

DAIHATSU

Supplier **CSR Guidelines**

January 2020
Daihatsu Motor Co., Ltd.

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I. Introduction

Daihatsu adopted the Daihatsu Group Philosophy in March 2007 as a statement of the vision that the Daihatsu Group is seeking. To achieve this vision, it is necessary that we listen and respond sincerely to the opinions and requests of customers and other stakeholders.

To undertake these initiatives, we also established the Daihatsu Group Basic CSR Principles, as an expression of our fundamental stance on Daihatsu Group employee activities. In light of changes in the domestic and overseas environment including the low birth rate and aging population in Japan, rising awareness of the rights of workers in emerging countries, and increasingly severe environmental problems, we reviewed and revised the Daihatsu Group Basic CSR Principles in March 2015 to clarify the Group's action stance.

In addition, we partially updated the expression of the Daihatsu Group Basic CSR Principles in March 2017 to align with the Daihatsu Group Slogan, "Light you up," which was revised on the occasion of the 110th anniversary of Daihatsu's founding

In consideration of the above and based on an understanding that CSR initiatives are not something that can be undertaken by Daihatsu alone but must be conducted in collaboration with the many suppliers who support the automobile industry, we recently revised and issued these Daihatsu Supplier CSR Guidelines, which were firstly issued in 2010, to make more specific requests to suppliers.

We ask that suppliers comply with laws and the spirit of those laws and practice compliance internally in accordance with the intent of these guidelines and further that they implement these guidelines with regard to your suppliers as well.

January 2020
Purchasing Group
Daihatsu Motor Co., Ltd.

II. Daihatsu Group Philosophy and Basic CSR Principles

Daihatsu Group Philosophy

The DAIHATSU Group aims to establish itself as “a global brand loved around the world” and as “a corporate group with confidence and pride” by challenging of innovative automobile manufacturing at the forefront of our era.

1. The pleasure of customers worldwide is our reward.

Customer Oriented

We will create new value in products and services that inspire people so that our products are used with joy by as many customers as possible.

We will always keep in mind that our actions can lead to the happiness of customers.

2. Mutual respect and a sense of fairness are our bonds.

Respect for Individuals & Fairness

We value a corporate culture that allows for freedom of thought and action, respect the individuality of all employees and suppliers, and engage in open and fair action.

3. Harmonious coexistence with the earth and society is our responsibility.

CSR (Corporate Social Responsibility)

To achieve harmonious coexistence with the earth and society, each individual will do their utmost to minimize our impact on the global environment, actively contribute to local communities, and gain the trust of stakeholders.

4. Speed, breakthroughs & leadership are our basic concerns.

Structural Reform

We always endeavor to anticipate environmental changes, focus on the essence of things on-site, and achieve “breakthroughs” to close the gap between current conditions and what should be in a speedy manner. In addition, we strive to act as an example for others in all things and take ownership without avoiding our responsibility for our actions and their results.

5. Making the world’s finest small car is our challenge.

Technological Capabilities & Product Strengths

We will develop world-class original technologies and take on the challenges of making the world’s finest small cars. To do this, each individual will adopt a global perspective to tackle unconventional challenges and make extraordinary advances while looking outward.

III. Daihatsu's Procurement Basic Philosophy

Daihatsu procures parts, materials, equipment, and other items from a variety of fields with the cooperation of many outstanding suppliers.

In order to continue manufacturing vehicles that are preferred by customers around the world, we are undertaking the challenges of innovation in new procurement activities based on open and fair procurement formats without regard for nationality, business scale, industry, or past performance and without being constrained by existing practices.

Procurement Basic Philosophy

1. Open and Fair Trade

Based on globally optimized procurement, we offer open and fair opportunities to participate regardless of nationality, business scale, or past performance, make comprehensive decisions based on quality, technology, price, lead time, corporate stance, management stability, and other factors, and select suppliers.

2. Mutual Trust and Benefit

As a partner that increases competitiveness, we strive for mutual enhancement and create mutual benefit based on trusting relationships with business partners. By doing so, we contribute to the prosperity of customers, societies, and economies.

3. Green Procurement

In accordance with the Daihatsu Green Procurement Guidelines, we promote green procurement with minimal environmental burden.

4. Compliance

We comply with applicable laws and regulations and the Automobile Industry Fair Trade Guidelines (established by the Ministry of Economy, Trade and Industry of Japan), as well as the spirit of those laws, regulations, and guidelines.

IV. Supplier CSR Guidelines

Daihatsu would like suppliers to provide products and services in accordance with its Procurement Basic Philosophy: (1) open and fair trade, (2) mutual trust and benefit, (3) green procurement, and (4) compliance. In addition, we would like all of our suppliers as well as your suppliers to implement CSR policies and guidelines and undertake educational measures to spread and promote measures to address the following issues.

(1) Safety and Quality

- **Provide products and services that respond to the needs of consumers and customers**
Ascertain the needs of consumers and customers and develop and supply socially useful products.*

* Socially useful products are products that are easy for anyone to use regardless of age, gender, disability, and so on. It also refers to products that are earth-friendly such as products that conserve energy, conserve resources, preserve the environment, and so on.
- **Provide appropriate information relating to products and services**
Provide appropriate information relating to products and services to consumers and customers.
- **Ensure the safety of products and services**
Produce and provide products and services that satisfy the safety laws, regulations, and so on established in each country and region.
- **Ensure the quality of products and services**
Create companywide systems for ensuring quality and conduct reliable operations to practice "quality first."

(2) Human Rights and Labor

○ Non-discrimination

Do not engage in discrimination on the basis of race, ethnicity, national origin, religion, gender, and so on with regards to all aspects of employment.*

* Including hiring, performance of duties, promotion, wages, education, health and safety, benefits, and discipline.

○ Respect for human rights

- Do not tolerate harassment of any type in the workplace on the basis of race, ethnicity, national origin, religion, gender, and so on.
- When complaints concerning harassment are made, respond promptly, protect employee privacy, and do not allow any disadvantageous treatment on the grounds of having engaged in consultations.

○ Prohibition of child labor

- Do not permit labor by children who have not reached the permissible working age under the laws and regulations of each country and region.
- Comply with laws and regulations concerning labor by youth and health and safety and strive to protect youth.

○ Prohibition of forced labor

- Ensure that all labor is voluntary and that employees are free to leave and do not engage in forced labor.
- Do not retain employee savings, passports, or other property as security and do not compel labor contrary to the intent of employees through means that improperly restrain the mental or physical freedom of employees.

○ Wages and Benefits

- Comply with the laws and regulations of each country and region relating to minimum wages, overtime wages, deductions from wages, piece-rate wages, and other aspects of pay.
- Properly collect taxes, social insurance premiums, and so on to be deducted from employee wages in accordance with laws and regulations and pay them to the designated agencies.

○ **Working hours**

- Comply with the laws and regulations of each country and region concerning the determination of employee working hours (including overtime work), the provision of holidays and paid vacation time, and so on.
- Reliably record employee working hours to ensure that there is no non-payment of wages and prevent excessive working hours.

○ **Dialogue and discussion with employees**

- Engage in good faith dialogue and discussion with employee representatives or employees and strive to promote mutual understanding at all times.
- Recognize the right of employees to freely associate or the right not to associate in accordance with the laws and regulations of each country and region.

○ **Safe and healthy working environments**

Place the highest priority on ensuring safety, health, and the four S's in the workplace so that all employees can work with peace of mind and take measures to prevent accidents and injuries. In addition, practice high levels of management and establish orderly workplaces to support peace of mind in order to prevent occupational injuries and illness.

(3) Environment

Light you up
DAIHATSU



Daihatsu Group Environmental Action Plan 2030

Daihatsu established a road map for each field and is taking action based on environmental management with the aim of creating a recycling society, low carbon society, and society in harmony with nature.

○ Environmental management

To implement and advance environmental initiatives, the Daihatsu Group undertakes and promotes activities in all business fields and all regions with the aim of achieving zero environmental irregularities and complaints and complying with all applicable local laws and regulations at their foundation.

We request that suppliers in Japan and overseas, who are our crucial partners, cooperate by complying with the Green Procurement Guidelines issued by subsidiaries in each country and work to enhance environmental initiatives throughout the supply chain.

(4) Compliance

○ **Compliance with laws and regulations**

- Comply with the laws and regulations of each country and region.
- Establish and put into practice policies, structures, action guidelines, confidential compliance hotlines, training, and so on to ensure thorough compliance.

○ **Compliance with competition laws**

Comply with the competition laws of each country and region and do not engage in private monopolies, unreasonable restraint of trade (cartels, bid rigging, etc.), unfair trade practices, abuse of superior bargaining position, and so on.

○ **Promotion of fair trade**

Comply with Japan's Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors and other laws and regulations and ensure and encourage fair trade with suppliers.

○ **Anti-corruption measures**

- Give political contributions, donations, and so on in compliance with laws and regulations of each country and region and make efforts to establish transparent and fair relationships with political and administrative organizations.
- Do not accept or provide entertainment, gifts, or money from or to customers, suppliers, or other business partners for the purpose of acquiring or maintaining unjust interest or wrongful preferential treatment.

○ **Management and protection of confidential information**

- Strictly manage and properly use internal confidential information including trade secrets.
- Obtain the confidential information of other companies by legitimate means from duly authorized persons, confirm the conditions including the scope of use, strictly manage and use such information within the appropriate scope, and do not infringe on the rights of other companies.
- Acquire personal information concerning customers, suppliers, employees, and others by legitimate means only, strictly manage and use such information within the appropriate scope, and protect it.

○ **Export trade control**

- Perform proper export procedures and controls with respect to technologies, goods, and so on that are restricted under the laws and regulations of each country and region.

○ **Protection of intellectual property**

- Protect intellectual property in the possession of or that belongs to our company to prevent infringement by third parties.

- Do not unlawfully use the patents, utility models, designs, trademarks, and so on of third parties and do not infringe on intellectual property rights such as by unlawfully copying software or printed materials.

(5) Information Disclosure

○ Timely and appropriate disclosure of information to stakeholders

Make timely and appropriate disclosures to stakeholders that require disclosures of information necessary for ensuring sound and transparent management as well as the details of business activities and risk information (including damage from large-scale disasters, occurrence of adverse effects on the environment or society, and material violations of laws and regulations). Also, strive to maintain and develop mutual understanding and relationships of trust with stakeholders through open and fair communication.

V. Supplier Self-Inspection Check Sheet

We have prepared a basic self-inspection check sheet for suppliers to perform self-diagnoses and self-improvement concerning the CSR initiatives described above. Please use this sheet when setting questions and answers for each CSR field and item.

Self-Inspection Check Sheet

	Question	Answers (multiple choice)
Laws and regulations	Do you understand laws, regulations, and rules that must be complied with?	(1) The latest information is known at all times (2) Important information is generally understood. (3) Information is ascertained when necessary.
Systems	Are the responsible departments and persons determined?	(1) They are clearly specified in rules and so on. (2) There are no rules, but they are determined. (3) Decisions are made when necessary.
Prevention	Are policies, systems, rules and procedures in place for comprehensive prevention?	(1) There are clear written policies, systems, and provisions on rules and procedures. (2) Although not written, these matters are determined for practical purposes. (3) Decisions are made when necessary.
Education	Are educational programs for employees conducted?	(1) Programs are periodically conducted. (2) Programs are conducted irregularly or for some employees. (3) Programs are implemented when necessary.
Conditions	Are conditions ascertained through internal surveys?	(1) Periodic surveys are conducted and conditions are known at all times. (2) Surveys are conducted irregularly and efforts are made to ascertain conditions. (3) Conditions are ascertained when necessary.