

Supply Chain Sustainability Guidelines

1 Business partner Code of Conduct		2 Corporate Activity Guidelines	
1) Establish a relationship of trust with customers	Make the best effort to satisfy and earn the trust of customers (end-users) by supplying good quality products and services, and by being sincere in communications with them.	1-1	Procurement information disclosure Strive to collect and make available for disclosure, as needed, information on product origins and your business partners who processed or procured those products.
		1-2	Considerations for personal information Collect, use, provide, and manage the personal and privacy information of customers, your business partners, and others with utmost care.
		1-3	Information security Establish countermeasures to protect against threats such as cyber-attack and manage the business in a way that avoids harm to your company and others.
		1-4	Product quality assurance Strive to establish and operate appropriate quality management system and comply with laws and regulations to maintain and improve the quality of products supplied to customers. Also, ensure that the quality of supplied products conforms to specifications approved by agreement between Daiwa House Group companies and your company.
		1-5	Ensuring product safety and regulatory compliance Always identify and comply with laws and regulations relating to products and their manufacture, regardless of whether these are derived from regulations of the countries where you are located, countries where products are manufactured or countries of destination for products, or international regulations.
		1-6	Providing reliable product information As well as guaranteeing that supplied products or services satisfy all Daiwa House Group specifications, also supply the relevant documents subject to agreement between the parties concerned.
		1-7	Crisis management and stable supply On becoming clear that it will be impossible to supply products to a Daiwa House Group company, in cases where this may interrupt the continuity of affected businesses, contact said company and take urgent steps to address the problem based on mutual agreement.
		1-8	Establishment of a business continuity plan Develop and implement plans that ensure safety and enable business to continue in the event of natural disasters and other unforeseeable circumstances.
2) Business activities with high ethical standards	Not only observe laws and regulations but also act with high ethical standards in order to meet the expectations of diverse stakeholders.	2-1	Act in full compliance with laws and regulations and with high ethical standards Observe laws and regulations in one's own country and abroad, understand the expectations of the international community, and act with high ethical standards.
		2-2	Management of confidential information Carefully manage confidential information and do not use such information for insider trading or conducting speculative acts that might invite suspicion thereof.
		2-3	Non-involvement with antisocial forces Resolutely oppose and address any involvement with antisocial forces.
3) Considerations for occupational safety and health	Show due consideration for workers' health and safety, whether employed by you or your business partners, and strive to create workplace environments that are open-minded and fair.	3-1	Workplace safety Identify, assess, and reduce potential health and safety hazards that pose a risk to workers. Also, take reasonable measures for pregnant women and nursing mothers by such as reassigning them from working environments with high hazards, removing or reducing any workplace health and safety risks, including those associated with their work assignments, and providing them with reasonable accommodations.
		3-2	Workplace injury or illness Implement procedures and practices for the prevention, management, tracking, and reporting of workplace injury or illness. This shall include encouraging reporting by workers, classification and recording of cases of workplace injury or illness, provision of required treatment, detailed investigation of incidents, implementation of corrective measures to eliminate causes, and rules that encourage workers to return to work.
		3-3	Occupational health Identify, assess, and manage the exposure of workers to chemical, biological, or physical agents. When a potential hazard is identified, the company shall explore ways of eliminating or minimizing that hazard.
		3-4	Physically strenuous work Identify, assess, and manage situations where workers engage in physically strenuous work, including the manual handling of raw materials, repetitive lifting of heavy objects, prolonged standing, or assembly tasks that require an extreme degree of repetition or force.
		3-5	Machine safety Assess the safety hazards of production and other machinery. Fit physical protection, interlocks, or safety barriers where machinery hazards have the potential to injure workers and maintain and manage the equipment appropriately.
		3-6	Sanitation facilities, food, and accommodation As well as providing employees with clean toilets, drinking water, and cafeterias, also ensure appropriate maintenance of the safety and sanitation of employee accommodation and living spaces.
		3-7	Safety and health communication Provide workers with appropriate workplace safety and health information and training in their native tongue or a language they understand, for any identified workplace hazards that they could potentially encounter in their work. The safety and health information shall be posted in clearly visible locations in the workplace or at places where workers can access and read it. Encourage workers to express their safety and health concerns without risk of retribution.
4) Fair business activities	Value the partnership shared with your business partners and build proper relations with them. Promote the healthy development of the industry as a whole in line with the principles of free market competition.	4-1	Prohibition on use of superior bargaining position against your business partners Follow good practice in the terms of contracts with your business partners, being careful not to exploit a superior bargaining position to, for example, force unreasonable business terms and conditions on counterparts, or low-ball prices. Moreover, do not make unreasonable requests of your business partners, or accept or provide gifts, entertainment or the like above and beyond socially accepted norms.
		4-2	Promotion of free and fair trade Do not commit acts of collusion, cartelization, or that otherwise undermine the principles of free and fair trade. Do not collude by sharing information, attending meetings, or making contacts that might invite suspicion thereof.
		4-3	Respect for intellectual property rights Recognize the importance of intellectual property, and respect the intellectual property rights (copyrights, utility designs, patents, etc.) of third parties by not committing any acts that might infringe upon those rights.
		4-4	Prevention of bribery Do not bribe officials or politicians in the legislative, executive, or local branches of government, or commit any acts that might invite suspicion thereof.
		4-5	Prevention of corruption Avoid conflicts of interest and do not have any involvement in illegal activities such as extortion or money laundering.
5) Environmental conservation	Strive to reduce the environmental load of both "business processes" and "products and services" in order to help create a world where people can lead an affluent way of life in harmony with the environment.	5-1	Complying with environmental laws and regulations and responding to the demands of society Strive to reduce environmental impacts and contribute to the environment by complying with domestic and international environmental laws and regulations and by meeting the demands of the global community and stakeholders.
		5-2	Challenge yourself to achieve carbon neutrality Promote energy efficiency and utilize renewable energy in an effort to reduce greenhouse gas (GHG) emissions in accordance with the Paris Agreement, and work toward achieving carbon neutrality throughout entire supply chain.
		5-3	Challenge yourself to achieve circular economy Work toward achieving a circular economy, both by reducing waste and achieving zero emissions and by taking active steps to utilize recycled materials and minimizing use of finite resources so as to make the best use of available resources.
		5-4	Management of chemical substances By sharing information with your business partners on the chemical substances used in products and by reducing the use of substances associated with higher risks, supply products with little impact on stakeholders' health and the natural environment.
		5-5	Considerations for biodiversity As well as working to achieve zero deforestation through sustainable timber procurement, also strive to operate and manage sites in ways that conserve biodiversity, seek to improve the quantity and quality of green spaces, and show due consideration to local ecosystems. Strive to reduce disposable plastics with the goal of achieving zero impact on the marine plastics problem.
		5-6	Addressing risks to water Act to conserve aquatic environments and achieve sustainability in the use of water resources through measures such as recycling water, reducing water usage, and effective waste water management, and by showing due consideration for the water environment, while also taking action on water pollution to ensure business continuity.
6) Co-creating a Brighter Future with local communities	Respect the culture and customs of areas where you engage in business operation, and strive to contribute to the sustainable development of local communities through business activities, etc.	6-1	Considerations for and contributions to local residents and communities where you engage in business operation Be open and honest with local communities, and work to earn their trust. Do not commit any act without considering how it might impact local residents and make an effort to participate voluntarily in activities that contribute to the growth and development of both the global and local communities.
7) Respect for human rights	Respect dignity and basic human rights for all persons involved in business activities by not acting in ways that are discriminatory or that infringe on those rights.	7-1	Prohibition of discrimination Make all decisions relating to how people are treated and their opportunities for employment, promotion, remuneration, participation in training courses, etc. on the basis of ability to carry out the required functions. Similarly, respect individual human rights and individuality, with no discrimination on the basis of ethnicity, skin color, gender, age, religion, beliefs, language, property ownership, nationality or country of origin, race, social origin, political or other opinions, disabilities, marital status, pregnancy or other state of health, sexual orientation, or gender identity.
		7-2	Prohibition of forced labor Do not use labor obtained by slavery or human trafficking. Also, do not tolerate any form of forced labor whereby workers are unreasonably bound, whether mentally or physically, to work against their will, including forced overtime and restrictions on their freedom to terminate their employment.
		7-3	Prohibition of child labor Do not employ children below the minimum working age (the minimum working age is 15 years old in principle, or is 18 years old for labor that could potentially impair the worker's health, safety, or morality) as stipulated in the standards of the International Labour Organization (ILO). Similarly, do not employ anyone of compulsory schooling age or below the legally stipulated minimum working age in countries where these ages are above the ILO minimum working age.
		7-4	Prohibition of harassment Respect the human rights of employees and do not treat them inhumanely, including abuse, physical punishment, bullying, sexual harassment, and workplace bullying (verbal bullying or coercive behavior).
		7-5	Respecting the rights of indigenous people Strive to conduct business activities in a way that respects the land rights, culture, customs, and religions of indigenous people; respect their rights to their traditional knowledge and genetic resources; and avoid unfairly exploiting them for profit.
		7-6	Freedom of association and right to collective bargaining Respect freedom of association and the right to collective bargaining. Also ensure that workers and their representatives are able to communicate forthrightly and share with management for their opinions and concerns about working conditions and management practices without fear of discrimination, retribution, intimidation, or harassment.
		7-7	Payment of fair wages Observe all labor laws and regulations that apply in the countries or regions where you engage in business operation and remunerate at or above the minimum wage provided for in local law or regulation. When setting remuneration, consider the level of wages needed to allow employees and their families to live with dignity. Also ensure that you pay overtime and other supplementary allowances in accordance with the laws, regulations, etc. in the countries.
		7-8	Working hours Manage employee working hours and other working conditions appropriately, in accordance with local labor laws and regulations. Also, consider the health of employees and prevent them from overworking, including through the provision of adequate holidays.
		7-9	Responsible procurement Do not purchase raw materials or other resources that are used to fund the activities of armed groups. Engage in promotion of responsible procurement, including by eliminating the use of goods suspected of being associated with corruption, human rights violation or the like, and by putting corrective measures in place to avoid such use.
		7-10	Access to remedy Ensure that employees have the right to seek remedy through an accessible, impartial, and fair complaints process.
		7-11	Identity protection and elimination of retribution Maintain a program that ensures the confidentiality, anonymity, and protection of whistleblowers from your business partners or their employees as well as your company or employees, unless prohibited by law. Ensure that communication processes allow those whistleblowers or possible whistleblowers to express their concerns without risk of retribution.
		7-12	Respect the human rights of foreign workers Manage the employment of foreign workers (including technical interns) appropriately in accordance with relevant laws and regulations, and do not engage in illegal or inappropriate practices. Also, in accordance with laws, regulations and administrative guidance, provide foreign workers with their working conditions, in writing and in a language that they understand.

3 Guidelines for Products

[1] Chemical Substance Management Guidelines [Basics]

Control level	Controlled substances
Level 1 (Prohibited use) Substances and substance groups that are prohibited from use in all products	Substances prohibited under Japanese laws
Level 2 (Control required / Restricted use) Substances and substance groups for which the status of use in major construction materials should be identified (some materials have restrictions on their use)	Substances for the Ministry of Health, Labour and Welfare has established guideline values, and some candidate substances for REACH*1 approval

*1 REACH (Registration, Evaluation, Authorization and Restriction of Chemicals): New directive on chemical substances introduced by the European Commission in June 2007

[2] Biodiversity Guidelines [Timber Procurement]

Only purchase timber that is legal and sustainable as indicated below, or that is 100% recycled.

- (1) Confirmation of legality
 - (a) Source of supply (b) Cutting rights (c) Forestry laws and regulations and other relevant rules
- (2) Confirmation of sustainability
 - (d) Large-scale logging of natural forest (e) Endangered species (f) Considerations for surrounding area (g) Produce of a disputed region (h) Legal working conditions of local government (i) Amount of forest reserves (j) Japanese domestic timber