

Group Sourcing Guidelines

Adastria Group promotes responsible sourcing activities that take into account societal and environmental factors based on the principles of the “Group Sourcing Policy.” As part of those activities, the “Group Sourcing Guidelines” (hereinafter “these guidelines”), set forth the standards that we ask all business partners involved in the production of Adastria Group products (hereinafter “business partners”) to follow.

We ask that in addition to fulfilling the standards detailed in these guidelines, our business partners also inform their business partners of the contents of these guidelines.

Furthermore, these guidelines are subject to change without notice, and in such an event we ask that our business partners comply with the revised guidelines.

Compliance with these guidelines

All business partners shall comply with these guidelines when starting a business relationship with Adastria Group. An effective management system shall be established to ensure these guidelines are applied faithfully and continuous improvements are made.

When a business partner outsources production of an Adastria Group product to a subcontractor, the business partner must take responsibility to ensure that the subcontractor complies with these guidelines.

Additionally, all managers and employees of our business partners must be informed of the contents of these guidelines and related company rules in a language they can understand.

Furthermore, the laws and regulations (hereinafter “laws”) of countries in which Adastria Group and its business partners conduct business must be complied with, and business must be conducted with consideration for environmental conservation, human rights and the work environment. In the event where these guidelines and the applicable laws differ, the stricter of the two standards shall be followed.

Confirmation of the state of compliance

Permission shall be granted for monitoring to be conducted by Adastria Group or a designated third party for the purpose of confirming the state of compliance with these guidelines. Monitoring can be conducted without prior notification, and shall include access to production sites, company residential facilities, eating areas and waste management facilities as well as inspection of related documents.

Information (including spoken statements) shall not be falsely or incorrectly presented during the monitoring, such as through falsification, concealment or forgery.

Corrective measures and response to nonconformity

In the event of nonconformity to these guidelines, corrective measures shall be planned in agreement with Adastria Group and the business partner. The corrective measures shall be implemented within the time period designated by the corrective measure plan, and the result shall be reported to Adastria Group. In the event a major nonconformity is confirmed or a corrective measure plan is not implemented, measures such as the annulment of the contract with Adastria Group may be undertaken.

Prohibition of abuse and harassment

- Employees shall be respected and treated with dignity.
- Employees shall not be subject to physical or mental suffering, inhumane treatment or threat such as abuse and harassment.

Fair employment practices without discrimination

- The human rights and individuality of each person shall be respected.
- All hiring and employment activities such as recruitment, promotion, wages, discharge, retirement and discipline shall be carried out without discrimination against factors such as nationality, ethnicity, social standing, race, skin color, gender, sexual orientation, religion, creed, age, the presence or absence of disability, or membership in a labor organization.

Prohibition of forced labor

- To ensure all labor is carried out under the free will of individuals, forced labor shall not be conducted.
- The rights of all employees to leave employment freely in accordance with the appropriate procedures shall not be infringed upon, such as by withholding an employee's personal identification documents or seizing an employee's property.

Prohibition of child labor and consideration for young workers

- Labor shall not be undertaken by children younger than the legal minimum age for employment in the applicable country or region, or 15 years of age (any exceptions prescribed in ILO Convention No. 138 should be adhered to), whichever is greater.
- Age verification shall be conducted using methods such as checking an official ID when recruiting employees.
- Employees of the legal labor age but under the age of 18 shall not be allowed to work during the night or in dangerous environments.

Freedom of association

- The rights of employees to join or not to join associations shall be ensured without the fear of retaliation or discrimination. An environment shall be offered in which meetings can be held with individual employees or a representative freely chosen by the employees.

Prohibition of excessive working hours

- The hours of work shall be determined, and holidays and time off shall be provided according to the laws of the applicable country or region.
- Employees' actual working hours shall be recorded.
- Overtime work shall only be undertaken with the voluntary agreement of the employee.
- Employees shall receive at minimum 1 day of rest every 7 days.

Employment management and contracts

- All labor shall be reasonably undertaken based on contracts created in accordance with the laws of the applicable country or region.
- The employment contract that records the terms of employment agreed to by an employee shall be created and offered in a language the employee can understand.
- The above rules also apply to employees recruited through a third party such as a human resource recruiting agency.

Payment of Wages and Benefits

- Wages and other allowances shall meet or exceed the level prescribed by the applicable country or region.
- Wages shall not be deducted for the purpose of punishment or discipline.
- The amount of wages and the payment date shall be recorded in the employment contract in a language the employee can understand, and the entire amount shall be paid on the indicated payment date.

Safe and hygienic working environment

- Buildings and facilities shall comply with all related safety, fire safety and hygiene laws, and a safe and hygienic work environment shall be provided to all employees regardless of their duties.
- The necessary measures shall be undertaken to prevent accidents and injuries, such as the provision of protective equipment, the safe management of chemical substances, regular maintenance of facilities, the installation of fire extinguishing equipment and emergency alarm, the provision of safe drinking water and sanitary toilets, and the holding of evacuation drills.
- If residential facilities are provided, they shall meet the same safety and hygiene standards as the work environment.

Reduction of environmental burden and prevention of pollution

- The laws of the applicable country or region regarding water pollution, air pollution, waste emissions and the saving of resources shall be complied with, and the required procedures shall be appropriately undertaken such as reporting, and the acquisition and renewal of certifications.
- The environmental burden and contamination created through production process shall be recognized, and environmentally sustainable practices shall be continuously promoted to reduce the impact on the environment to the greatest extent possible.

Prevention of corruption and legal compliance

- All records, including accounting records, shall be correctly recorded in order to comply with the laws of the applicable country or region, and to conduct fair, impartial and transparent business activities.
- Bribes including kickbacks, the giving or receiving of gifts or entertainment that surpass social norms, corruption, money laundering and other misconduct shall not be carried out in any business activities.
- Confidential information obtained in the course of business with Adastria Group shall not be shared with others. The same responsibility for the safeguarding of confidential information shall be undertaken with subcontractors.
- Irregular products produced during the production of Adastria Group products shall be thoroughly managed according to Adastria Group standards.

The responsibility to safeguard confidential information continues even after business with Adastria Group has been concluded.