

## Objectives of Explanatory Document to Suppliers Procurement Guidelines

### Objectives of Explanatory Document

**The MOL Group Basic Procurement Policy clearly states our group's social responsibility as a corporate group that plays a part in customers' supply chains. In addition, based on the Basic Procurement Policy, we have established the Suppliers Procurement Guidelines (outlined below), in which we request the cooperation of our suppliers.**

**This document outlines examples of specific actions in each item set forth in the Suppliers Procurement Guidelines. We would like to ask you, our suppliers, to deepen your understanding of the guidelines in this document, and to pursue your own actions, including expanding the guidelines to your entire supply chain.**

# Supplier Procurement Guidelines (Items List )

**1. Environment**

**2. Health and Safety**

**3. Human Rights**

**4. Product Quality and Safety**

**5. Compliance and Anti-Corruption Measures**

**6. Information Management and Intellectual Property Protection**

**7. Building Good Relationships with Stakeholders**

## Guideline Items and Examples of Specific Actions – 1. Environment (1/3) –

### Guideline Items

#### Management of Greenhouse Gas Emissions

Reduce the impact of climate change by identifying greenhouse gas emissions and promoting efforts to reduce them.

#### Conservation of Biodiversity

Examine and understand the impact of business activities on ecosystems, and strive to conserve biodiversity.

#### Control of Air Pollutants

Identify hazardous substances that cause air pollution and prevent their emission.

### Examples of Specific Actions

- ✓ Calculate Scope 1 and 2 emissions
- ✓ Set quantitative voluntary targets to reduce emissions
- ✓ Strive to use renewable energy sources and work to continuously reduce greenhouse gas (GHG) emissions

- ✓ Take indirect impacts on the environment, ecosystems, and biodiversity into consideration through raw material procurement, in addition to direct impacts from business activities
- ✓ Strive to grasp the situations related to business activities and raw material production areas, encourage their development and maintenance in a manner that does not damage the environment
- ✓ Collaborate and cooperate with various stakeholders in the supply chain

- ✓ Appropriately manage hazardous substances that may cause air pollution, minimize their impact on local communities, and prevent environmental pollution
- ✓ Comply with laws and regulations in the areas where you operate, and establish voluntary standards for environmental impact as needed, and make further improvements

## Guideline Items and Examples of Specific Actions – 1. Environment (2/3) –

### Guideline Items

#### Management of Chemical Substances

Safe management of chemical substances designated by laws and regulations in each country and region.

#### Sustainable Use of Resources and Energy

Manage consumption and promote efforts to reduce consumption for sustainable use of resources and energy.

#### Waste Management

Manage waste, reduce waste, promote recycling, and dispose of waste appropriately.

### Examples of Specific Actions

- ✓ From the viewpoint of preventing environmental pollution, strive to effectively manage the risk of chemical substances adversely affecting the environment
- ✓ From the viewpoint of preventing health hazards, establish a system to keep abreast of the latest information on regulations, etc. related to chemical substances, and reflect this information in the management system

- ✓ Set voluntary targets for resource and energy conservation to promote sustainable use of various resources, monitor the status of achievement, and improve efficiency

- ✓ Strive to protect the environment by recycling and reusing waste generated through business activities
- ✓ Set quantitative reduction targets
- ✓ Grasp the classification and type of waste and dispose of it appropriately following applicable national and local laws

## Guideline Items and Examples of Specific Actions – 1. Environment (3/3) –

### Guideline Items

#### Management of Water Resources

Control water intake and drainage to reduce water consumption and prevent contamination of water resources.

#### Establishment of an Environmental Management System

Establish an environmental management system and make continuous efforts to improve environmental protection.

#### Compliance with Environmental Laws and Regulations

Comply with the environmental laws and regulations of each country and region where there are company operations, and always strive to meet higher standards in accordance with social norms.

### Examples of Specific Actions

- ✓ Set quantitative voluntary targets for water saving, etc.
- ✓ Minimize negative impacts on local communities (water quality deterioration, salinization of groundwater, etc.), including water sources, and strive to prevent environmental pollution

- ✓ Establish environmental policies, targets, and operational processes in accordance with the scale and scope of the business, and build an organizational structure that clarifies responsibility and authority
- ✓ Establish and execute plans to achieve environmental targets, evaluate performance, and encourage continuous improvement (PDCA process). (Example: ISO 14001 international standard)

- ✓ Comply with applicable national and local laws and regulations concerning wastewater, exhaust emissions, waste, etc.
- ✓ Obtain or file required permits, approvals, and licenses

## Guideline Items and Examples of Specific Actions – 2. Health and Safety–

### Guideline Items

#### Occupational Health and Safety Management

Observe the laws and regulations of each country and region, maintain and improve a safe and sanitary working environment, and prevent industrial accidents.

#### Preparation and Response to Emergencies

Develop business continuity plans and strengthen organizational response capabilities in preparation for emergencies such as terrorist activities and natural disasters.

#### Preparation and Response to Infectious Diseases

In the case of employees becoming exposed to and infected with infectious diseases, we will make efforts to formulate and appropriately implement prevention plans.

### Examples of Specific Actions

- ✓ Establish policies on occupational health and safety, and strive to identify and reduce occupational health and safety risks in the business
- ✓ Provide training to employees on occupational health and safety
- ✓ Perform periodic inspections and maintenance of machinery and equipment
- ✓ Install safety devices and require the use of protective equipment in hazardous areas

- ✓ Establish business continuity plans in the event of an emergency
- ✓ Prepare an emergency operation manual and provide ongoing education and training to employees so that they can continue key prioritized operations

- ✓ Assume an epidemic of infectious diseases and agree on priorities for work
- ✓ Proceed with the establishment of an action plan for priority operations to minimize the impact on production in the event of a significant reduction in the number of people available for work

## Guideline Items and Examples of Specific Actions – 3. Human Rights (1/3) –

### Guideline Items

#### Prohibition of Discrimination

Prohibit all forms of discrimination on the basis of race, ethnicity, nationality, origin, creed, religion, gender, gender identity, sexual orientation, age, physical or mental disability, marital status, party affiliation, union membership, and other social status.

#### Prohibition of Inhumane Treatment

Respect the human rights of employees, and prohibit physical and mental abuse, coercion, all forms of harassment, defamation, and acts that damage the dignity of individuals or create an unpleasant work environment. In addition, corporal punishment and any unjust disciplinary practices shall be prohibited, and when disciplinary actions are to be taken, they shall be appropriately implemented in accordance with policies and procedures that have been communicated to employees in advance.

### Examples of Specific Actions

- ✓ Do not discriminate on the basis of gender or any other factor in hiring, promotion, remuneration, training, or other opportunities or treatment
- ✓ Establish a system and environment that facilitates the use of parental (maternity) leave for both men and women

- ✓ Establish a human rights policy, etc., and show the policy and approach regarding respect for human rights to relevant parties, including employees
- ✓ Provide training and educational opportunities for relevant personnel, including rank-and-file employees, on human rights issues and international trends in respect for human rights
- ✓ Establish related policies, etc., identify risks, and provide training and education opportunities to eliminate various types of harassment, abuse, corporal punishment, mental coercion, verbal abuse, and other inhumane treatment

👉 The MOL Group has established a separate “MOL Group Human Rights Policy,” and we expect all our business partners to support this policy in their work related to the group’s business activities. Please click [here](#) for details.

## Guideline Items and Examples of Specific Actions – 3. Human Rights (2/3) –

### Guideline Items

#### Guarantee of a Minimum Living Wage

In accordance with local laws, regulations and employee contracts, the minimum wage, overtime pay (premium), and other benefits are guaranteed, and a fair amount of wages are paid in a timely manner.

#### Elimination of Long Working Hours

Eliminate long working hours in accordance with laws and regulations of each country and region, with appropriate contracts for employees.

#### Elimination of Forced Labor

Forcing of work against the will of the individual is prohibited, and no acts that violate separation from employment or freedom of movement by depriving the individual of his/her ID such as passport or work permit are conducted.

### Examples of Specific Actions

- ✓ Comply with all applicable national and local laws and regulations in the country of the location
- ✓ Ensure that wages are paid at a level that enables employees to meet the standard of living in each country or region (living wage)
- ✓ Properly inform employees of their wages, paid leave, legal benefits, etc., through pay stubs or other documented means

- ✓ Monitor working hours so that the number of prescribed working days per year does not exceed the legal limit, and examine the work system so that long working hours do not become the norm
- ✓ Manage working hours so that the number of hours worked per week is within the legal limit, and provide employees with at least one day off per week and annual paid leave as stipulated by laws and regulations

- ✓ Prohibit employees from working hours that have not been agreed upon in advance
- ✓ Do not charge employees recruitment and related fees following national laws or ILO regulations
- ✓ Provide all workers in the employment relationship with a written contract in a language they understand in detail



## Guideline Items and Examples of Specific Actions – 3. Human Rights (3/3) –

### Guideline Items

#### Eradication of Child Labor

Prohibit the employment of persons younger than 15 years of age, age of completion of compulsory education, and minimum employment age in each country or region.

#### Freedom of Association and Collective Bargaining Rights

Recognize the legal rights of employees to collaborate, form groups, participate in (and decline to participate in) groups, and bargain collectively without prejudice to exercise their rights.

### Examples of Specific Actions

- ✓ Identify risks and provide training and education opportunities to ensure thorough compliance with laws and international norms prohibiting child labor
- ✓ Verify the age of employees based on valid documents for proof of age at the time of employment
- ✓ Do not allow employees under 18 years of age to work night shifts, overtime, or in hazardous conditions

- ✓ Allow all employees to organize and join labor unions of their own choosing without threat or retaliation, and adopt policies and procedures that prohibit discrimination
- ✓ Do not interfere in any way with the establishment, management, operation, or collective bargaining of labor unions

## Guideline Items and Examples of Specific Actions – 4. Product Quality and Safety –

### Guideline Items

#### Pursuit of Product Quality and Safety

The quality and safety of the products and services provided shall be secured to meet the standards set forth in the laws and regulations of each country and region, as well as the standards set forth in separate contracts. If a problem occurs, prompt action should be taken.

#### Improvement of Technical Capabilities

We will enhance our Research & Development (R & D) systems and continuously improve our technical capabilities.

### Examples of Specific Actions

- ✓ Comply with the health and safety standards set forth in national and local laws and regulations
- ✓ Establish and implement a management system for quality and safety, and strive for continuous improvement related to quality assurance by repeating the Plan-Do-Check-Action (PDCA) process

- ✓ Strive to improve our technical capabilities and develop and improve our products and services to meet social expectations and customer/consumer needs

# Guideline Items and Examples of Specific Actions –

## – 5. Compliance and Anti-Corruption Measures (2/1) –

### Guideline Items

**Anti-Corruption**

We will strive to prevent all forms of corruption, including bribery.

**Prohibition of Restrictive Activities**

Comply with laws and regulations concerning competition in each country and region, and do not engage in unfair transactions such as private monopolization, unreasonable restraint of trade, abuse of dominant position, etc.

### Examples of Specific Actions

- ✓ Do not give gifts of money or goods, or make promises of benefits, directly or indirectly, to public officials or others for the improper purpose of obtaining business or other benefits
- ✓ Do not make facilitation payments to expedite business operations.
- ✓ Develop policies, procedures, and training programs to prevent corruption of any sort

- ✓ Comply with national and local laws and regulations concerning fair competition and fair trade
- ✓ Do not illegally obtain or use the trade secrets of other companies
- ✓ Prohibit false product labeling or labeling that misleads customers about the origin or quality of products, as such labeling constitutes unfair competition

👉 The MOL Group has established a separate “MOL Group Anti-Corruption Policy,” and we expect all our business partners to support this policy in their work related to the group’s business activities. Please click [here](#) for details.

# Guideline Items and Examples of Specific Actions –

## – 5. Compliance and Anti-Corruption Measures (2/2) –

### Guideline Items

**Elimination of Anti-social Forces**

Refusing to do business and having no relationship with anti-social forces and those suspected of being involved with anti-social forces, including money laundering.

**Prevention and Early Detection of fraud**

In addition to establishing a system to prevent and detect fraud at an early stage, the confidentiality and anonymity of information concerning the report shall be ensured to protect any whistleblower from the risk of retaliation.

**Compliance**

We will comply with the laws and regulations of each country and region and conduct our business activities in accordance with social standards and norms.



### Examples of Specific Actions

- ✓ Comply with the "Act on Prevention of Unjust Acts by Organized Crime Group Members," and do not demand donations, contributions, or other gifts of money or goods regardless of the value from any person without due cause
- ✓ Do not use antisocial forces to promote our business, as a matter of course, nor do have any kind of relationship with them

- ✓ Establish internal and external desks for reporting misconduct so that management can detect misconduct at an early stage
- ✓ Strive to maintain the confidentiality of whistleblowers and protect them appropriately
- ✓ Strive to address misconduct promptly and provide feedback to the whistleblowers on the results of our response as appropriate

- ✓ Comply with all applicable national and local laws and regulations in the country/region where our business activities are conducted and respect international codes of conduct
- ✓ In cases where domestic laws and international codes of conduct are incompatible, strive to take actions that give priority to international codes of conduct
- ✓ Establish policies, build systems, and provide training to ensure compliance with laws and regulations

# Guideline Items and Examples of Specific Actions –

## –6. Information Management and Intellectual Property Protection Management of Personal and Confidential Information–

### Guideline Items

#### Information Management and Intellectual Property Protection Management of Personal and Confidential Information

Comply with laws and regulations concerning information security (including the protection of personal information) in each country and region, thoroughly manage information including confidential information, implement measures to prevent information leakage, and make similar requests to subcontractors.

#### Protection of intellectual property

We shall strive to appropriately manage and utilize intellectual property in accordance with laws and regulations, and shall not infringe the intellectual property rights of third parties

#### Building an Information Security System

Develop defense measures against threats on information systems and networks, such as cyberattacks, and protect and manage the company and other companies from damage or attack.

### Examples of Specific Actions

- ✓ Process information within the scope of the specified purposes of use
- ✓ Establish and operate a system to ensure the appropriate management of personal information, including obtaining the consent of the individual for any use that exceeds the scope of the initial purpose of use.
- ✓ In the event of a leak of personal information, promptly report the case to the relevant authorities and persons responsible for the MOL Group, and take measures to prevent the damage from spreading

- ✓ Use the MOL Group’s know-how and confidential information only for specified purposes and establish an appropriate system for managing such information and for educating our employees.
- ✓ Do not engage in any act of infringement, such as unauthorized acquisition or use of intellectual property rights of third parties

- ✓ Comply with rules to ensure high-quality services through information systems, and strive to reduce the risk of information leaks, etc.
- ✓ Use robust authentication procedures associated with user IDs in systems used for transactions and other activities involving the MOL Group, and ensure thorough management of such information

# Guideline Items and Examples of Specific Actions –

## – 7. Building Good Relationships with Stakeholders –

### Guideline Items

**Information Disclosure**

In order to build and strengthen good relationships with stakeholders, we will strive to ensure transparency and accountability by appropriately disclosing our own information both internally and externally.

**Engagement with Local Communities**

Respect the cultures, customs, languages, and other social customs of each country and region, minimize the negative impact of business activities on local communities and people, and strive to contribute to the development of local communities

### Examples of Specific Actions

- ✓ Information to be disclosed includes details of business activities, financial condition, business performance, ESG information, risk information (e.g., damage caused by large-scale disasters, the occurrence of adverse environmental or social impacts, discovery of serious legal violations, etc.), and information related to supply chains.
- ✓ Do not falsify records or make false reports when disclosing information

- ✓ Proactively support communities related to our company’s operations to the extent feasible.  
(e.g., volunteer activities, cooperation with local communities in times of disaster, donation activities, support for NPO/NGO activities, etc.)