



**SUSTAINABILITY GUIDELINES
FOR SUPPLIERS**

September 2024

TRCZ s.r.o / Tokai Rika CO.LTD

AGENDA

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I.Preface

Since founded in 1948, Tokai Rika has contributed to the comfort, security, and safety of cars, keeping the founder's motto in mind: " Do what others are not willing to do."

In 1998, the 50th anniversary of the foundation, Tokai Rika Group's business philosophy was established.

The key phrases are "contribution to a higher quality of life", "nurture of spirit of originality, enthusiasm, and innovative challengers", and "honor of the language and spirit of the law and the ethics".

In September 2015, 193 United Nations member states adopted the Sustainable Development Goals (SDGs) as goals to be accomplished by 2030.

We believe our mission is to respond to social issues in compliance with laws and their spirit.

This document is intended to share our basic idea about CSR across the Tokai Rika Group for systematic implementation of CSR activities, however, we have revised the contents with a focus on the important issues of "Human rights and Labor" and updated them as "Sustainability guidelines for suppliers".

We would like to ask our suppliers to understand and purpose of this guideline and to make efforts to disseminate and promote sustainability activities within the whole supply chain.

Tokai Rika Group General Purchasing Manager

Motoyasu Makino

II. Business philosophy and Sustainability policy of Tokai Rika Group

- **Business philosophy**

- 1. To create products that satisfy customers and to contribute to a higher quality of life.**
- 2. To build an energetic and promising business organization by nurturing a spirit of originality, enthusiasm and innovative challenges.**
- 3. To honor the language and spirit of the law and ethics of every nations, and to work in harmony with nature and local communities.**

- **Sustainability policy**

Tokai Rika group contributes to the realization of a sustainable society with all stakeholders through fair business operations in harmony with nature and local communities in compliance with laws and ethics, as stated in our business philosophy.

III. Purchasing basic policy of Tokai Rika

Seeking opportunities for business activities all over the world, we purchase parts, materials, equipment and so on that are the absolute best in terms of quality, quantity and cost, from regions all over the world.

Furthermore, as a good corporate citizen, we aim to achieve "Optimized Global Purchasing" that will also meet social requirements such as environmental preservation, through cooperation with suppliers based on proper and fair business.

1. 「**Open Mind Policy**」
2. 「**Long Term Relationship**」
3. 「**Promoting „Green Procurement"**」
4. 「**Promoting localization to be a good corporate citizen**」
5. 「**Compliance**」

IV. Sustainability guidelines for suppliers

Tokai Rika would like to contribute to the creation of a comfortable earth and a prosperous society by providing products and services.

(1) Sharing our management stance

We would like to share the following approach with our suppliers.

<Creating a workplace that respects humanity>

It is important to create an environment where you can work with confidence in the company and foster a culture that promotes human resource development.

<Monozukuri>

In manufacturing, it is fundamentally important to thoroughly observe actual site and discover the true cause behind the facts. We think it is important to identify the true essence and make quick decisions based on team activities.

<Continuous Kaizen>

It is important to constantly pursue evolution and innovation, and to constantly work on improvement.

<Two-way communication>

As a member of the Tokai Rika Group, we will have open and frank discussions with our suppliers. We will continue to promote our business with the full understanding of our suppliers.

(2) Tokai Rika 's expectation for supplier providing „Products and Services “

The Tokai Rika Group expects its suppliers to provide “the world's best products” in the fastest, most timely, and stable manner over the long term.

We also ask our suppliers to always develop and manufacture products from the viewpoint of customers who purchase the cars.

<Safety / Health>

People are the key to manufacturing, and a safe and healthy work environment is the key to good quality products. We ask that you create a workplace environment that allows us to carry out our work with peace of mind.

<Quality>

It is said that “without quality improvement, a company cannot grow.”

In terms of quality, we expect our suppliers to establish a self-contained process that does not allow bad products to be produced or to flow through the process. We also ask that you visualize the problems in the process and speedily implement countermeasures to solve them.

<Delivery / Production>

Tokai Rika Group is producing "only what is needed, only when it is needed, and only the amount that is needed. " We expect suppliers to make effort to realize this by flexibly taking necessary actions in the phases of production preparation, production and delivery.

<Cost>

We ask you to realize the world's No. 1 cost competitiveness. To achieve this, it is important to strive for innovation in technology development and production technology, as well as constant cost reduction activities.

<Technology>

The importance of technology is growing in the areas of environmental protection, safety and comfort. We expect suppliers to pay attention to such requirements of the society and the global environment, make efforts to precisely grasp customer needs to address them a step ahead of their competition, and to work to realize new technologies at low prices so that as many customers as possible can enjoy them.

(3) Tokai Rika 's expectation for supplier developing „Products and Services “

Tokai Rika Group would like to request that our suppliers take the following actions as part of their activities.

We would also like to ask our suppliers to develop guidelines in line with the purpose of this document, and to make efforts to disseminate and promote the following activities including their business partners.

TRCZ s.r.o. may at any time demand supplier self-assessments and reserves the right to perform audits at any time to monitor the supplier's compliance with the Tokai Rika Sustainability Guidelines.

Such audits will always be in accordance with applicable laws, in particular, regarding data protection.

In these situations, suppliers shall cooperate and transparently display requested documents and other information.

1. COMPLIANCE

<Compliance with laws and ethics>

We respect and comply with the laws, regulations, rules, and ethics of each country and region, as well as their spirit and ethics.

We will establish and implement policies and systems for thorough compliance, as well as action guidelines, reporting systems, education, and other mechanisms.

<Management and protection of confidential information >

Personal and confidential information shall be properly collected and strictly managed in accordance with laws and regulations, and shall be used and protected (including cyber security measures) within an appropriate scope.

<Protection of intellectual property, Counterfeit>

We will make efforts to prevent infringement and protect our own technology by thoroughly investigating other companies' patents and other intellectual property rights before developing technologies and products.

We do not use or illegally copy the design rights, trademark rights, copyrights (including software, etc.) of other companies without permission.

<Compliance with the competition laws>

We comply with the competition laws of each country and region (e.g., antitrust law and subcontract law in Japan).

We will not engage in acts that impede free competition, such as private monopolies and unfair restraint of trade (cartels, bid rigging, etc.).

<Export controls>

When exporting products, technologies, etc. to foreign countries, we will familiarize ourselves and comply with laws and regulations related to export control.

<Anti-corruption measures>

We will maintain fair and transparent relationships with political parties and government agencies, and will not make political contributions or donations that deviate from the law.

We do not give or receive entertainment, gifts, or money to or from customers, suppliers, or other business partners for the purpose of obtaining or maintaining undue advantage or unfair preferential treatment.

We do not conduct off-the-book, fictitious or otherwise falsified transactions, or any other similar acts prone to be misconstrued as such, and shall make and keep books, records and accounts (ledger sheets and account ledgers, etc.), which, in reasonable detail, accurately and fairly reflect the transactions and disposition of assets.

<Conflict of interests>

Every employee is required to report any situation that could lead to a potential or actual conflict of interest. A conflict of interest occurs when an employee's personal, family or financial interests' conflict with his or her duties to our company. This includes situations when the employee has the ability to influence decisions or actions of our company for the benefit of himself or others close to him.

If our employee identifies a potential conflict of interest, the employee must immediately notify his or her supervisor or designated compliance contact.

2. HUMAN RIGHTS AND LABOR

In accordance with the Tokai Rika Group Human Rights Policy, we will promote respect for human rights and human rights due diligence (the process of identifying, preventing, and mitigating negative human rights impacts).

[Tokai Rika's Human Righ Policy](#)

<No discrimination, diversity & inclusion>

We do not tolerate any form of discrimination relating to gender, age, nationality, race, ethnicity, creed, religion, sexual orientation, gender identity, disability, marital status or the presence of children in all employment situations (Application, hiring, promotion, transfer, compensation, education, work assignments, wages, benefits, punishment, dismissal, retirement, etc.).

<Harassment>

We do not condone harassment which includes among others sexual harassment, power harassment (abuse of authority), peer pressure, nor any form of harassment that lowers the dignity of an individual. Harassment may involve verbal, visual or physical conduct that negatively interferes with work performance, diminishes the dignity of any employee, or creates an intimidating, hostile or otherwise offensive work environment. We implement procedures for prompt reporting and examination of any harassment complaints and enable employees to report any instances of harassment without fear of reprisal, intimidation, or harassment.

<Child labor>

We do not permit the labor of children under working age according to the laws and regulations of each country and region. We do not use employees under 18 years of age for hazardous work. Bona fide job training or apprenticeship programs permitted under the local applicable laws and regulations, etc. may be allowed.

<Forced labor, Migrant labor>

We ensure that all work is voluntary, and employees are free to leave work or terminate their employment. We do not tolerate forced labor, which is often extracted through violent and threatful means or by entrapment of debt, or any other form of modern slavery including human trafficking. We do not require employees to surrender passports, government-issued identifications, or work permits as a condition of employment. We do not exploit employees with high recruitment fees and other costs that are considered unreasonable by international norms.

<Wages>

We comply with local applicable laws and regulations, etc., including those relating to minimum wages, overtime hours, deductions from wage, piece rates and other elements of compensation.

<Working hours>

We comply with the laws and regulations of each country and region regarding the determination of employee working hours (including overtime) and the provision of holidays and annual paid leave.

<Freedom of Association>

We recognize the employee's right to freely associate, or not to associate, complying with local applicable laws and regulations, etc.

<Dialogue with employees>

We ensure employees can communicate openly and directly with the management without fear of reprisal, intimidation, or harassment.

<Labor circumstances for safety and health>

We will make it a top priority to ensure safety and health on the job so that everyone can work with peace of mind, and we will strive to prevent accidents and disasters. We will support the health of employees through health promotion activities in the workplace and guidance on disease prevention.

< Use of security forces>

Suppliers shall prioritize the protection of people when conducting security operations to ensure that the commissioning/deployment of security forces do not lead to violations of human rights.

3. ENVIRONMENT

<Establishment of environmental management system>

We will promote environmental preservation activities, establish an environmental management system that enables continuous improvement, and work to improve our environmental performance.

<Reduction of Greenhouse Gas (GHGs) Emissions>

With the aim of building a decarbonized society, we will work to understand the amount of greenhouse gases used and reduce emissions in the production process. We will focus to reduce energy CO2 emissions by reducing electricity and fossil fuel usage and utilizing renewable energy, with the aim of reducing energy usage throughout the lifecycle.

<Conservation of natural environment>

We will comply with the laws and regulations of each country and region and with our commitments to our customers, and we will work toward the prevention of environmental abnormalities and the elimination of complaints.

< Water management >

Proactively addresses water sustainability issues with the goals aiming to:

- Aligning with public policy initiatives like SDGs (Sustainable Development Goal)
- Complying with legal requirements
- Acknowledging human rights on water and sanitation
- Minimizing water footprint
- Maintaining desired water quality during procurement, processing, consumption and discharges
- Co-create solutions to reduce water footprints
- The 4 'R's namely Reduce, Recover, Recycle and Reuse shall remain the pillars for water conservation and water management enabling circular economy while carrying out our core business.

<Commitment to preserve Air quality and minimizing pollution >

We aim to reduce harmful emissions and concentrations of air pollutants that can damage human health and the environment, including in relation to national emission ceilings and ambient air quality. This includes regulations that implement international commitments.

<Establishment of a Society in Harmony with Nature >

Based on the recognition that biodiversity is the premise of continuation of business operations, take initiatives that will help realize a sustainable society in harmony with the nature. Suppliers shall strive to ensure that supply chains are free of deforestation and conversion in accordance with applicable law and international biodiversity regulations.

Suppliers should support and promote ethical and humane treatment of animals. Suppliers shall not cause harmful soil modification, water pollution, air pollution, harmful noise emission or excessive water consumption, which may lead to significant impairment of the natural foundations for food and drinking water or the health of a person.

<No forced eviction>

Suppliers shall comply with the prohibition of unlawful eviction and the prohibition of unlawful deprivation of land, forests and waters in the acquisition phase, development or other use of land, forests and waters.

<Management of Chemical substances>

We will comply with the relevant laws and regulations of each country and region, control (abolish, reduce, etc.) chemical substances, and will not use prohibited substances in our products and manufacturing processes. We will also report appropriately to the government in accordance with laws and regulations.

(For details on the environment, please refer to the Green Procurement Guidelines of each country and region.)

4. COMMUNITY AND SOCIAL PARTICIPATION

<Purchase resources and raw material responsibility>

We do not use raw materials (ex-Conflict minerals) that lead to social issues of human rights and environment.

<Social contribution activity>

We pursue customer- and user-oriented products, services, and work quality and tackle social challenges with a pioneering spirit. We involve in community contribution activities and encourage employees to participate in volunteer or social events through interaction with locals.

<Information disclosure>

Information related to management, finance, environmental conservation, society, and social contributions, etc.

We will disclose information that is useful to stakeholders in a correct and timely manner, and will strive to maintain and develop sound relationships with stakeholders through open and fair communication.

5. RISK MANAGEMENT

We prevent risks such as cyberattacks, information leakage, and natural disasters and minimize impacts, if they occur.

<Develop business continuity plan>

Formulate and operate a business continuity plan (BCP) for early recovery in response to disasters and accidents.

BCP: Business Continuity

6. DEPLOYMENT TO YOUR SUPPLIERS

Understand our guidelines and promote them to become popular sustainability activities within your entire supply chain.

Conduct the necessary countermeasures for follow-up and improvement of your suppliers.

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