



Yanmar Group
Code of Conduct for Suppliers

YANMAR HOLDINGS CO., LTD.



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A. Purpose

The purpose of this document is to ensure that the Yanmar Group and its business partners fulfil their corporate social responsibilities. The document clearly states what behaviour Yanmar expects from its suppliers.

B. Scope

This document applies to all Yanmar Group suppliers.

C. Code of Conduct

Yanmar Group asks all of its suppliers of parts and materials to promote the following:

1. Respect for Human Rights

Respect fundamental human rights. Do not tolerate or participate in human rights violations, discrimination or harassment, and respect the individuality and diversity of each and every person.

(1) Prohibition of unfair discrimination and harassment

Do not discriminate against anyone based on their nationality, race, ethnic background, beliefs, religion, gender, age, disability, illness, or social status.

(2) Prohibition of sexual harassment and power harassment (workplace bullying)

Do not accept harassment such as sexual harassment or workplace bullying. The actions of one employee should not impair the dignity of any other individual employee. Do not prevent an employee from demonstrating their abilities and do not interfere with any employee's work environment or ability to execute their work.

(3) Responsible procurement of resources and raw materials

Promote non-use of conflict minerals, which cause social problems for human rights and the environment. In case that any conflict mineral is discovered, eliminate it.

2. Responsibilities to our Customers

Provide society with useful and safe products and services. Ensure that our customers are protected when using said products, conduct marketing activities in a fair manner, provide fair and accurate business-related information, and seek to enter into fair contracts.

(1) Research, development, production, and quality assurance activities

Provide safe, high-quality products, technologies, and services in a timely manner.



When engaged in one of these activities, comply with the applicable laws, ordinances and regulations, and pay attention to environmental conservation around the facilities used and to the safety and health of the employees and other people involved.

- (a) Fulfill your responsibility for quality assurance and ensure product safety from the perspective of your customers at all times.
- (b) If you obtain information about product failure or product safety, check the facts immediately and disclose appropriate information based on that result, preventing the damage from expanding and the incident from recurring.
- (c) Secure the materials needed to deliver, and comply with agreed due dates.

(2) Sales and services

For sales, marketing, and technology services, comply with related laws, ordinances, and ethics to carry out fair business activities. Transmit sufficiently accurate information about products and services to customers in an easy-to-understand and timely way, reply to inquiries from customers honestly, and reflect accurately the voices of the customer when it comes to the development and improvement of products and services.

(3) Advertisements and campaigns

When carrying out activities to promote sales, such as advertising campaigns, comply with related laws and ordinances to optimise the activities.

- (a) Use appropriate expressions to prevent falsehoods and exaggeration, social discrimination and human rights violation.
- (b) Maintain sound and fair relationships with advertising agencies, production companies, and media companies.

3. Pursuit of Fairness in Business Operations

Comply with applicable competition laws and regulations, thereby pursuing fairness in business operations. Do not make or receive payments or gifts that may violate laws and ethics. Also do not have any relationship with organised crime groups that may threaten public order.

(1) Promotion of sound and fair corporate activities

Carry out sound and fair corporate activities, strive to gain the trust of stake-holders, maintain sound relationships with the politics and administration, and do not have any relationship with anti-social forces or organisations.

(a) Relationships with stake-holders

Understand that relationships with internal and external stake-holders are



important, disclose accurate information appropriately and impartially in an easy to understand manner through public relations (PR) and other activities to build and maintain long-term relationships based on trust.

(b) Relationships with the politics and administration

Do not entertain or bribe politicians or public servants for favour towards your business activities. Maintain sound, transparent relationships with those in public office.

(c) Relationships with anti-social organisations

Completely dissociate yourself from anti-social forces and organisations (such as crime syndicates, extremist organisations, racketeers, and corrupt journalists) which may threaten civil society. Comply with all laws, ordinances, and regulations concerning measures against money laundering and terrorism and carry out business transactions only with trusted customers engaged in legal business activities.

(2) Free and fair competition

(a) Unfair arrangements with other companies

Do not make any arrangement with competitors that will affect the sales price or sales conditions of a product. Do not join any organisation or meeting in which such an arrangement may be made.

(b) Free competition for sales

Do not impose any restriction on agents or distributors for the purpose of maintaining the resale price of a product through business activities. Do not request business partners to impose such a restriction.

(c) Free competition with competitors

Do not make any statement that may lead to a slander, calumny, falsehood, or misunderstanding about competitors or their products and services.

(3) Unfair restrictions on business activities carried out by business partners

Do not impose any unfair restriction on business activities carried out by a partner to whom your company provides a technology or with whom your company conducts joint research and development for any purpose other than the legitimate exercise of an intellectual property right and the protection of confidential information.

(4) Procurement of materials

When procuring any raw material, part, equipment, office supply, service, or other item required for manufacturing or other business activities, comply with related laws, ordinances, and ethics for fair transactions. Select business partners by



transaction according to fair, reasonable standards (such as quality, guarantee, safety, environment, due date, and price). Strive to build better partnerships with business partners through mutual understanding and mutual trust. Do not accept any personal profit related to your work from any business partner. Comply with laws concerning sub-contractors and do not demand any unfair business conditions.

(5) Conflict with personal interests

(a) Prohibition of treatment of business partners and customers through favoritism and priority of corporate profits

Do not treat any existing or prospective business partner or customer with favoritism for the reason that the partner or customer has a certain relationship with yourself, an executive or employee of your company, or their relative.

(b) Prohibition of acceptance of illegal or improper entertainment, money or goods from business partners and customers

Maintain fair relationships with business partners and customers, and do not accept, demand, or promise profits (such as money, goods, entertainment, and convenience) illegally or improperly.

4. Environmental Preservation

Strive to reduce greenhouse gases, increase sustainable use of recyclable waste, conserve the natural environment, including air and water, use resources and energy efficiently, reduce industrial waste, build an environmental management system, and ensure the management of environmentally hazardous substances in all business activities to demonstrate corporate behaviours that contribute to environmental protection.

(For full details, please refer to Yanmar Green Procurement Guidelines.)

5. Proper International Trade

Comply with internal regulations as well as applicable fair trade laws regarding suppliers' countries or regions concerning the maintenance of good order in international trade, and do not become involved in any transaction that may threaten international peace and security.

6. Protection of Confidential Information

Properly manage and handle both your own and others' confidential information, as well as personal data related to your customers and employees, while obtaining such



information and data in an appropriate manner. Execute thorough security control of your information systems.

(1) Management of personal information

Collect, use and manage personal information about customers and business partners by appropriate methods and do not disclose to external parties without just cause and the owner's permission.

(2) Management of trade secrets

Manage trade secrets appropriately according to regulations and rules for information security. Do not disclose to external parties without just cause. Within your company, do not disclose to anyone other than those deemed to need such information for their work.

(3) Confidentiality of personal information about executives and employees

Respect the privacy of executives and employees, handle their personal information confidentially, and do not disclose to external parties without their permission, except when such disclosure is required by law. Within your company, do not disclose to anyone other than those deemed to need such information for their work.

(4) Precautions for acquiring confidential information about others

When acquiring confidential information from any third party, make sure that you have their permission and that the information is legal and appropriate. If a third party offers to provide about someone other than the third party, make sure that it has been obtained legitimately.

(5) Enhancement of information security

Appropriately manage not only corporate computers, personal computers, smart devices, and other internal information systems, but also paper documents in offices and conversations in public spaces. Do not use allow such information to be used for any unintended purpose.

(6) Creation, handling, storage, and disposal of documents

Create, handle, store, and dispose of all documents, including those stored in electronic media, appropriately according to laws, ordinances and internal regulations.

7. Assurance of a Safe Working Environment

Comply with applicable laws against forced labour and child labour, and ensure a healthy and safe working environment.

(1) Safety and health

Comply with laws, ordinances, and internal regulations concerning safety and hygiene, and strive to ensure safety and hygiene management to eliminate work-



related accidents, prevent diseases, and maintain and promote good health. Also, consider the health and safety of workers while maintaining and improving good work environments.

(2) Execution of fair evaluations and development of worker-friendly environments

Evaluate the work performance of employees fairly, promote a good balance between the work, social life, and private life of employees, and develop a worker-friendly environment where employees can use all of their strength to work.

8. Proper Accounting Practices

Perform proper accounting practices. Report financial information accurately and in a timely way while observing applicable accounting rules and standards.

(1) Appropriate book-keeping and accounting, and compliance with accounting laws and ordinances

Provide accurate information about your company's transactions in account books and records according to accounting laws and ordinances, as well as accounting principles, accounting practices, and internal regulations that are generally deemed to be fair and appropriate.

(2) Compliance with taxation laws

Always investigate, research, and comply with laws and ordinances concerning taxation.

(3) Transmission of accurate information

Disclose corporate information such as business details in a timely way and with appropriate methods. Share it with stake-holders appropriately, and strive to maintain and improve mutual understanding and trusted relationships through open, fair communication.

9. Protection and Use of Corporate Assets

Properly manage and use corporate assets, including both tangible assets and intangible assets such as intellectual property rights. Respect the intellectual property rights of others.

(1) Management and protection of intellectual properties

Understand that intellectual properties derived from research, development, production, sales, and other operations (such as patents, utility models, designs, trademarks, written works, know-how, and business secrets) are important properties. Maintain, manage, and operate such properties appropriately. Respond to



infringement by others appropriately.

(2) Compliance with tax laws for acquiring intellectual property rights

When acquiring intellectual property, handle it appropriately. As for any intellectual property that already belongs to your company, apply for a patent appropriately and promptly.

(3) Prohibition of unauthorized use of the company's intellectual properties

Record and manage the intellectual properties of your company appropriately and do not disclose or leak their information to anyone improperly or without following specified procedures. Also, do not allow intellectual property to be taken and used by former employees.

(4) Prohibition of unauthorized use of corporate funds and goods

Use funds, goods, and other properties of your company only to fulfill assigned work, and do not allow them to be embezzled or used by a third party. Do not claim improper expenses and do not allow employees or third parties to profit by improperly using their position or authority. Internal procedures should be specified for the correct use of property.

(5) Respect for intellectual property rights of others

Respect the intellectual property rights of others and do not obtain any invention, design, know-how, or business secret improperly. Do not use such information improperly without the permission of the rights holder in your own development, production, sales, or other operations.

10. Corporate Social Responsibility

As a good corporate citizen, actively engage in social contribution activities with a full understanding of the culture and customs of each country and region where you conduct your business operations.

11. Compliance with Social Norms

Comply with the applicable laws of each country and region where you conduct your business operations, observing high ethical standards in all of your business activities.

If you have any questions about these guidelines, please use the contact form below. When making an enquiry, please specify the relevant department/responsible person.

<https://www.yanmar.com/jp/support/contact/form/yanmar/#mail>



GREEN PROCUREMENT GUIDELINES

Yanmar Group

Introduction

Environmentally-aware corporations are calling the twenty-first century the “Century of the Environment” because civilisation cannot grow without harmonising with the natural world. Businesses are strongly urged to point their business activities in a direction which will lead to the formation of a recycling-oriented socio-economic system.

Yanmar Group, in full recognition that it handles products which may impose environmental load, undertakes to contribute to the growth of a sustainable society as a pioneer in energy technology. We have created Yanmar’s Global Environmental Charter, and environmental considerations are also shown in our business activities. Our group action policy is:

- to implement Group-wide environmental management;
- to establish voluntary environmental regulations in order to achieve superior levels of environmental conservation;
- to promote environmental conservation throughout the Yanmar Group;
- to share information about environmental conservation both internally and externally;
- to promote effective measures for environmental management systematically and continuously.

Our products are made with parts and materials provided by many suppliers. In view of that, our efforts alone do not suffice towards reducing environmental load, such as the impact of environmentally hazardous substances on people and the environment, and the impact of greenhouse gases (GHG) across all stages of production. It is absolutely essential that the suppliers from whom we purchase parts and materials also cooperate in our environmental efforts. We have established a code for our suppliers within the basic procurement policy.

Based on this foundation, this Guideline summarises Yanmar green procurement standards for our suppliers and our request for the suppliers’ cooperation to further enhance our environmental performance. We kindly ask for your continued cooperation in connection with this important subject.



Procurement Division,
YANMAR GLOBAL EXPERT CO., LTD.
Innovation & Technology Division,
YANMAR HOLDINGS CO., LTD.

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1. Green Procurement Guidelines

These guidelines outline the principles by which the Yanmar Group promotes global environmental protection relating to general procurement activities under the spirit of our charter and our basic procurement policy.

For more information on the Yanmar Group Global Environmental Charter and Group Environmental Vision, please visit the following website:

<https://www.yanmar.com/jp/about/csr/environment/>

1.1 Scope of Application

These guidelines apply to general procurement activities by the Yanmar Group. The terms used in this guideline have the following meanings.

(1) “Parts”

Refers to materials, components, parts and finished goods delivered by external suppliers to Yanmar Group companies.

(2) “Services”

Refers to construction, cleaning, landscaping, distribution, outsourced work, maintenance and other services that external suppliers provide to Yanmar Group companies.

(3) “Yanmar Group products”

Refers to parts and services designed, manufactured, and sold by Yanmar Group companies, including the following:

- (a) Products designed and manufactured by Yanmar Group companies;
- (b) Products whose design and/or manufacture have been out-sourced to a third party;
- (c) Products which are out-sourced to third parties but sold under the name of Yanmar group companies;
- (d) Products purchased by Yanmar Group companies from third parties and sold under the name of Yanmar Group companies;
- (e) Products purchased by Yanmar Group companies from third parties and sold under third party names.

(4) “Parts and services related to Yanmar Group products”

Refers to:

- (a) Parts and services which are attached to or incidental to Yanmar Group products;
- (b) Parts and services which are consumed during the manufacture, transport and sales activities of Yanmar Group products.



1.2 Green Procurement Selection Criteria

The following relate to green procurement:

- (1) Criteria for Selecting Suppliers
- (2) Criteria for Selecting Parts and Services

(1) Criteria for Selecting Suppliers

In addition to selecting suppliers based on quality, price and delivery dates, Yanmar has a preference for suppliers that establish an environmental management system and control the use of hazardous materials.

A. In terms of Environmental Management System, the supplier shall:

- conduct environmental protection activities under an system accredited to ISO 14001 or similar.
- have a corporate policy on environmental protection activities, which must be known by all departments and employees, and disclosed to the general public.
- have an organisation promoting environmental protection activities and have environmental management plans.
- establish, and continually improve, an evaluation and management system for assessing the environmental aspects of delivered parts, and compliance with pertinent laws and regulations.
- impart environmental education and awareness activities to its employees and contractors.
- be involved with resource conservation, energy conservation, use of renewable energy and the streamlining of distribution.
- set goals and strive to improve the reduction of greenhouse gases. (Reports on achievements in this area may be requested by Yanmar)

B. Additionally, the supplier shall:

- establish a system for managing environmentally hazardous substances.
- submit data about the presence of environmentally hazardous substances in parts delivered to Yanmar.
- correctly register said data into the information system designated by Yanmar Group to enable investigation into inclusion of chemical substances in parts delivered to Yanmar.
- appropriately manage management of environmentally hazardous substances upstream in the supply chain.
- accept audit inspections relating to environmentally hazardous substances.
- promptly contact Yanmar when the use of prohibited substances is discovered or when the content of the report is changed; and contact Yanmar in advance when manufacturing conditions change.
- identify of chemical substances which may affect human health and eco-systems; properly manage and handle such substances. (Yanmar may request the submission of safety data sheets, etc.)



- make efforts to reduce the use and emission of environmentally hazardous substances.

(2) Guidelines for Selecting Parts and Services

In addition to selecting parts and services based on the required quality, functionality, economic feasibility and logistics, Yanmar will also give priority to buying parts and services from suppliers which satisfy the below requirements for reducing environmental load:

1. Parts and services must comply with all applicable laws and regulations concerning the recycling of resources and energy.
2. Parts and services must not contain substances prohibited under Yanmar Industrial Standard V-0001 on the "Restrictions of use for Environmentally Hazardous Substances".
3. The content of "substances subject to separate investigation" under YIS V-0001 shall be properly ascertained. Labelling and notification, etc. shall be carried out in accordance with legal requirements.
4. There shall be minimal load on the environment (air pollution, water pollution, etc.) throughout the life cycle of the products.
5. Unwanted or unused Parts must be recycled, energy must be renewable, and the products must be as small as possible in order to reduce the consumption of resources, including energy, and to minimize the emission of GHG throughout the life cycle.
6. Parts and services should be designed for recycling.
7. The contained amount of environmentally hazardous substances as specified in 1.3 below is understood and satisfies Yanmar Group criteria.



1.3 Restrictions of Use for Environmentally Hazardous Substances

The supplier shall comply with the latest version of Yanmar Industrial Standard (YIS) V-0001 on “Restrictions of Use for Environmentally Hazardous Substances”. Use of the below substances shall be prohibited or managed so as to understand the quantity of any such included substances.

(1) Yanmar Group prohibited substances

These are substance groups whose use is mandatorily prohibited in general procurement activities in the Yanmar Group. The examples of substance groups are as follows:

Asbestos, ODSs (such as CFCs, HCFCs), PCBs, PBB/PBDE, mercury, cadmium, hexavalent chromium, lead, RCF (Refractory ceramic fibers), and PFOA, its salts, and PFOA-related substances

For details, please refer to the latest “Restrictions of Use for Environmentally Hazardous Substances” (YIS V-0001).

(2) Prohibited substances subject to separate actions

These are substances which are mandatorily prohibited from being used/contained at a percentage content above the threshold value as set forth in the laws/regulations of each country/region. This restriction is applicable to general procurement activities across the Yanmar Group.

(3) Substances subject to separate investigation

These are substances whose use/presence or percentage content should be investigated pursuant to the laws/regulations of each country/region. Investigation is required for Yanmar Group products and Parts that are attached or incidental to Yanmar Group products. In case of services or parts consumed in manufacturing, transport or Yanmar Group sales activities, please make an effort to investigate.



2. Record of Revisions

First Edition	April 2003
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• Attached material Revision 5.11	September 2012
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If you have any questions about these guidelines, please use the contact form below. When making an enquiry, please specify the relevant department / responsible person.

<https://www.yanmar.com/global/support/contact/form/>