
CSR Procurement Standards Cooperation Agreement

Date: _____

Company:

_____

Name of person responsible:

Title:

Signature:

_____

Contact point regarding this response:

Section: _____

Person in charge: _____

Tel.: _____

Email: _____

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