

# **Oiles Group Sustainable Procurement Guidelines**

## **Sixth Edition**

Revised on April 1, 2026

**Oiles Group**

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## 1. Purpose of the Oiles Group Sustainable Procurement Guidelines

The Oiles Group has been expanding its business across the globe with the vision of becoming a leading comprehensive manufacturer of oil-less bearings and serving society through technology. This vision is the foundation of our approach to management, which is based on the spirit and aspirations of our established commitment to “master tribology (friction, wear and lubrication) and damping technologies through innovative research and development, deploy this technology globally and serve society.”

To realize this philosophy, the Oiles Group places sustainability management at the core of its corporate activities and actively promotes initiatives that take environmental, social, and governance (ESG) factors into consideration. It is essential that the suppliers who support the Group’s businesses that are bearings, damping & isolation, and building equipment, share this awareness and work collaboratively with us. For this reason, we have established the Oiles Group Sustainable Procurement Guidelines (hereinafter the “Guidelines”) with the aim of building a sustainable and ethical supply chain.

Furthermore, in July 2019, we became a signatory of the United Nations Global Compact (UNGC), which aims to create a global framework for businesses to participate as responsible corporate citizens in achieving sustainable growth. The UNGC advocates universal values in areas such as the SDGs, the environment and labor. These universal values serve as a guiding banner for promoting sustainable initiatives within the Oiles Group.

Sustainability promotion is a core element of the Group’s corporate conduct and serves both as our contribution to the sustainable development of society and as the foundation for creating new corporate value. These Guidelines clearly outline the items for which we request the cooperation of our suppliers, particularly in implementing the Oiles Group Procurement Policy and mitigating procurement risks associated with our business activities.

Our suppliers are respectfully requested to understand the purpose of these Guidelines and to work together with the Oiles Group in advancing sustainable initiatives.

## 2. Scope of Application

The Guidelines apply to suppliers of divisions conducting Oiles Group materials procurement operations, including equipment, outsourced processing and construction and logistics.

## 3. Oiles Group Procurement Policy

The Oiles Group collaborates with its business partners to promote sustainable procurement in compliance with laws, regulations, social norms, and corporate ethics, as part of corporate social responsibilities to uphold human rights, ensure occupational safety and health, and protect the environment.

### ■ Compliance and Sustainable Procurement

We promote sustainable procurement activities in compliance with laws and regulations in Japan and overseas, ethics, and social norms, with due consideration of human rights, environmental protection, society and corporate governance.

### ■ Proper Transactions

We make rational decisions based on a comprehensive evaluation of factors such as quality, reliability, price, lead time, technological development capabilities, proposal capabilities, sustainability initiatives, and business continuity.

### ■ Sound, Fair and Equitable Transactions

We provide all business partners with fair and equitable opportunities for competition in order to promote highly transparent transactions.

### ■ Environmental Protection

We proactively strive to protect the global environment and engage in procurement activities that ensure its protection.

### ■ Mutual Trust, Co-existence and Co-prosperity

We seek to establish trust relationships with our business partners with a mutual commitment to develop, grow, and prosper together.

## 4. Requests to Our Suppliers

### (1) Compliance

- ① Compliance with Laws, Regulations and Corporate Ethics
  - Comply with the laws and regulations of all countries and regions associated with projects.
  - Formulate compliance policies, create compliance manuals and establish compliance systems.
  - Conduct compliance training for officers and employees.
  
- ② Compliance with Antimonopoly Laws
  - Comply with antimonopoly laws, including those similar to antitrust laws, of all countries and regions associated with projects.
  - Do not participate in activities that create unreasonable transaction restrictions including cartels and bid rigging.
  - Do not employ unfair transaction methods including abuse of a dominant position.
  - Do not establish a private monopoly.
  
- ③ Corruption Prevention
  - Make political donations and contributions in accordance with applicable national and regional laws and strive to maintain fair and transparent relationships with public, political and government institutions.
  - No off-the-book transactions, fictitious transactions, or any other false or misleading transactions shall be conducted. All transactions and dispositions of assets shall be recorded in accounting records, including forms, books, and related documents that are reasonably detailed and that accurately and fairly reflect such transactions.
  
- ④ Proper Transactions and Prohibition of Acts of Bribery
  - Prohibit the distribution or receiving of inappropriate profits.
  - Do not participate in the exchange of entertainment, gifts, or money with customers, suppliers, or other business partners for the purpose of obtaining or maintaining inappropriate profits or preferential treatment, or any other undue advantages.
  - Engage in projects via fair, transparent and open competition.
  - Do not pursue profits via unfair or unreasonable means.
  - Do not commit acts of bribery domestically or overseas.
  - Measures to prevent money laundering shall be implemented.
  
- ⑤ Elimination of Relationships with Antisocial Forces
  - All employees must exclude antisocial forces and resolutely refuse to engage in relationships with them.
  - Do not provide any benefit to forces or organizations that adversely affect social order and sound corporate activities.

⑥ Protection of Whistleblowers

- Confidentiality of information related to reports and the anonymity of whistleblowers shall be protected, and any form of retaliation against whistleblowers shall be strictly prohibited.

⑦ Compliance with Prevailing Export Laws and Regulations

- Confirm whether goods such as parts, products, technology, equipment and software that are subject to the laws and regulations of countries and regions where projects are to be performed are also regulated by international laws or the laws and regulations of other relevant countries and regions. Prepare and provide the necessary export procedures and certificates of non-applicability to ensure thorough control.

⑧ Responsible Minerals Procurement

- In procuring mineral and natural resources and raw materials, confirm that there are no direct or indirect relationships with organizations or activities that negatively impact local communities, such as regional conflicts, human rights violations, or environmental destruction. In the event any involvement is discovered, immediately take steps to discontinue their use.

⑨ Respect for and Protection of Intellectual Property

- Respect and never violate the intellectual property rights of other companies, such as those related to patents, utility models, designs, trademarks and copyrights.
- Manage and preserve intellectual property rights that belong to or are owned by your company.
- Do not illegally obtain or improperly use the intellectual property of third parties or illegally copy software or books.

⑩ Information Disclosure

- Information regarding financial conditions, business performance and business activities shall be disclosed to stakeholders in a timely and appropriate manner. Efforts shall also be made to foster mutual understanding and to maintain and enhance relationships of trust with stakeholders through open and fair communication.
- In the event of the imposition of penalties due to legal violations or the issuance of orders by government authorities, business partners involved in transactional relationships shall be notified without delay.

**(2) Human Rights and Labor**

① Abolition of Discrimination

- Do not discriminate on the grounds of personal attributes such as race, physical characteristics, creed, gender (including gender identity and sexual orientation), social status, family origin, ethnicity, nationality, age, marital status and disability, in any employment or treatment (including application, hiring, promotion, compensation, right to education, job assignment, wages, benefits, punishment,

dismissal and retirement).

② Respect for Human Rights

- Do not tolerate any types of workplace harassment or inhumane treatment, including abuse and corporal punishment.
- All employees shall be treated with respect and dignity in order to prevent any form of harassment in the workplace.
- Respect the rights of persons with disabilities and the rights of ethnic and cultural minorities, sexual minorities and social minorities such as migrant workers.

③ Prohibition of Child Labor

- Do not employ or violate the obligation to protect persons who are under the minimum working age as specified by the laws of the countries and regions where projects are to be conducted, or persons who are under 15 years of age.
- Do not allow employees under 18 years of age to engage in dangerous or harmful work.
- Vocational training and apprenticeship work shall be permitted only within the scope authorized by the applicable laws and regulations of each country.

④ Prohibition of Forced Labor

- Employ workers in accordance with the laws and regulations of the countries and regions where projects are to be conducted.
- Prohibit detained labor, debt labor, prisoner labor and forced labor through slavery or human trafficking. Ensure that all labor is voluntary and that employees are free to leave or terminate their employment. Providing a passport, official ID, work permit, or immigration application shall not be required as a condition of employment.
- Practices deemed improper under international norms, such as requiring individuals to bear recruitment fees, shall not be permitted.

⑤ Management of Working Hours

- Comply with the laws and regulations of the countries and regions where projects are to be conducted with respect to employee working hours (including overtime), holidays, annual paid leave and so forth.

⑥ Appropriate Wages and Welfare

- Comply with the employment laws and regulations of the countries and regions where projects are to be conducted concerning minimum wage, overtime work, wage deduction, piecework wage and other benefits. In addition, fulfill the requirements of legally mandated welfare programs.

⑦ Education and Training for Human Resources

- Develop employee education and training programs under applicable laws and customer requirements

such as the acquisition of necessary business-related knowledge and skills.

⑧ Communication with Employees

- Uphold employee rights of freedom to associate and freedom not to associate in accordance with the laws and regulations of countries in which business activities are being conducted.
- Guarantee the rights of employees or their representatives to communicate directly with management without fear of retaliation, intimidation or other negative impact. Share information on the business environment, business conditions and issues and freely converse about the work environment and working conditions.

**(3) Health and Safety**

① Occupational Health and Safety Policy

- Formulate policies, guidelines and regulations related to occupational health and safety to clearly acknowledge and fulfill social responsibility for occupational health and safety.

② Occupational Health and Safety Management System

Health and Safety

- In compliance with laws and regulations concerning occupational health and safety, identify risks of accidents that may occur while at work and the occurrence of chemical substances, noise and odors that are harmful to the human body; implement and enforce appropriate safety and related measures.
- A safety and health organization shall be established and operated through an occupational safety and health management system or equivalent systems, and continual improvement shall be pursued.

Physically Demanding Tasks

- Assess and properly control the conditions of physically demanding labor such as the manual handling of raw materials, heavy lifting, excessively repeated physical tasks that could result in repetitive stress injuries, and prolonged standing and provide employees engaging in such activities with the appropriate tools.

③ Safe and Healthy Work Environment

- Ensure a safe and hygienic environment so that everyone can work with a sense of security, by maintaining comfortable indoor workplaces in terms of odor, temperature and lighting, providing necessary facilities such as washrooms and restrooms and securing space for dining such as cafeterias. Promote employee well-being through health-related activities and providing professional guidance on disease prevention.
- To ensure a safe and healthy working environment, all occupational safety and health laws of the countries in which business operations are conducted shall be complied with, and compliance with these laws and internal regulations shall be periodically verified.

- ④ Safety Measures for Machinery and Equipment
  - Effectively manage the safety of machinery and equipment through periodic maintenance and performance tests as well as securing safety devices and interlocks and similar measures.
  
- ⑤ Occupational Accidents and Diseases
  - Take appropriate actions to address occupational accidents and diseases including the following actions, in accordance with timely monitoring and reporting systems and procedures.
  - Encourage reporting by employees.
  - Classify and record accidents and diseases.
  - Provide necessary treatment.
  - Investigate accidents and diseases and take corrective actions to eliminate the causes.
  - Support employees in confidently returning to work.

#### **(4) Environment**

- ① Environmental Management System
  - Create and operate a system with clear goals to promote a wide range of environmental conservation activities and continue to improve the system to achieve those goals.
  
- ② Compliance with Laws and Regulations Governing the Environment and Hazardous Substances
  - Comply with the laws and regulations concerning the environment and hazardous substances in the countries and regions where businesses are operated, manage hazardous chemical substances by eliminating or reducing their use and implementing the appropriate precautions when using hazardous chemical substances in the manufacturing process.
  
- ③ Prevention of Environmental Pollution
  - Safely and appropriately dispose of waste and prevent environmental pollution of the air, water and soil in order to maintain the human living environment while preserving the natural environment.
  
- ④ Promotion of Measures against Global Warming
  - Set voluntary reduction targets for energy conservation and greenhouse gases throughout business activities and work to reduce them.
  
- ⑤ Conservation of Resources
  - Strive to reduce emissions of waste throughout business operations by setting voluntary targets as well consistently ensuring the sustainable utilization of resources through such actions as recycling and improving the efficiency of water use. In addition, provide reports when information is requested.
  
- ⑥ Preservation of Biodiversity
  - Promote initiatives to conserve biodiversity and ensure the sustainable use of natural resources.

## **(5) Quality and Safety**

- ① Provision of Safe, High-quality Products and Services
  - Provide products and services that meet the safety standards and required quality standards stipulated by the laws and regulations of the countries and regions where projects are to be conducted.
- ② Quality Management System
  - Continuously improve quality by establishing and operating an effective quality management system.
- ③ Management of Chemical Substances in Products
  - Identify and safely manage chemical substances that may pollute the environment or negatively impact human health. Products should not use chemical substances prohibited by national or regional laws and regulations. Do not use such substances in the manufacturing process; monitor the use of chemical substances designated by the laws and regulations of the specific country or region and report on their levels of emission to government authorities in accordance with the prevailing laws and regulations.

## **(6) Information Security**

- ① Management of Confidential Information and Protection of Personal Information
  - Properly manage and use confidential and personal information to prevent any leakage.
- ② Strengthening Information Security
  - Promote the strengthening of information security to respond to equipment failures caused by virus infection, unauthorized invasion, information leaks and disasters.

## **(7) Business Continuity Management (BCM)**

- ① Creation of Business Continuity Management (BCM)
  - To respond to risks, formulate a BCP to ensure business continuity, secure resources, implement advance measures, implement education and training, conduct inspections and make continuous improvements.
- ② Formulation of Business Continuity Plans (BCPs)
  - Formulate a plan indicating policies, systems and procedures to ensure that important operations are not interrupted in the event of an emergency or unexpected circumstances and, if they are interrupted, to restore them as quickly as possible.
- ③ Risk Reduction
  - Evaluate risks that affect your business activities, such as earthquakes, wind and flood damage, fires, industrial accidents and violations of laws and regulations related to products or business activities, and leakage of confidential information, and strive to take measures to reduce the risks. In addition, identify risks associated with your suppliers and promote necessary measures to reduce them.

**(8) Contribution to Society in Harmony with Local Communities**

- For the sound development of the local community, understand local issues and conduct social contribution activities in collaboration with the community.

**(9) Dissemination throughout the Supply Chain**

- Encourage your suppliers to comply with the items stipulated in the Guidelines and strive to disseminate them throughout the entire supply chain and request corrective actions when necessary.

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