

Rakuten Group Sustainable Procurement Code of Conduct for Suppliers

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Rakuten Group, Inc.

The Rakuten Group aims to contribute to the realization of a sustainable society through its entire value chain.

To promote sustainability in the supply chains that support the provision of our products and services, we have established “Rakuten Group Sustainable Procurement Instruction” based on the belief that having a shared understanding with our suppliers of what sustainability represents is essential to efficiently collaborate.

In light of this Instruction, we have compiled the following “Rakuten Group Sustainable Procurement Code of Conduct for Suppliers” (hereinafter “Code of Conduct”) to describe the actions we expect our suppliers to take and the matters we expect them to manage with their own suppliers. Rakuten Group’s suppliers are requested to understand the Rakuten Group Code of Ethics, and to agree with and implement the Rakuten Group Sustainable Procurement Instruction and the Code of Conduct.

If there is a difference in standards between the Code of Conduct and local legislations, the strictest requirements need to be met.

■ **Scope of Application**

The Code of Conduct applies to all Rakuten Group suppliers. Compliance is requested when conducting procurement activities.

■ **Definition of Supplier**

The term “supplier” means any company, entity, business partner, agent, intermediary, contractor, distributor, and other third party that provides any service and/or product to the Rakuten Group.

■ **Definition of Procurement Activity**

Procurement activities refer to the purchase or commission of tangible assets (raw materials, components, devices, printouts), intangible assets (digital content, software, systems), and services (human resources, including temporary staff, consulting development) by the Rakuten Group that are necessary to the provision of its products and services to end users, as well as to its daily operations.

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1. Ethical Business Practices

1-1. Legal Compliance & Respect for International Norms

Respect international norms by complying with the laws, regulations, ordinances and rules of the applicable countries in conducting business and procurement activities.

Suppliers need to understand and comply with the various laws, regulations and international norms relating to the environment, human rights and bribery that have been enacted or introduced in various countries. Some laws and regulations may apply not only in their own countries but also outside the region. In addition, suppliers are also expected to comply with laws and regulations not only in their own organizations but also throughout their supply chains, and to respect international norms.

International norms refer to norms of behavior expected of socially responsible organizations derived from customary international law, generally accepted principles of international law or universally or almost universally recognized intergovernmental agreements (including treaties and agreements).

Examples of international norms include the OECD (Organisation for Economic Co-operation and Development) Guidelines for Multinational Enterprises, the ILO (International Labour Organisation) Declaration on Multinational Enterprises, the Guiding Principles on Business and Human Rights and SDGs (Sustainable Development Goals) at the United Nations.

1-2. Fair and Proper Conduct of Business

Conduct responsible business activities, and fair and proper competition.

Suppliers shall comply with laws and regulations concerning fair trade, including the AntiMonopoly Act and the Subcontract Law, and shall not engage in anti-competitive acts such as unfair restriction of trade (cartels) or illegal acts involving conflicts of interest.

In catalogues and other representations and advertisements relating to products and services, care shall be taken not to use expressions that are not true or that mislead consumers and customers about the content, and not to include content such as defamation of other companies or individuals or infringement of their rights.

1-3. Corruption and Bribery

Maintain sound and normal relationships with public authorities and private companies, and refrain from bribery, facilitation payments, illegal political contributions, etc.

Suppliers must prohibit any and all bribery, facilitation payments, illegal political donations, etc.

Bribery is defined as business conduct (giving or receiving money, entertainment, gifts or other benefits or favors) towards public officials and similar persons (public officials, etc.), or suppliers for the purpose of obtaining or maintaining permits and licenses or business transactions, obtaining non-public information, or other improper business benefits.

Facilitation payments are payments of small amounts of money to public officials and others to facilitate normal administrative procedures (e.g. customs clearance, checkpoints, issuing entry or residence visas or applying for extensions, construction of water, sewerage or telephone lines etc.).

Illegal political contributions are, for example, donations to individual politicians or political contributions in excess of the maximum amount stipulated by law.

In order for suppliers to comply with these policies, they must not only develop policies, but also ensure that their workers receive appropriate education and training on an ongoing basis and are made aware of these policies.

Suppliers are also prohibited from giving or receiving, or promising or offering to give or receive, anything of value, directly or indirectly, in order to obtain business or gain an improper advantage. This applies, for example, to bribery-like activities (including kickbacks), such as offering or receiving from a customer a prize or monetary award beyond the scope of the law, or offering or receiving money, goods or entertainment beyond the scope of social etiquette.

1-4. Prohibiting Inappropriate Provision and Improper Benefit

Do not give or receive improper benefits in your relations with stakeholders.

Suppliers must comply with laws, regulations, ordinances and all other social norms, and must not give or receive improper benefits in violation of these norms.

The provision or receipt of improper benefits includes having relations with or providing benefits to anti-social forces (such as gangs, organized criminal organizations and terrorist organizations) that adversely affect social order and sound activities, as well as insider trading, where a listed company's shares or other securities are bought or sold based on non-public material information.

1-5. Respecting Intellectual Property

Do not infringe the intellectual property rights of others.

Suppliers shall use their own intellectual property appropriately and shall not infringe on the intellectual property rights of others. Ensure that technologies, ideas, know-how, designs, etc. are used in a manner that protects intellectual property rights.

Intellectual property rights are rights stipulated by laws and regulations, and include patent rights, utility model rights, design rights, trademark rights and copyright, etc., as well as trade secrets and technical know-how.

2. Information Security and Privacy Protection

2-1. Enhanced Security against Cyber-attacks

Take defensive measures against cyber-attacks and manage them so that they do not cause damage to own company and others.

Businesses need to take defensive measures against cyber-attacks and manage them to prevent damage to themselves and others. Specific measures include thorough security training for developers, security reviews of software development processes, vulnerability (system defects that threaten safety) inspections, monitoring for unauthorized access, and investigating and responding to vulnerabilities.

Cyber-attacks refer to acts that cause damage, such as the leakage of trade secrets like personal information, customer information, business partner information and confidential information, or the encryption of important files, through, for example, malware infection by targeted emails or inducements to malicious websites.

The damage is not limited to the company itself, as attackers may expand their attacks to the customers and business partners whose information they obtain. In addition to taking measures to prevent cyber-attacks, it is important to formulate a plan for prompt recovery in the event of an actual attack. Specific measures include, for example, back-up of critical data and redundancy of servers and data centers etc.

2-2. Protecting Personal Information

Appropriately manage and protect all personal data of suppliers, customers, consumers, workers, etc., in compliance with relevant laws and regulations.

Suppliers must handle personal information of suppliers, customers, consumers, workers, and others with care and in compliance with the relevant laws and regulations of each country. Personal information should be collected, stored, modified, transferred, shared, or otherwise processed to the extent necessary to achieve the identified purposes of use.

Personal information refers to information about a living individual that can identify the specific individual by name, date of birth, or other description, etc., (including information that can be easily cross-checked with other information and thereby identify the specific individual).

Appropriate management refers to the establishment and operation of a general management system for personal information, including the creation of norms and policies to be observed by workers and others, and the planning, implementation, auditing, and review of measures in accordance with these norms and policies.

Adequate protection means that personal information is not obtained, used, disclosed or divulged unlawfully or improperly.

2-3. Preventing Leak of Confidential Information

Appropriately manage and protect not only own confidential information, but also confidential information received from customers and third parties.

Suppliers need to establish appropriate mechanisms and management systems to manage confidential information that they own and that they received from third parties. This includes setting information management levels and providing education and training for workers.

Confidential information generally refers to information disclosed in writing or otherwise (including electromagnetic or optically recorded data information) that has been agreed to be confidential, or information disclosed orally after being notified that it is confidential.

Appropriate management refers to the establishment and operation of an overall management system for confidential information, including the creation of rules and policies to be followed by workers and others, and the planning, implementation, auditing, and review of plans and measures in accordance with those rules and policies.

Adequate protection means that confidential information is not improperly or wrongfully obtained, used, disclosed or divulged.

3. Safety and Quality of Products and Services

3-1. Ensuring the Safety and Quality of Products and Services

Design, manufacture, and sell products and services that meet the safety standards set forth by the laws and regulations of each country and ensure sufficient safety and quality.

When Suppliers design, manufacture and market products and services under their own responsibility, they must ensure that the products and services meet the safety standards set by the laws and regulations of the respective countries and also take into account the safety, certainty, legality, usefulness and convenience that they should normally possess.

Laws and regulations related to safety and quality include, in Japan, the Electrical Appliance and Material Safety Act, the Consumer Product Safety Act, and the Household Goods Quality Labeling Act. Safety standards are set out in detailed regulations of laws and regulations, JIS, etc. Overseas safety standards include UL, BSI and CSA.

To ensure safety and quality, it is useful to establish necessary policies and systems, manage standards, traceability (history of materials, parts, processes, etc.), etc., and take prompt action to solve problems.

3-2. Providing Accurate Information on Products and Services

Provide accurate and non-misleading information about products and services.

Suppliers must provide customers and consumers with accurate and non-misleading information about their products and services. False or falsified information must not be provided.

Accurate information means, for example, the following;

- The specifications, quality, and handling methods of the products and services are accurate.
- Information on substances contained in materials and components used in products is accurate.

4. Environmental Protection

4-1. Efficient Use and Reduction of Energy Consumption and Greenhouse Gas Emissions

Measure energy use and greenhouse gas emissions, actively work to improve energy efficiency, and reduce energy consumption and greenhouse gas emissions.

Suppliers need to set, plan and implement voluntary reduction targets for energy use and greenhouse gas emissions on a company-wide basis as part of their efforts to combat climate change. Specific reduction measures include improving energy efficiency and using clean energy. They must also be tracked, documented and compared to reduction targets, and pursue ways to improve energy efficiency and minimize energy consumption and greenhouse gas emissions.

The term "greenhouse gases" refers specifically to the six substance groups defined in the Kyoto Protocol: carbon dioxide, methane, nitrous oxide, HFCs, PFCs, and SF6.

4-2. Effective Utilization of Resources and Waste Management

Minimize waste by effectively using resources through the 3Rs (reduce, reuse, recycle), etc.

With regard to the use of resources, including wood, fossil fuels and water, in products themselves and in packaging materials, suppliers need to ensure the effective use of resources through the 3Rs (reduce, reuse, recycle) and other means. Specifically, in addition to understanding the type, amount and treatment status of each resource, suppliers need to set their own reduction targets and continuously implement improvement activities.

It is also desirable that products be designed to enable users to practice the 3Rs and to make effective use of resources at the design and development stages.

4-3. Water Management

Reduce water abstraction as much as possible and properly manage wastewater discharge.

Suppliers must manage their water abstraction and wastewater discharge taking into account the local water environment in the area where they and their sites are located, so as not to impact on local nature and society. Water abstraction should be reduced as much as possible and wastewater should not be discharged directly into the natural environment. It is also necessary to set reduction targets as a company and continuously implement improvement activities.

4-4. Conservation of Biodiversity

Assess the impact on ecosystems through business activities, and operate businesses and use resources in an ecosystem-friendly manner.

Suppliers need to understand the impacts and benefits of their business activities on ecosystems and operate their businesses in an ecosystem-friendly manner. It is also necessary to use resources that have undergone ecosystem-friendly production and acquisition as much as possible.

Those that have undergone ecosystem-friendly production or acquisition are, for example;

- Wood from properly managed forests (FSC certified wood, etc.)
- Wood or minerals that have not been obtained through deforestation or other means that adversely affect valuable ecosystems requiring protection or the survival of rare wildlife.

4-5. Chemical Substance Management

Control chemical substances designated by the laws and regulations of the country where they are used in the manufacturing process.

Suppliers must ensure that chemicals, wastes and other substances that pose a hazard to human health or the environment are identified, labelled and controlled for safe handling, movement, storage, use, recycling or re-use and disposal.

4-6. Managing the Chemical Substances Contained in Products

Manage chemicals specified by law and regulations for all products.

Suppliers must use and manage chemical substances specified by laws and regulations for all products. They also need to take into account customer requirements.

- Comply with the legislation of the country of destination of the product.
- They must also be responsible for the components that are incorporated into the final products. Therefore, upstream companies need to provide necessary information to downstream companies.

For example, when exporting to the EU, the RoHS Directive, REACH Regulation, etc. fall under relevant laws and regulations.

4-7. Preventing Air, Water and Soil Pollution

Comply with relevant laws and regulations and implement appropriate measures to prevent air, water, and soil pollution.

Suppliers must comply with relevant laws and regulations and implement appropriate measures to prevent air, water and soil pollution. Various hazardous substances should be analyzed and monitored for their content prior to discharge, and the necessary controls and measures should be applied based on the results.

Measures include regular monitoring of the performance of the processing system.

4-8. Environmental Permits and Reporting

Obtain the necessary permits and approvals for the business, register and report in accordance with the laws and regulations where the business is located.

Suppliers must obtain and maintain all required environmental permits, authorizations and registrations, keep them up to date and comply with their operational and reporting requirements.

5. Respect for Human Rights

5-1. Respect for Internationally Recognized Human Rights Standards

Uphold international norms on human rights and respect the human rights of all stakeholders

Businesses must uphold international norms on human rights, including the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the ILO Declaration on Fundamental Principles and Rights at Work, and respect the human rights of all stakeholders.

5-2. Prohibition of Child labor, Respect for Young Workers

Children under the minimum working age are not allowed to work. In addition, consideration should be given to young workers.

Suppliers shall not engage in child labor. Child labor is prohibited under all circumstances by the ILO and national laws and regulations. The term 'child' here refers to any person under the age of 15 or the age for completing compulsory education, or the minimum age for employment in the country, whichever is the highest. Suppliers must have appropriate mechanisms in place to verify the age of their workers.

In addition, workers under the age of 18 (young workers) must be provided with appropriate support and training, and must not be assigned to work that may put their health or safety at risk, including night shifts and overtime work. Appropriate controls must be maintained over worker records in accordance with applicable laws and regulations. For student workers, due diligence should be exercised with the student's educational institution.

5-3. Prohibition of Forced Labor

Hire all workers at their own free will and do not force them to work.

Suppliers must employ all workers (including permanent workers, contract workers, temporary workers, part-time workers, migrant workers, students and other forms of employment) at their own free will and must not force workers to perform forced labor. Forced labor is all work not of their own volition.

For example, it refers to labor in which a person is forced to work against his/her will, such as confinement, bondage, slave labor, forced overtime work, human trafficking, etc. It also includes debt labor in which the freedom to leave work is restricted in order to repay a debt or other obligation.

The lack of the right to free separation from employment and the act of requiring the deposit of identification documents, passports, and work permits with the employer are also types of forced labor. Employers may retain documents only when their retention is required by law, and even then they must ensure that workers have access to those documents of theirs at all times. Imposing unreasonable restrictions on workers' access to or movement within the facility is also an act that constitutes forced labor.

Migrant workers must receive a written employment contract before the worker leaves his/her home country, and no substitution or modification of the employment contract upon arrival in the receiving country is allowed, except for changes that satisfy local laws and provide equivalent or better terms than the original contract. The worker will not pay the employment placement fees of the employer's recruitment agent or its contractor, or any other fees related to employment. If a worker is found to have paid such employment-related fees, the fees must be refunded to the worker.

5-4. Equal Opportunities and Non-Discrimination

Strive to eliminate discrimination in recruitment and employment, and to realize equal opportunity and fairness in treatment.

Suppliers must work to create a discrimination-free workplace. Suppliers must not discriminate on the basis of race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability status, pregnancy, religion, political affiliation, union affiliation, prior military service, protected genetic information, or marital status in hiring and employment practices, including wages, promotion, compensation and training opportunities.

Medical examinations and pregnancy tests constitute discriminatory practices if they undermine equality of opportunity or fairness in treatment. Workers should also be provided with reasonable accommodations for their religious practices.

5-5. Working Hours

Appropriately manage the working hours, holidays and leave of workers to ensure that legal limits are not exceeded.

Suppliers must not exceed the working hour limits set by local law.

Appropriate management refers to;

- The number of prescribed working days per year does not exceed the legal limit.
- At least one day off (not less than 24 hours) every seven days.
- The number of hours worked per week, including overtime hours (but excluding disasters and other unavoidable emergencies), does not exceed the legal limit.
- Provide the right to paid annual leave, maternity leave and parental leave as required by law.

5-6. Adequate Wages and Benefits

Ensure adequate wage levels and benefits that meet the basic needs of workers.

Suppliers need to ensure adequate wage levels and benefits that meet the basic needs of their workers.

Adequate wages and benefits are defined as living wages and benefits that are at a level that complies with all wage laws and labor standards, including minimum wages, overtime, and benefits, and that enable workers to lead a humane life.

In the payment of wages, it is also necessary not to make unjustified wage deductions and to provide pay slips along with the payment.

5-7. Worker Health Management

Provide appropriate health care for all workers.

Suppliers are required to provide appropriate health management for all workers. Appropriate health management means, at a minimum, conducting medical examinations, etc. at the level required by law, preventing workers' illnesses, and detecting them at an early stage.

In addition, suppliers need to give sufficient consideration to the prevention of health problems caused by overwork and care for mental health and other issues.

5-8. Occupational Safety

Identify and assess risks to workplace safety and ensure safety through appropriate design, engineering and management measures.

Suppliers must identify and evaluate workplace hazards, including their likelihood of occurrence, and mitigate them using hierarchical control (the idea of reducing risk to an acceptable level in the following priority order: elimination of hazardous sources, substitution, engineering controls, administrative controls, personal protective equipment). Examples of hazards in the workplace include human contact with chemicals, electricity and other energy sources, fire, vehicle accidents and falls.

Mitigation measures include, for example, the following. These should be promoted as a mechanism;

- Identification and assessment of hazards, including their potential for occurrence
- Appropriate worksite design to eliminate and protect against hazards
- Safety activities (e.g., educational materials on risks associated with hazards, provision of appropriate and properly maintained personal protective equipment, etc.)

Furthermore, it is necessary to protect pregnant women and nursing mothers from hazardous conditions and to provide reasonable accommodations.

5-9. Machine Safeguarding

Evaluate machinery and equipment used by workers in the course of their work for safety risks and implement appropriate safety measures.

Suppliers need to evaluate machinery and equipment used by workers in the course of their work for safety risks and implement appropriate safety measures.

Appropriate safety measures refer to controls to prevent accidents and health problems that may occur during work, such as the adoption of safety mechanisms called fail-safe, foolproof, interlock, tag-out, etc., the installation of safety devices and protective barriers, and the implementation of regular inspection and maintenance of machinery and equipment.

5-10. Occupational Injury and Illness

Identify, evaluate, record, and report occupational accidents and illnesses, and take appropriate countermeasures and corrective actions

Suppliers are required to record occupational accidents and illnesses that occur to workers, provide necessary medical treatment, investigate accidents, identify and eliminate their causes, and implement corrective measures, including the implementation, management, and reporting of preventive measures. Provisions must also be made to facilitate the worker's return to work and reporting of their implementation.

Appropriate measures are defined as systems and policies that allow for the facilitation of reporting by workers, classification and recording of accidents and illnesses, provision of treatment as needed, investigation of accidents and illnesses, implementation of corrective measures to eliminate the causes, and promotion of workers' return to work. It also includes the implementation of necessary procedures with the government in accordance with laws and regulations, and enrollment in workers' compensation insurance.

5-11. Emergency Preparedness

In order to protect the lives and physical safety of workers, etc., prepare for possible disasters and accidents, prepare emergency response measures, and make these measures known to all workers in the workplace.

In order to protect the life and physical safety of workers and others, suppliers need to prepare for possible disasters and accidents, prepare emergency response measures, and ensure that all workers are aware of these measures in the workplace.

Emergency measures include, for example, reporting emergencies, notifying workers, clarifying evacuation procedures, establishing evacuation facilities, clear and unobstructed exits, appropriate exit facilities, stockpiling emergency medical supplies, installing fire detection systems, installing fire extinguishers, fire doors, and sprinklers, securing external communication means, and preparing recovery plans.

Making workers aware of the situation in the workplace includes, for example, providing emergency response training to workers (including evacuation drills) and keeping and posting emergency response procedures and other documents in an easily accessible place in the workplace.

Disaster drills must be conducted at least once a year or as required by local law, whichever is more stringent.

5-12. Physically Demanding Work

Identify and evaluate physically demanding tasks and manage them appropriately to prevent occupational accidents and illnesses.

Suppliers need to identify and evaluate physically demanding work and manage it appropriately to prevent occupational accidents and illnesses.

Physically demanding work includes heavy labor such as manual handling of raw materials and manual transportation of heavy objects, as well as assembly work that requires strength, repetitive and continuous work over long periods of time such as data entry, and work in unnatural postures for long periods of time.

Appropriate management includes the provision of an ergonomic working environment, regular short breaks, the provision of work aids, and the sharing of tasks and cooperation among several workers. It is useful to consider reducing accidents and errors by arranging the surrounding environment so that people can move correctly and efficiently.

Ergonomics refers to the field of research that designs objects and environments so that humans can use them with the most natural movements and conditions possible, and applies this to actual design. It also includes arranging the surrounding environment so that people can move correctly and efficiently, thereby reducing accidents and errors.

5-13. Health and Safety at Facilities

Ensure appropriate safety and hygiene in facilities provided for workers' living (dormitories, cafeterias, restrooms, etc.).

To ensure the health and safety of each facility, suppliers should maintain the cleanliness and sanitation of the facility and also pay attention to the following points;

- Drinking water: Water quality testing in compliance with regulations, safe drinking water (e.g., water servers, etc.)
- Hygienic food service: Cooks' attire and medical examinations, pest control, proper temperature control of food, certification of cafeteria business, etc.
- Toilet facilities: Adequate number of clean toilets for the number of people, provision of toilet paper, etc.
- Dormitory: Fire prevention, emergency escape routes (exits), secure storage facilities for personal belongings (provision of lockers with locks), adequate room size (approx. 3.3 m² or more per person), ventilation, temperature control, adequate lighting, etc.

5-14. Industrial Hygiene

Identify and assess the risk of exposure of workers to biological, chemical and physical effects that are harmful to human health, and implement appropriate controls.

Suppliers must identify, evaluate and control biological, chemical and physical effects harmful to the human body of workers on the basis of hierarchical control.

Harmful effects include toxic substances, radiation and substances that cause chronic diseases (e.g. lead, asbestos). These may be present in the form of soot, vapor, mist, dust, etc. Noise and odors are also considered harmful to human body when significant.

Where a potential source of hazard is identified, the supplier should seek opportunities to eliminate or mitigate the potential source of hazard. If elimination or mitigation of that hazard source is not feasible, the potential hazard source must be controlled through the implementation of appropriate design, engineering and operational controls. Where the hazard source cannot be adequately controlled by such means, workers must be provided with suitable and correctly maintained personal protective equipment free of charge, which must be used. Protection programs should be implemented on an ongoing basis and include education on the risks associated with these hazardous sources.

5-15. Health and Safety Communication

Provide education and training in appropriate health and safety information on the various hazards to which workers may be exposed on the job.

Suppliers need to provide appropriate workplace health and safety information, education and training on workplace hazards to which workers may be exposed, including but not limited to mechanical, electrical, chemical, fire and physical hazards.

Health and safety-related information needs to be clearly posted in the premises or placed in a location where workers can identify and access it. It must also be provided in a language that workers understand.

Education and training must be provided to all workers before work commences and periodically thereafter.

Workers are encouraged to raise safety concerns on their part without being treated unfavorably. Education and training topics should include the correct use of personal protective equipment, emergency response, safe operation of machinery and preparation before entering hazardous environments.

5-16. Prohibition of Inhumane Treatment and Harassment

Respect the human rights of workers and prohibit inhumane treatment, including mental and physical abuse, coercion and harassment, as well as any conduct that could lead to such treatment.

Suppliers should establish disciplinary policies and procedures regarding inhumane treatment, as well as an internal reporting system to ascertain the facts, which should be communicated to workers and operated accordingly.

Inhumane treatment refers to the following;

- Psychological abuse: psychological violence against another person through harassment, neglect, words that damage self-esteem, etc., causing mental and emotional harm, etc.
- Physical abuse: violence, working in harsh conditions, etc.
- Forcing: forcing a person to do something he or she does not want to do, for example, by threatening to do so. e.g. forcing someone to work overtime.
- Harassment: harassment or bullying that makes the recipient feel uncomfortable. Specific examples include sexual harassment, sexual abuse, corporal punishment, mental or physical oppression, verbal abuse, non-provision of chairs, personal protective equipment, etc. So-called power harassment, maternity harassment, etc. also fall under harassment.

6. Prohibition of Conflict Minerals

6-1. Responsible Sourcing of Minerals

Conduct due diligence to ensure that minerals such as tantalum, tin, tungsten and gold in the products manufactured are not causing or contributing to serious human rights abuses, environmental degradation, corruption or conflict in high-risk areas.

Suppliers should conduct due diligence to ensure that minerals such as tantalum, tin, tungsten, and gold in the products they manufacture are not causing or contributing to serious human rights abuses, environmental degradation, corruption, or conflict in conflict and high risk areas.

Due diligence on responsible mineral sourcing means developing a policy, communicating your expectations to your suppliers (and including them in contracts where possible), identifying and assessing supply chain risks, and developing and implementing strategies to address the identified risks.

The internationally recognized "OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict and High-Risk Areas" describes the following five steps for responsible mineral sourcing due diligence:

- Step 1: Establish strong company management systems
- Step 2: Identify and assess risks in the supply chain
- Step 3: Design and implement a strategy to repond to identified risks
- Step 4: Carry out independent third-party audit of smelters/refiner's due diligence practices
- Step 5: Report annually on supply chain due diligence

Related laws include Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act in the United States and the Conflict Minerals Regulation of the European Union.

7. Local Community Contribution

7-1. Contribution to Society and Local Communities

Voluntarily engage in activities that contribute to the development of the international and local communities

Suppliers need to voluntarily engage in activities that can contribute to the development of international and local communities.

Activities that can contribute to the development of international and local communities refer to activities that support communities through the use of corporate management resources, and generally include the following initiatives;

- Contribution to society through original work, technology, etc.
- Non-monetary social contributions through the use of facilities, human resources, etc.
- Social contribution through financial donations

Specific examples include cooperation with local communities in times of disaster, support for activities of volunteers, NPO/NGOs, etc., donation activities, and various information dissemination/introductions. Each supplier should determine the scope of activities it can implement and engage in proactive social contributions.

8. Management System Structure

8-1. Establishing and Operating Management Systems

Establish and operate management systems for environment, quality, occupational health, etc.

Suppliers need to establish and operate management systems for environment, quality and occupational health.

A management system is a mechanism for continuous improvement through the Plan-Do-Check-Action (PDCA) cycle with respect to policy compliance, implementation systems, corrective actions, and stakeholder engagement.

The management system includes;

- Formulation of commitments and policies
- Establishment of goal setting and execution plan
- Implementation of initiatives towards the goals set (ex: employee training)
- Making and storing of documentation on the management system operations, and if necessary, related information disclosure to stakeholders (Rakuten Group, customers, suppliers...)

For example, typical management systems include;

- Health and safety management systems such as ILO Guidelines on occupational safety and health management systems, OHSAS18001, and ISO 45001
- Environmental management systems such as ISO 14001 and Eco-Action 21
- Quality management systems such as the ISO 9000 family, IATF16949, and ISO13485
- Information security such as ISO/IEC 27001
- Business continuity such as ISO22301

The following are points to bear in mind when establishing a management system;

- Whether it complies with the laws, regulations, and customer requirements regarding business practices and products
- Whether it is according to the content of the Code of Conduct
- Whether it identifies and reduces the risks regarding the content of the Code of Conduct
- Whether continuous improvements can be expected based on the above

8-2. Supplier Management

Communicate the requirements of the Code of Conduct to suppliers and request their compliance with them.

Suppliers are required to take the same responsibility for the contents of the Code of Conduct not only with respect to themselves but also to all parts of their supply chain. Suppliers should be informed and educated about the contents of the Code of Conduct, and their compliance should be monitored and encouraged to make improvements.

8-3. Proper Import/Export Control

Establish a clear management system and appropriate import/export procedures for technology and goods regulated by laws and regulations.

Suppliers are required to understand and comply with various laws and regulations in each country regarding imports and exports. Technology and goods regulated by laws and regulations refer to parts, products, technology, equipment, software, etc. that are subject to import and export under laws and regulations based on international agreements, etc. (e.g., the Wassenaar Arrangement). In some cases, it may be necessary to obtain permission from the regulatory authorities for import/export.

8-4. Business Continuity Planning

Identify and evaluate risks that hinder business continuity, and develop a business continuity plan (BCP) that outlines the impact on business and advance countermeasures, etc.

Suppliers need to be prepared to resume production activities as quickly as possible in order to fulfill their supply responsibilities in the event that they or their suppliers are damaged by a large-scale natural disaster. Suppliers need to identify and evaluate risks that may impede business continuity, and formulate a business continuity plan (BCP) that includes a close examination of the impact on business, necessary proactive measures over the medium to long term, and the status of such measures.

9.Reporting Channel

9-1. Protecting Whistleblowers

Ensure the confidentiality of information related to whistleblowing and do not retaliate against whistleblowers.

Suppliers must ensure the confidentiality of reports made by your suppliers, workers and others, and protect them from being treated unfavorably by the company or individuals on the basis of their reporting, through a system that allows related parties, including workers of the company and its suppliers, to report or consult.

Unfavorable treatment includes, for individuals, acts that harm the working environment, including harassment, or changes in working conditions, such as unfair personnel evaluation, compensation, dismissal, or reassignment, and for companies, reduction of business transactions or termination of contracts.

The Rakuten Group has established a contact point where suppliers can report or consult with about possible violations of laws, regulations, Rakuten Group Sustainable Procurement Instruction and this Code of Conduct, and has a system in place to appropriately deal with the contents of such reports.

■ How to Contact

Please contact us through [Notification form](#).

You may be contacted by the Rakuten Group for more detailed confirmation of the facts. Please clearly indicate the name of the organization to which you belong, your name, and e-mail address. Please note that we may be unable to provide the result, or even conduct an investigation if the contact form is anonymous or is found lacking mandatory information.

■ Details of Entry

Please report any actions made by Rakuten Group executives, employees and/or related persons who are recognized as violating (or threatened to violate) the Instruction.

*Please refrain from notifying us for wrongful purpose that differs from the facts, or that is disparaging, slandering, threatening or interfering with business (hereinafter referred to as “Report for Improper Purpose”).

Please note that we are unable to respond to inquiries that differ from the original purpose of the Notification Form (including sales, service usage inquiries, etc.)

■ Response to Contacts

- We will investigate the facts provided by the contact information through an organization in charge that is not directly involved in the concerned purchase and procurement transactions within the Rakuten Group. As a result of the investigation, if corrective measures are required, they will be promptly addressed and resolved.

- We will sincerely handle all communications with due consideration for personal information. Please note that in principle, no individual or specific measures taken within the company will be reported.

■ **Handling of Suppliers Contact**

- The Rakuten Group has decided to not treat any of its suppliers disadvantageously by reason of the contact. However, protection may not be provided in the case of inappropriate reporting or if the supplier concerned is involved in the violation.
- The Rakuten Group will strictly adhere to the confidentiality of all information, including the content of the reported matter, the name, and the contact information of the contact person, which will be used only for the purpose of the investigation.
- Handling of personal information is based on the privacy policies of the Rakuten Group.
- In the event of any correction or change in the personal information or other information, please contact us again using the Notification Form.

Written Pledge

We commit to working with the Rakuten Group to realize a sustainable supply chain, through the understanding and implementation of the Code of Conduct.

We understand that any breach of the Code of Conduct shall be immediately corrected, and that if no improvement is seen through corrective measures or if a separate serious breach is found, it may lead to the suspension of business activities with the Rakuten Group.

Date (Day/Month/Year)

Address

Company name

Title of representative

Name (signature or seal)

Reference

References for the development of the Code of Conduct;

- *“Responsible Business Conduct Guidelines - Promoting Responsible Business Conduct in the Supply Chain”* by Japan Electronics and Information Technology Industries Association (March 2020).
- *“RESPONSIBLE BUSINESS ALLIANCE CODE OF CONDUCT Version 7.0”* by RESPONSIBLE BUSINESS ALLIANCE (January 2021).
- *“Guiding Principles on Business and Human Rights”* by United Nations (March 2011)
- *“Transforming our world; the 2030 Agenda for Sustainable Development”* by United Nations (October 2015)
- *“OECD Guidelines for Multinational Enterprises”* by OECD (May 2011)
- *“OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas THIRD EDITION”* by OECD (April 2016)