

To: Business Partners

# MonotaRO

## Sustainable Procurement Guidelines

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MonotaRO Co.,Ltd.

## TABLE OF CONTENTS

<b>1</b>	<b>MonotaRO's Policy and Initiatives</b>	3
1-1	MonotaRO's Code of Conduct	3
1-2	MonotaRO's Procurement Policy	5
<b>2</b>	<b>MonotaRO's Procurement Guidelines</b>	7
2-1	Legal and Regulatory Compliance	7
2-2	Human Rights and Labor	7
2-3	Health and Safety	8
2-4	Environment	9
2-5	Fair Trade and Ethics	10
2-6	Quality and Safety	11
2-7	Information Security	11
2-8	Management Structure	12
<b>3</b>	<b>Revision History</b>	13
	MonotaRO Sustainable Procurement Guidelines	
	<b>Confirmation of Consent</b>	14

# 1 MonotaRO's Policy and Initiatives

## 1-1 MonotaRO's Code of Conduct

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### Respect for Others

#### Treat people with respect

By treating people inside and outside the company with respect, we believe that each person's background, thoughts, and interests will be integrated into positive energy. Respect for the other party, in addition, will be return as respect for oneself and it will become a foundation for accepting diversity and creating trust and vitality in the workplace. We therefore place the highest priority on treating people around us with respect.

#### Accept mistakes of one's own and others'

We cannot move forward without failure. Therefore, fearing failure, repairing failure, and blaming others for failure are nothing but wasting time. We accept mistakes, learn from them, and work together for the next challenge.

### Listening

#### Listen to voices around

We will put "to innovate business procurement network" as MonotaRO's mission and put the mission into practice. However, the needs of society change every moment, and the content of the services we realize should also change. We have a broad perspective and listen to the voices around us to evolve our services.

#### Capture changes of environment, technology, and customers

What, for example, seemed difficult in the past will possibly become achievable in general as new technologies appear, and hence the level demanded by our customers will then become higher. We believe that our ability to focus on and accurately capture the environment in which we are placed, technological trends, and changes in our customers, and we thereby lead ourselves to growth.

### Ownership

#### Challenge the status quo and seek improvement

By "continuing to do something because 'I've been doing it,'" we can't expect any progress and the growth of the organization will face difficulties. We believe that in order for us to continue to be a company needed by society, it is essential for each and every one of us to think and execute in "better ways" without being obsessed with the current situation.

#### Share own ideas and autonomously act to realize the ideas

By just sharing your "ideas" with people around, and you would think you were improving the situation, but nothing really changes. We will evolve ourselves by practicing the cycle of communicating thoughts and involving the surroundings, implementing the thoughts, correcting what goes wrong, and then putting them into practice.

## **Time as resource**

### **Appreciate time of customers, of other stakeholders, and of ourselves**

We will continue to make corporate efforts so that our customers can save time and spend their limited time on their core business. We also recognize that each of us has a finite amount of time and so do our colleagues and business partners, and we strive to achieve the most fruitful results without wasting the finite amount of time.

### **Start with speed by assessing risks with an appropriate sense of urgency**

Many challenges can come with failures, but fresh start is possible. It would be a perfect case of mistaking the cause for the end if we spent much time planning because we feared failures and didn't take actions. We think achievements can be attained by assessing risks and taking actions quickly without spending too much time on planning.

## **Goal and Process**

### **Perform with understanding of the goal and overall business processes**

We understand the positioning of individual operations in the overall business process and carry out the operations by connecting the purpose of each individual operation with the purpose of the entire company. Beyond that, we abolish the tasks that we don't need any longer and focus on improving the tasks that we should concentrate on.

### **Derive significant results through conducting small hypothesis tests**

We catch the facts and act based upon the facts. Therefore, we basically try small-scale measures based upon the needs of customers and decide on full-scale introduction of the measures on results of tries. Even if each individual hypothesis test is small, we will strive to achieve big results.

## **MonotaRO Spirit**

### **Find creative solution without compromising budget and resources**

Costs and availability of resources can never be the reasons why we stop evolving ourselves. We understand that there always are limits on costs and resources we can afford, and the scarcity of them is just a degree in difference. We overcome those constraints and solve the problems.

### **Comply with laws, social norms, and ethics**

We are aware that we are members of society and understand that in order for society to grow, appropriate laws and norms are required. We deeply understand the laws and norms of the society to which we belong, seek ethical correctness, and continue to be good corporate citizens.

## 1 - 2 MonotaRO's Procurement Policy

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Since its inception in 2000, MonotaRO has been constantly pushing its limits in its daily business activities, living by its corporate missions to innovate business procurement networks. With the support of its customers, business partners, and various stakeholders, the company has been able to grow continuously as a material procurement platform for business operators of all varieties. Along with its growth, MonotaRO's responsibility has also increased in terms of playing its part in the development of a sustainable society, and its fulfillment of such responsibility results in increasingly higher expectations being placed upon itself by society.

Throughout its existence, MonotaRO has actively provided supplies in post-disaster situations and engaged in corporate volunteering in local communities. Looking ahead, the company remains fully committed to proactively reducing greenhouse gas (GHG) emissions, minimizing waste, optimizing logistical operations with more ecological awareness, and establishing supply chains with environmental and human rights advocacy with a view to addressing major social issues that have been exacerbated by industrial activities in recent years, including climate change, human rights issues, etc. MonotaRO is thus intent on observing and deeply understanding the changes that are constantly taking place in the world and taking necessary action for realizing a sustainable society in the hope of helping bringing about a brighter future to the best of its ability and receiving the recognition from its customers globally that what MonotaRO offers them are still of value to them 10 to 20 years later.

Based on its belief that facilitating business activities with emphasis on sustainability will lead to the flourishing of all its suppliers as well as its own, MonotaRO plans to enact its Procurement Policy and Procurement Guidelines effective April 2023. These Guidelines describe MonotaRO's policy and principles, which are aligned with international standards and MonotaRO's sustainability initiatives, along with MonotaRO's code of conduct that also applies to its business partners. As these instruments are designed to clearly communicate MonotaRO's initiatives and requirements in a manner that is easy to understand for its business partners in particular, they will be distributed to, and shared with, all business partners when they come into effect.

When MonotaRO is able to have each of its business partners cooperate on all activities addressed in these Guidelines, it will lead to safer and securer merchandise production and sales, which in turn will earn the trust and confidence of its stakeholders.

Therefore, MonotaRO asks all its business partners to peruse, consent to, and conduct operations according to these Guidelines while understanding the underlying purpose as explained above.

In this connection, these Guidelines will be revised and updated from time to time to continuously meet the requirements of the global society that are constantly changing. Thank you for your understanding and cooperation.

## **Co-existence and Co-prosperity**

At MonotaRO, we strive to attend to the following matters so that we can build sound partnerships with all business partners that will allow all parties to grow and flourish.

① MonotaRO employees shall actively communicate their ideas to all business partners while also actively listening to their opinions in such a manner that maintains and improves the parties' mutual understanding and trusting relationships.

② MonotaRO employees shall keep monitoring all business partners not only in terms of their quality, lead time, pricing schedule, technology, etc. but also the status of their social responsibility fulfillment while also practicing proper information disclosure with them so that all parties can engage in transactions with adequate knowledge and contentedness.

③ MonotaRO employees shall keep their fingers on the pulse of the industries in terms of environmental measures, technological trends, and changes occurring among customers with a view to innovating business procurement networks with all business partners and jointly developing a sustainable society.

## **Awareness on Human Rights and Working Conditions**

At MonotaRO, we respect international human rights standards and the human rights of all working people and strive to implement working conditions that are safe and hygienic.

In addition, MonotaRO believes in respectful treatment of all its employees as well as all its business partners with a view to realizing a society where all members respect each other's diversity.

## **Legal and Regulatory Compliance, Protection of Confidential Information**

MonotaRO has been able to grow as a business entity based on the trust cultivated through its compliance with applicable laws and regulations and proper information management. Therefore, MonotaRO's employees all recognize that we are all members of society and conduct procurement activities while fully complying with its laws, regulations, and norms.

## **Environmental Measures**

At MonotaRO, we actively address various issues related to the global environment on our own initiative while also remaining considerate of the environmental issues that are specific to each regional community so as to ensure the health and safety of the people who live there. MonotaRO also remains committed to providing ecological products to its customers.

## 2 MonotaRO's Procurement Guidelines

### [Definitions]

In these Guidelines, the term “business partners” literally means all types of business partners that MonotaRO does business with, the foremost examples of which are as follows.

- Suppliers of the products that MonotaRO carries
- Contract manufacturers (OEMs, etc.)
- Companies with which MonotaRO has procurement alliances

In these Guidelines, the term “we” includes MonotaRO and all its business partners.

### 2-1 Legal and Regulatory Compliance

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We must each comply with the applicable laws and regulations of our own country and other countries/regions where we do business and also with the international code of conduct.

### 2-2 Human Rights and Labor

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#### **Prohibition of Forced Labor**

We shall not use any labor that is obtained by way of force or restraint, or in the form of indentured servitude, involuntary or exploitative prisoner or slave labor, or through human trafficking. We must respect the freedom of all workers to take leave from work and end employment relationships without requiring them to pay money for contractual breaches or otherwise penalizing them as long as they provide proper notices pursuant to their contracts.

#### **Prohibition of Child Labor, Protection of Young Workers**

We shall not allow any young people below the minimum age of employment to work pursuant to applicable laws and regulations. In addition, we shall not allow any young workers below the age of 18 to perform hazardous tasks that could be harmful to their health or safety.

#### **Consideration for Working Hours**

We shall not allow workers to perform work beyond the limits set by the laws and regulations of their regions. We must properly manage their work hours and holidays and prevent them from excessive work pursuant to applicable international standards.

#### **Appropriate Wages and Allowances**

We must comply with the laws and regulations that apply to workers' remuneration (including minimum wage, overtime pay, and other statutorily required allowances and wage deductions) and stipulate their terms of employment in writing. In addition, we shall be considerate in ensuring that all our workers are entitled to the levels of wages that are sufficient for sustaining their livelihoods (living wages).

### **Prohibition of Inhumane Treatment**

We shall respect the human rights of all workers and refrain from treating them in any inhumane way, including without limitation mental or physical abuse, coercion, harassment, etc., or engage in any acts that could potentially constitute such human rights violation.

### **Prohibition of Discrimination**

We shall find value in the fact that all individuals are different and refrain from engaging in any act of discrimination or harassment based on their race, religion, gender, age, sexual preference, ability/disability, or nationality.

In addition, we must give consideration as to the requirements of our workers relating to their religious customs to an appropriate extent.

### **Freedom of Association, Right to Collective Bargaining**

We must respect all workers' right to organize of their own free will as a means to hold labor-management discussions for negotiating their working conditions, wage levels, etc. as well as their right to refrain from not engaging in the above pursuant to applicable laws and regulations.

## **2-3 Safety and Health**

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### **Industrial Safety**

We shall identify and evaluate all risks associated with our workers' safety, implement proper designs, technologies, and management methods (including manufacturing facility maintenance and inspection) to ensure their safety, and provide adequate education and training as they relate to such safety measures as well as industrial safety and health.

In particular, we shall identify all risks that could lead to disasters, accidents, and other emergency situations that would jeopardize our workers' safety and could result in loss of lives or bodily injuries; prepare emergency response procedures; install necessary facilities and equipment; and offer education and training programs that will enable the workers to follow the aforementioned procedures in disaster situations, so that the damage caused to the workers and corporate assets are minimized.

In addition, we shall properly manage our workers such that they would not get involved in any work-related disaster or suffer from a work-related disease; create comfortable work environments that are conducive to their health and safety; and maintain such work environments where our workers can perform their work with a sense of ease. In particular, special consideration must be given to the female workers that are pregnant or breast-feeding their infants.



## 2-4 Environment

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### **Environmental Licenses and Reporting**

We must obtain all licenses and approval and file registrations and reports as are needed to conduct our respective business activities pursuant to applicable laws and regulations.

### **Reduction of Energy Consumption and Greenhouse Gas Emissions**

We shall strive to improve our energy efficiency while continuously reducing our energy consumption and greenhouse gas emissions.

### **Atmospheric Emissions**

We shall strive to implement appropriate measures for reducing our emission of hazardous substances into the atmosphere pursuant to applicable laws and regulations.

### **Water Management**

We shall strive to continuously monitor the sources of the water we use as well as our water usage and discharge in order to conserve water pursuant to applicable laws and regulations.

### **Efficient Use of Resources and Waste Management**

We shall comply with applicable laws and regulations as they relate to this subject matter. We shall also strive to promote the concept of 3R (i.e., reduce, reuse, and recycle), facilitate effective resource utilization, and suppress waste production.

### **Management of Chemical Substances**

We must comply with all applicable laws and regulations that relate to any chemical or other substances that are harmful to the human bodies and the environment.

### **Management of Chemical Substances Contained in Products**

We must comply with all applicable laws and regulations that relate to the prohibition or restriction of use of any specific substances that are contained in the products we deal in.

## 2-5 Fair Trade and Ethics

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### **Corruption Prevention**

We shall not allow any form of direct or indirect bribery or other inappropriate benefit provision or acceptance involving any of our business partners pursuant to applicable laws and regulations. In addition, we must represent and warrant that we shall maintain proper and accurate accounting records of all commercial transactions.

### **Proper Information Disclosure**

We must disclose information relating to the status of our labor, industrial safety and health, environmental activities, business activities, organizational structure, financial status, business performance, etc. pursuant to applicable laws, regulations, and common industrial practices. We shall not condone any record alteration or disclosure of false information.

### **Respect for Intellectual Property**

We must exercise utmost caution not to infringe other parties' intellectual property rights.

### **Fair Business Practice**

We must conduct business activities that are in accordance with the fair rules of competition, run advertisement campaigns in an accurate and sincere manner, and otherwise ensure that all our activities are in compliance with antitrust laws as well as other applicable laws and regulations.

### **Protection of Whistleblowers**

We must maintain the secrecy of all information relating to whistleblowing cases, protect the anonymity of all whistleblowers, and fully eliminate the risk of retaliation against whistleblowers pursuant to applicable laws and regulations.

### **Responsible Procurement of Minerals**

We must implement necessary measures for avoiding and not using any conflict minerals in order to prevent instances of serious human rights violation, environmental damage, corruption, conflicts, etc. over certain minerals used in the products that we manufacture, including tantalum, tin, tungsten, gold, etc. in conflict and high-risk regions around the world.

## 2-6 Quality and Safety

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### **Product Safety Assurance**

We must each ensure that all our products comply with the safety standards as specified in the applicable laws and regulations of our own country and other countries/regions where we do business and also with MonotaRO's quality standards; they are designed and manufactured in such a manner to ensure product safety at a sufficiently high level; and the rest of our responsibilities as the suppliers of those products are fulfilled.

In addition, we must each formulate quality assurance policy as it relates to our products and services, conduct strict quality and safety management, and practice proper information provision.

## 2-7 Information Security

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### **Improvement of Information Security**

We must protect the information assets that we each own, use, and manage from all types of threats and strive to enhance our information security in order to prevent any damage from afflicting our own corporate entities or other parties.

### **Protection of Personal Information**

We must protect the personal information and privacy of all persons that are involved in our business activities, including all our business partners, customers, workers, etc. We must assume obligations pursuant to the laws, guidelines, and contracts of each country/region where we conduct business to properly manage all personal information that is in our custody with the due care of a prudent manager so that the information does not get lost, damaged, altered, leaked, etc.

In addition, we shall use any personal information that we obtain through business transactions only for performing operational tasks that are related to those transactions; refrain from using it for any other unintended purposes; and not disclose or provide it to any third parties or any employees (full-time employees, fixed-term-contract employees, employees dispatched from staffing agencies, etc.) that do not need to know the information to perform their operational tasks, unless the prior consent of the individuals to whom the personal information relates is obtained.

### **Prevention of Confidential Information Leaks**

We must properly manage and protect all confidential information that is of our own corporate entities or received from our customers or third parties.

We shall not divulge to a third party any confidential information that we obtain from another party through business transaction that is related to the party's operation or technology, or disclose such information to a third party unless the consent of the disclosing party is obtained.

## 2-8 Management Structure

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### **Proper Export/Import Management**

We must develop and implement clearly defined management structures applicable to the exporting and importing of any technologies and items that are statutorily restricted, etc. and follow proper procedures.

### **Implementation of Complaint Handling Procedure**

We shall each strive to establish policy on and implement a complaint handling system that can be used by our workers, business partners, and other stakeholders in order to prevent instances of unjust acts committed within our own corporate entities or supply chains.

### **Disclosure of Information on Status of Activities**

Adherence to these Guidelines is of utmost importance to us. Therefore, each business partner is required to disclose information on the status of its activities that are related to these Guidelines based on MonotaRO's request as well as pursuant to applicable laws and regulations.

### 3 Revision History

No.	Revision month / Year	Description
1	March 2023	1st edition of the MonotaRO Sustainable Procurement Guidelines created.
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3		
4		
5		

Please check the latest revision of this document which is available on MonotaRO's website below.  
URL : <https://www.monotaro.com/>

# Confirmation of Consent to MonotaRO Sustainable Procurement Guidelines

[Company name] has understood the purpose of MonotaRO's sustainable procurement, pledges to abide by the MonotaRO Sustainable Procurement Guidelines as they relate to its transactions with MonotaRO, and consent to promote Guidelines.

To: MonotaRO Co., Ltd.

Date:

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Company:

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Department:

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Title:

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Name:

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