

## Toshiba Group Procurement Policy

### Basic Procurement Policy

Toshiba Group Companies shall:

- (1) comply with all applicable laws and regulations and appropriate social practices governing our local and global businesses ; and**
- (2) promote procurement activities in a way that reduces the environmental impacts while selecting suppliers (hereinafter including prospective suppliers) and procurement items.**
- (3) provide suppliers with equal opportunities for transactions with Toshiba Group.**
- (4) promote procurement activities based on mutual understanding and trust.**

### Policy for Selecting Suppliers

While selecting suppliers and carrying out transactions continuously, priority shall be given to companies satisfying the following criteria:

- (1) The company complies with laws, regulations and places emphasis on human rights and environmental consciousness.**
- (2) The company has sound business operations.**
- (3) The company has the ability to supply goods and/or services to Toshiba Group with emphasis on appropriate quality, price and delivery lead-time.**
- (4) The company is capable of providing a stable supply of goods and/or services. Also the company must have the flexibility to respond quickly to supply/demand fluctuations.**
- (5) The company possesses technology that contributes positively to Toshiba Group products.**
- (6) The company has a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.**

## Supplier Expectations

Toshiba Group conducts business globally, involving a wide range of products. In order to succeed globally, Toshiba Group must take stakeholder's requests into consideration. This requires that the Toshiba Group conduct its procurement activities in accordance with the UN Global Compact and the RBA (Responsible Business Alliance) code of conduct, both of which Toshiba has pledged to follow. We therefore expect our suppliers to conduct themselves in accordance with the UN Global Compact and the RBA Code of Conduct. We also request that our suppliers ask their own suppliers adhere to both standards.

\*"UN Global Compact"

<http://www.toshiba.co.jp/csr/en/policy/organization.htm#GC>

\*"RBA (Responsible Business Alliance) code of conduct"

[http://www.toshiba.co.jp/csr/en/performance/fair\\_practices/procure.htm#EICC](http://www.toshiba.co.jp/csr/en/performance/fair_practices/procure.htm#EICC)

### (A) Compliance with Laws, Regulations and Social Customs

Suppliers are required to ensure compliance with laws, regulations and appropriate social customs of the countries and/or regions in which they operate.

- 1) Ensuring compliance with the prevailing laws and regulations in the countries and/or regions in which they operate include anti-trust laws, commercial codes, subcontractor regulations, foreign exchange laws, personal privacy laws, copyright laws, etc.
- 2) Prohibition of bribery (any gift, payment, consideration, financial or non-financial advantage or benefit of any kind which constitutes a corrupt and illegal practice)

### (B) Considerations to Human Rights, Labor, Health and Safety

Suppliers are encouraged, in every sort of business activity, to respect basic human rights and to establish safe and clean working environment. Also, suppliers are encouraged to understand "Toshiba Group Conflict Mineral Policy" (More information can be found on our website.) and work cooperatively with Toshiba Group.

- 1) Prohibition of following practices
  1. Forced labor (including slave labor), 2. Trafficking of humans, 3. Inhumane treatment and infringement of human rights, 4. Child labor, 5. Discrimination
- 2) Consideration to following practices
  1. Payment of appropriate wages, 2. Regulation of working hours, 3. Respect to freedom of association
- 3) Establishment of safe and clean working environment

\*"Toshiba Group Conflict Mineral Policy"

[http://www.toshiba.co.jp/csr/en/performance/fair\\_practices/procure.htm#conflict\\_minerals](http://www.toshiba.co.jp/csr/en/performance/fair_practices/procure.htm#conflict_minerals)

### (C) Environmental Considerations

Suppliers are encouraged to engage vigorously in activities to create environmentally friendly products. This is based upon the conviction that humankind has a fundamental responsibility to bequeath the irreplaceable global environment in a flourishing condition to succeeding generations.

- 1) Suppliers are encouraged to adopt ISO 14001-based environmental management systems and to promote third-party certification.
- 2) Suppliers are encouraged to utilize Green Procurement, which provides for the procurement of parts and materials that have the smallest negative impact on the environment. Suppliers are also encouraged to reduce or eliminate use of potentially hazardous substances.
- 3) Suppliers are encouraged to promote environmental protection activities, such as, the establishment of positive environmental policies, the improvement of systems that affect the environment and to provide training opportunities in the area.

### (D) Maintain Sound Business Operations

Maintaining sound business operations over the long-term strengthens business relationships. Accordingly, suppliers are requested to disclose their management policies and the status of business operations (including financial statements).

## **(E) Securing Excellent Product Quality**

Suppliers are expected to establish a quality assurance system in accordance with the ISO 9000 family of standards. This system should help improve and maintain the quality of products delivered to Toshiba Group.

- 1) Compliance with the safety standards of the countries and regions in which suppliers operate (e.g., CCC, JIS, Electrical Appliance and Material Safety Law, UL, CE Marking, etc.)
- 2) Furnishing goods and services on a continuous basis satisfying the specifications and quality required by Toshiba Group

## **(F) Offering Goods and/or Services at Appropriate Prices**

Suppliers are requested to provide goods and/or services at competitive prices and strive to reduce prices on a continuous basis so Toshiba Group can provide its own customers with products that satisfy them financially.

## **(G) Firm Delivery Commitment and Establishment**

Suppliers are requested to keep delivery commitments. They are also requested to establish a system for the stable and flexible supply of goods and/or services enabling them to successfully respond to rapid supply-demand fluctuations.

## **(H) Enhancement of Technological Capabilities**

Suppliers are requested to continually improve their technological capabilities. This will enable Toshiba Group to provide excellent and safe products to its own customers.

## **(I) Continuing supply in times of unexpected circumstances**

Suppliers are requested to have a plan for providing a continuing supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain.

(Oct 2018)