



For Suppliers

YOKOGAWA Group Sustainable Procurement Guidelines

SCM_PPPB-0001
Date: July 31, 2024
Revision: 3

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Revision history

Rev.	Date	Description	Responsible department
0.0	January 2009	First edition of YOKOGAWA Supply Chain CSR Guidelines established	Purchasing Division Yokogawa Electric Corporation
1.0	July 3, 2013	Conflict Minerals added	Purchasing and Operations Division Yokogawa Manufacturing Co., Ltd
1.1	June 5, 2018	Change of department in charge	Global Business Service HQ Yokogawa Electric Corporation
2.0	August 8, 2019	Changed title to "Sustainable Procurement Guidelines" Revised guidelines based on RBA(Responsible Business Alliance) Code of Conduct V6.0 to reflect support for the Global Compact	Global Business Service HQ Yokogawa Electric Corporation
2.1	March 24, 2023	Request for Supply Chain Information	Global Business Service HQ Yokogawa Electric Corporation
3.0	July 31, 2024	Revision based on RBA Code of Conduct V8.0	Global Business Service HQ Yokogawa Electric Corporation

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1. About the Guidelines

We respect the global standard of social responsibility in our business activities to realize a sustainable society. We participated in the United Nations Global Compact^(note1) in 2009 and have expressed support for the 10 principles in the areas of human rights, labour, environment, and anti-corruption. We announced our sustainability goals, "Three Goals"^(note2) in 2017, consistent with "The UN Sustainable Development Goals" and "The Paris Agreement", and are working on solving social issues through our business.

To realize a sustainable society, not only does each company make efforts individually, but also companies connected in the supply chain work together to make activities more effective and efficient. We share these Sustainable Procurement Guidelines with our business partners and strive to resolve social issues throughout the entire supply chain.

Please ensure that your business activities and those of you comply with the content of these guidelines.

Yokogawa Electric Corporation
Vice President & Executive Officer of
Global Business Service Headquarters

note1) United Nations Global Compact (UNGC):

It was proposed at the 1999 World Economic Forum (Davos meeting) and launched on July 26, 2000. In addition to the "state", the UN called for private companies to work on four areas: human rights, labor, the environment, and anti-corruption.

note2) Sustainability Goals "Three Goals":

Against the backdrop of the movement of the world, Yokogawa has transformed itself and has set the sustainability goals "Three Goals" shown in the figure for the society aiming for 2050.



2. About Yokogawa Procurement Policy

Yokogawa conducts transactions based on the following procurement policies.

Principles of procurement activities

We, Yokogawa Group, conduct procurement activities based on equal and fair ,honest dealings, and confidentiality of information, in order to contribute to the realization of a sustainable society based on the Corporate Philosophy and [Yokogawa Group Code of Conduct](#).

Sustainability Embedded in procurement policy

In order to achieve the “[Three Goals](#)”, Yokogawa Group works as one group to promote sustainable procurement across the entire supply chain, including suppliers, and takes into consideration E: Environment (Examples: Measures against global warming, protection of biodiversity, etc.), S: Society (e.g., human rights), and G: Governance (Examples: Unfair Competition Prevention, Compliance).

Evaluation and Selection policy of suppliers

When evaluating and selecting suppliers, we confirm their intention to comply with our Sustainable Procurement Guidelines.

Please refer to the link below for details and the latest information.

[Procurement Philosophy | Yokogawa Electric Corporation](#)



3. Code of Conduct for Responsible Procurement

A. LABOR AND HUMAN RIGHTS

Suppliers (as for Yokogawa) shall refer to international norms on human rights, such as the International Covenants on Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work of the ILO and strive to protect the human rights of workers and to interact with workers with dignity and respect. This applies to all types of workers (not only direct employees).

1) Prohibition of Forced Labor

Do not use labor obtained through coercion, detention, inhuman prison labor, slavery, or trafficking.

Specifically, we prohibit the transfer, concealment, recruitment, transfer, or acceptance of persons by threat, coercion, abduction, or fraud.

Labors shall not be required to pay recruitment fees or other related fees for their employment. And the forcing of forced labor to pay these costs is prohibited.

When hiring foreign workers, workers should be provided with employment agreements in which the conditions of employment are written in the language understood by them before they leave their home countries.

Subject to the agreed-on legal constraints in the relevant employment contract, all work must be done voluntarily, and workers shall be free to leave work at any time or terminate their employment.

It shall be noted that the act of destroying, concealing, or forfeiting government-issued identity cards, passports, work permits, or immigration applications (except where the law requires them to be kept) from workers, and imposing unreasonable restrictions on the workers' use to premises and the movement of persons within premises, is also recognized as a matter of forced labor.

2) Prohibition of Child Labor/Consideration for Young Worker

Child labor is prohibited in all cases under the International Labour Organization (ILO) and relevant statutory laws in each jurisdiction.

The term "child" refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is eldest.

Workers under the age of 18 (Young Workers) shall not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. In accordance with local laws, we ask that you also properly maintain records on student workers, conduct due diligence on partner educational institutions, and properly manage working hours and educational history to protect the rights of student workers.

Please Implement an appropriate mechanism to verify the age of workers. In the absence of local law, the wage rate for student workers, interns, and apprentices shall be at least the same wage rate as other entry-level workers performing equal or similar tasks.

3) Working Hours

Working hours are not to exceed the maximum set by local law.

International standards for granting hours of work, holidays, and breaks per week must be complied with.

4) Wages

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits including bonuses and other social security measures.

For example, remuneration for overtime must be paid to workers at a rate higher than normal hourly wages by local laws and regulations. Workers shall be provided pay statements with information that can be used to confirm that payments are appropriate.

5) Non-Discrimination/Non-harassment/Humane Treatment

Create a workplace free from harassment and unlawful discrimination. Prohibit any inhumane treatment that workers find offensive, including, but not limited to, violence, sexual abuse, corporal punishment, mental or physical oppression, or verbal or physical defamation of workers. In terms of wages, promotions, compensation, education, recruitment, and employment practices, there shall be no discrimination since race, color, age, sex, sexual orientation, ethnicity or nationality, disability, pregnancy, religion, political affiliation, or military service, or any conduct that may lead to discrimination. Disciplinary policies and procedures for this conduct should be clarified and communicated to employees. For such discrimination, the ILO Discrimination (Employment and Occupation) Convention (No. 111) should be considered.

6) Freedom of Association

Open communication and direct engagement between workers and management are the most effective ways to resolve workplace and compensation issues. Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment. In alignment with these principles, respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities. Where the right of freedom of association and collective bargaining is restricted by applicable laws and regulations, workers shall be allowed to elect and join alternate lawful forms of worker representations.

B. HEALTH AND SAFETY

Suppliers (as for Yokogawa) shall be aware of the Occupational Health and Safety Guidelines of the International Labour Organization (ILO) and take steps to minimize injuries and physical/mental illnesses associated with workers and create safe, hygienic and healthy working environments. In this effort, it is essential to continuously provide workers with information and education.

1) Occupational Health and Safety

Workers' exposure to health and safety hazards (such as chemicals, electrical and other energy sources, fire, vehicles, falling object hazards, excessive workload, factors that create stress in the workplace) must be identified, assessed and mitigated using hierarchy controls. Where hazards cannot be adequately controlled by these means, workers must be provided with appropriate and well-maintained personal protective equipment and educational materials about the risks associated with these hazards. Gender-responsive measures must be implemented, for example by not placing pregnant and breastfeeding women in work situations that may be dangerous to themselves or their children and by making reasonable accommodations for breastfeeding women, including by protecting pregnant women or breastfeeding mothers from hazardous conditions and making reasonable accommodations for them.

2) Emergency Preparedness

Identify emergency situations in the workplace, including the possibility of them occurring, develop emergency response procedures to minimize damage to workers and property, and provide training to ensure that employees can take those actions in the event of a disaster. Disaster prevention drills should be conducted at least once a year or as required by local laws and regulations, whichever is more frequent.

Emergency response measures include the installation of appropriate fire detection and extinguishing equipment, clear signs showing evacuation methods, making emergency exits easy to find and clear of obstacles, and planning, conducting, and reporting on evacuation drills.

3) Occupational Injuries and Illness

Occupational accidents and illnesses that have occurred to workers shall be documented, treated, and corrective action is taken.

Corrective actions include investigations of accidents, identification of causes and implementation, and management and reporting of preventive measures. In addition, it is also necessary to report on the provisions and implementation of the provisions to promote the return of workers to work in an event of an occupational incident. Also, allow workers to remove themselves from immediate danger without fear of retaliation and not return until the situation has been alleviated.

4) Industrial Hygiene

Hazards of workers' exposure to physical substances and biological, and chemical conditions at workplaces must be identified, evaluated, and managed.

Potential hazards are eliminated by designing appropriate equipment and minimized by operational procedures. Workers are to be provided with and use appropriate, well-maintained, personal protective equipment. Protective programs shall include education on the risks associated with these hazards.

5) Physically Demanding Work

Workers' exposure to the hazards of physically demanding tasks, including manual material handling, moving of heavy items or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks is to be appropriately identified, evaluated, and controlled.

6) Machine Safeguarding

Machinery and equipment used by workers on the job should be evaluated for safety risks, and appropriate safety measures should be implemented.

For example, safety fences, interlocks, and protective walls should be installed for dangerous machinery and equipment, and appropriate maintenance and management should be carried out.

7) Facility Safety and Health

Facilities provided for workers' life must be safe and sanitary.

Living facilities include toilets, eating facilities, and dormitories. Each shall be clean and safe for safety and health.

Dormitories should also have appropriate emergency exits, facilities to store personal property and valuables, and sufficient personal space with adequate access.

8) Health and Safety Communication

Appropriate health and safety information and training to workers about the various operational hazards that may be encountered by workers must be provided in languages and manners that workers can understand.

It is also necessary to have systems in place to process safety-related feedback from workers.

C. ENVIRONMENTAL

We also expect our suppliers to identify their environmental impacts and minimize harm to local communities, the environment, and natural resources while protecting public health and safety.

1) Compliance with Environmental Laws and Regulations in Business Activities

Environmental licenses and approvals required for business must be obtained, and environmental registration and reporting must be by the laws and regulations of locations of business.

2) Pollution Prevention and Conservation of Natural Resources

When discharging or disposing of pollutants, prevent the waste of natural resources by observing the laws and regulations of the location of the business, and minimizing the number of pollutants discharged and disposed of.

These measures include changing production facilities at the source, replacing materials, thoroughly reusing resources, and recycling.

Natural resources include water, fossil fuels, minerals, raw forests, and the products of native forests. Preventing environmental contamination leads to the conservation of natural resources and is closely related to the sustainability of the planet.

3) Hazardous Substances

Carry out thorough control to identify and label chemicals and other substances that are hazardous or harmful to human bodies/environment.

To handle, transfer, store, use, recycle, reuse, and dispose of these substances safely, systems must be established to ensure compliance with laws and voluntary standards.

4) Solid Waste

Even for waste of materials not identified as hazardous, a systematic effort must be put into place to identify, manage, reduce, and responsibly dispose of or recycle waste. Waste data must be tracked and documented.

5) Air Emissions

Volatile organic compounds, aerosols, corrosives, particulates, ozone-depleting substances, combustion by-products, etc. must be subjected to the required characterization, periodic monitoring, control, and treatment prior to being discharged to the atmosphere, as well as management systems that include periodic monitoring of the performance of air emission facilities.

6) Restriction of Substances used in Products

Comply with all applicable laws, regulations, customer requirements, and “Yokogawa Group Green Procurement Guidelines” regarding the prohibition or restriction of the use of certain substances in products and the manufacturing process (including recycled and sorted waste).

We consider that the ability to comply with environmental laws and regulations is part of the quality of our company's products and services. We may ask you to provide us with the necessary information about the products that we purchase from you.

7) Water Management

To ensure safe water, please understand the status of water intake, discharge, and prevention of water pollution, and understand and comply with the regulations.

Understanding the status means understanding (keeping records) the amount of water intake from each water source and the amount of discharge from each drainage route, as well as properly managing drainage equipment (including treatment facilities) and waste liquids, in order to prevent water pollution.

8) Energy Consumption and Greenhouse Gas Emission

Please calculate your energy consumption and greenhouse gas (GHG) emissions ^(Note 3) and work to reduce these and promoting activities to improve energy efficiency.

9) Consideration for Biodiversity

Consideration of biodiversity not only protects the present, but also the future. Please also be mindful of your impact on the ecosystem.

Note 3) Greenhouse gas (GHG) emissions:

Greenhouse gas emissions are mainly calculated based on direct greenhouse gas emissions by the business itself (Scope 1) and indirect emissions associated with the use of electricity, heat, and steam supplied by other companies (Scope 2).

D. ETHICS

Comply with the law and ethical standards.

To fulfill our social responsibility and succeed in business, we must maintain the highest standards of ethics not only for each employee but also for the company as a whole.

1) Business Integrity

Please maintain a policy that completely prohibits bribery, corruption, extortion, and embezzlement as a company.

Maintaining a policy as a company does not just mean formulating a policy, but also continuing business activities based on that policy. In addition, employees are not permitted to take any prohibited actions or possess any substances that are prohibited from being possessed, even outside of business activities.

2) No Improper Advantage

Bribes or other means of obtaining undue or improper advantage are prohibited. This includes promising, offering, giving, or accepting anything of value, directly or indirectly through a supplier, in order to obtain business or obtain an improper advantage.

3) Anti-Corruption

To prevent corruption, it is important to clarify policies and procedures and implement monitoring, etc. Suppliers must not be involved in any form of corruption, such as bribery or the giving of benefits, and must conduct business activities fairly and honestly, while maintaining healthy relationships with all stakeholders.

4) Disclosure of Information

Information regarding a company's labor, health and safety, environmental activities, business activities, organizational structure, financial situation, and performance must be disclosed in accordance with applicable regulations and industry practices.

Business transactions must be conducted transparently and accurately reflected in a company's accounting books and records. Falsification of records or misrepresentation of supply chain conditions or operations will not be tolerated.

In order to ensure compliance with laws, regulations, and customer requirements that apply to Yokogawa, as well as these Guidelines and other Yokogawa guidelines, we may request that you provide necessary information or cooperate with audits. Your cooperation is appreciated.

5) Intellectual Property

Intellectual property rights shall be respected. Transfer of technology and know-how is to be done in a manner that protects intellectual property rights, and customer and supplier information shall be safeguarded.

6) Fair Business, Advertising, and Competition

Standards of fair business, advertising, and competition shall be upheld.

7) Protection of Identity and Non-Retaliation

Protect whistleblowers^(note4) who are concerned about ethical compliance, unless they violate laws and regulations.

The meaning of protection is "to protect the anonymity of whistleblowers", "to secure the confidentiality of contents of whistleblowers", "to prevent retaliation against whistleblowers" "not to be treated disadvantageously for having reported" etc.

8) Responsible Sourcing of Minerals

Please take responsibility for sourcing the minerals contained in the products you manufacture, and cooperate with investigations and disclosure of information on conflict minerals. Please understand the Organisation for Economic Co-operation and Development (OECD) "Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" or an equivalently recognised due diligence framework regarding the origin and procurement route of the 3TG contained in the products you manufacture and cooperate in providing information through a recognised mechanism. Please support procurement efforts that do not fund not only conflict minerals but also armed groups and criminal organisations, and do not contribute to conflict, human rights violations or crime.

9) Protection of Personal Data

When handling the personal information of suppliers, customers, consumers, and employees, relevant laws must be complied with.

Collect, store, change, transfer, share and process personal information only to the extent necessary to achieve the purpose of use identified.

note4) Whistleblower:

Whistleblowers include employees or officers, suppliers, etc.

E. MANAGEMENT SYSTEM

This chapter describes the items contained in the management system to verify that the daily operations of suppliers are conducted by the contents of A through D in the previous chapter.

The management system shall be designed to guarantee:

- Compliance with applicable laws, regulations, and customer requirements related to operations and products;
- Conformance with these guidelines;
- Identification and mitigation of operational risks related to these guidelines;

1) Formulation of Policies

Formulate policies for social responsibility and environmental conservation responsibility.

Policies are approved by management and are written in a language that all workers can understand and are published in accessible locations.

2) Appointment and Responsibility of Executive

Appoint an officer responsible for the implementation of the management system and related mechanisms.

The officer in charge regularly reviews whether these are operating properly.

3) Legal and Customer Requirements

Establish processes to understand what is described in these Guidelines, applicable laws, regulations, and customer requirements.

4) Risk Assessment and Risk Management

Processes must be in place to identify working, health and safety, environment, and ethical risks and to manage identified risks. Effective certificates covering the respective risk items will be eligible for substituting the verification of risks relating to those items.

5) Improvement Target

The targets to be achieved and action plans for social responsibility and environmental conservation shall be prepared in writing. Such targets and action plans shall be the ones that can be evaluated quantitatively to monitor the progress of activities.

6) Training

Programs must be established to train managers and workers in implementing company policies, procedures, and improvement objectives and to meet the legal requirements provided.

7) Communication

Establish processes to communicate accurate information about policies and practices to workers, suppliers, and customers.

8) Worker/Stakeholder Engagement and Access To Remedy

Establish processes for ongoing two-way communication with workers, their representatives, and other stakeholders where relevant or necessary. The process shall aim to obtain feedback on operational practices and conditions covered by this Code, and to foster continuous improvement. Workers shall be given a safe environment to provide grievance and feedback without fear of reprisal or retaliation.

9) Audits and Assessments

Conduct periodic self- evaluations to confirm compliance with these guidelines.

Self-evaluation means checking whether you are operating in compliance with the customer's contract requirements, all in respect of applicable laws and regulations, these guidelines, social responsibility, and environmental protection.

10) Corrective Action Process

Provide procedures to take corrective actions when nonconformities are identified through evaluation, inspection, investigation, or review by internal or external.

11) Documentation and Records

Provide appropriate documentation for the operation of the management system. Be aware of compliance with applicable laws and regulations and customer requirements when documenting. Also, secure the confidentiality of the records.

12) Responsibility for Suppliers

Inform your suppliers of the content of these guidelines and request them to comply with these guidelines.

It is also necessary to establish a process to check if your suppliers comply herewith.

F. Others

In addition, the following requirements must be complied with as part of social responsibilities within Yokogawa's supply chain.

1) Export and Import Control

When exporting or importing goods and providing software or technology, respect the spirit of international trade-related initiatives and comply with trade-related laws and regulations of each country where the goods, software, or technology are existing.

2) Product Safety

Products must be designed and sold in compliance with the safety standards established by the laws and regulations of each relevant country. Product safety includes monitoring the source of materials, parts, and processes used to create the products. Product safety also includes taking prompt action to resolve safety issues. As a means of ensuring product safety, we ask that you comply with the product laws and regulations of each country.

3) Information Security

Take protective measures against threats on your computer network.

New threats are emerging each day, such as the stagnation of business operations due to spam e-mails and the leakage of information due to malware. It is necessary to have a system to obtain the latest information and take countermeasures.

Take measures to prevent information leakage.

It is necessary not only to protect personal information based on the understanding of relevant laws and regulations but also to establish a system that enables the appropriate management and protection of confidential information received from customers and third parties.

4) Business Continuity Plan

Identify and evaluate risks that may interfere with business continuity and develop a business continuity plan that summarizes the effects on business, the necessary measures to be taken in the medium to long term, and the status of measures to be taken.

It also includes preparing manuals for the early recovery of business by the established business continuity plan in the event of actual business stoppages and providing employees with ongoing training to enable them to respond to actual disasters.

5) Helpline

The Yokogawa Group contact point is the URL below. If you have any questions, please contact us from this URL.

[Helpline | Yokogawa Electric Corporation](#)



4. About Sustainable Procurement

Our guidelines describe sustainable procurement for the realization of a sustainable society. The following is an excerpt from "ISO 20400 Sustainable Procurement-Guidance" and the definitions of sustainable procurement and related terms.

Definitions and Terms

Social Responsibility

Responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationships.

Sustainability

State of the global system, including environmental, social, and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs.

Introduction to Sustainable Procurement

According to the ISO 20400 guidance, sustainable procurement is procurement that has the most positive environmental, social and economic impacts possible across the entire life cycle and that strives to minimize adverse impacts. Sustainable procurement is a powerful instrument when an organization considers sustainability requirements and its contribution to sustainable development.

In addition, the ISO 20400 guidance confirms that the main principles for sustainable procurement are: accountability, transparency, ethical behavior, full and fair opportunity, respect for stakeholder interest, respect for human rights as well as respect for the rule of law and international norms.

(Source: ISO20400 Sustainable Procurement Guidance)