

KnowTheChain 2022 ICT Benchmark

Additional Disclosure

Company Name: KEYENCE CORPORATION

Date: 24th August 2022

Guidance:

- Please add any additional information you wish to provide under the relevant indicator elements below.
- We welcome examples of leading practices.
- Unless you are sharing leading practices, please limit the information to indicators for which KnowTheChain could not yet identify sufficient information on your website.
- Note KnowTheChain has already undertaken a review of your website. Should you wish to include links to existing disclosure, please specify the page number / section you are referring to.

INDICATOR 1: SUPPLIER CODE OF CONDUCT AND CAPACITY BUILDING

1.1 has a supplier code of conduct that requires suppliers to respect the ILO core labour standards, which include the elimination of forced labour; and requires suppliers to cascade/implement standards that are in line with the company's supplier code of conduct; and

Reconsideration and continued assessment are respectfully requested. By way of our website update, we strongly believe that KEYENCE meets requirement of above KnowTheChain indicators. KEYENCE states in its Supplier Code of Conduct that "We request Suppliers to comply with laws and ordinances, to adhere to international norms such as the United Nations Guiding Principles on Business and Human Rights as well as the International Bill of Human Rights, and ILO Declaration on Fundamental Principles and Rights at Work by International Labour Organization (ILO), to commit to respect the right to freedom of association and collective bargaining, to avoid forced labor, child labor, discriminatory treatments, insulting words, actions and harassment, to respect human rights, and to take appropriate measures to remedy any infringements on these Social Responsibility guidelines. We also request that you shall conduct age verification and enter into employment contracts with all workers in writing and make a timely payment of legally mandated wage and that you do not require the surrender of passports or other documents as a condition of employment, nor you collect fees or other monies in any form. In accordance with the basic business contract with us, we request that Suppliers also share above policy with their business partner and comply this."

[KEYENCE Supplier Code of Conduct/Procurement Guideline, 6/2022:

https://www.keyence.com/about-us/corporate/procurement_guideline.jsp]

1.2 engages in capacity building to enable its suppliers to cascade its supply chain policies that address forced labour to their own supply chains and/or trains suppliers below the first tier on such policies, and measures the effectiveness of capacity building.

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encourage deeper understanding of KEYENCE's basic policies on the part of our suppliers, we have been striving to build up our suppliers' capacity by means such as having our production control and materials procurement control departments visit our suppliers and providing advice, making requests, and issuing guidance as necessary. " [Sustainability Information 2022: <https://www.keyence.co.jp/download/directDownload/?asrc=RysQMe%2BBH4%2Fen3QjInTz6nuBw%2BnYi%2Fa>]

INDICATOR 2: MANAGEMENT AND ACCOUNTABILITY

2.1 has a committee, team, program, or officer responsible for the implementation of its supply chain policies that address forced labour; and discloses how incentives for staff (e.g. bonuses, part of employee performance reviews) are tied to improvements in working conditions in supply chains;

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and also states in its Human Rights Policy that "Respect for Human Rights The KEYENCE Group recognizes the importance of respecting human rights as a company, not only in compliance with the laws and regulations of the countries in which the Group does business, but also in pursuit of high ethical standards. Since its establishment, KEYENCE has been dedicated to contributing to society through the creation of added value. KEYENCE recognizes that respect for human rights for anyone who supports the Company's business activities is essential for sustaining the Company and allowing the Company to fulfil its social responsibilities. Based on this idea, and with adhering to international norms such as the United Nations Guiding Principles on Business and Human Rights as well as the International Bill of Human Rights, and ILO Declaration on Fundamental Principles and Rights at Work by International Labour Organization (ILO), the KEYENCE Group has established the KEYENCE Human Rights Policy to put into practice the Group's efforts to respect human rights.

The above policy was approved by the Board of Directors of KEYENCE CORPORATION on June 10, 2022. 10-Jun-22 Yu Nakata, President KEYENCE CORPORATION" [Respect for Human Rights, 6/2022: <https://www.keyence.com/about-us/sustainability/human-rights-policy.jsp>]

2.2 discloses how it trains relevant decision-makers within the company on risks and policies that address forced labour; and

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INDICATOR 3: TRACEABILITY AND SUPPLY CHAIN TRANSPARENCY

3.2 the names and locations of below-first-tier suppliers (this does not include raw material suppliers); and

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Minerals mined in the Democratic Republic of the Congo or an adjoining countries (Neighboring countries to the DRC) may be sources of human rights violations such as child labor, environmental destruction, and funding for armed groups, and may even contribute to the conflict itself.

Our basic policy (*1) is to refrain from purchasing those minerals that have been illegally mined. In addition, the department in charge engages in working on the risk reduction with the procurement department, such as conducting annual surveys with suppliers using the tools CMRT (Conflict Minerals Reporting Template) provided by the RMI (Responsible Minerals Initiative), which is an organization that promotes the responsible mineral procurement.

The survey we conducted found 290 smelters in our supply chain being on the Standard Smelter list of RMI, and 267 out of the 290 smelters (92%) are Conformant Smelters, who passed the RMI audit. (*2)

We will respect to OECD Due Diligence Guidance and continue to analyze and evaluate risks in the supply chain and carry out further investigations depending on the risks.

*1 Keyence's responsible minerals procurement policy

Minerals such as tin, tantalum, tungsten, gold and cobalt mined in the Conflict-Affected and High-Risk Areas, such as the Democratic Republic of the Congo or an adjoining countries (Neighboring countries to the DRC), may be sources of human rights violations such as child labor and environmental destruction, funding for armed groups and may even contribute to the conflict itself.

Based on OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, KEYENCE is engaging efforts to eliminate such minerals illegally mined for electronic components contained in our products. The risk-reduction actions we will promote with our suppliers' respect for our basic policy are as follows.

1 We will continue to engage in the survey of the supply chain annually, using the tools CMRT (Conflict Minerals Reporting Template) provided by RMI (Responsible Minerals Initiative), which is an organization that promotes responsible mineral procurement.

2 We will reduce the risk of the procurement of minerals from the point of view of the social responsibility, by confirming whether it is a Conformant Smelter that has passed the RMI audit in the list of RMI standard smelters.

[RMI\(Responsible Minerals Initiative\)](#)

*2 List of RMI standard smelters identified in our supply chain (PDF) [click here](#)"

[Responsible Mineral Procurement (Conflict Minerals): <https://www.keyence.com/about-us/sustainability/product-offer.jsp>]

3.3 the sourcing countries of at least three raw materials at high risk of forced labour.

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4.1 details on how it conducts human rights supply chain risk or impact assessments that include forced labour risks or assessments that focus specifically on forced labour risks, including through engaging with relevant stakeholders (such as civil society, unions, and workers or their representatives) in countries in which its suppliers operate;

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and also states in its Sustainability Information that " Going forward, KEYENCE will continue to engage in risk analysis and evaluation of our supply chain, and perform further surveys on risks." [Sustainability Information 2022: <https://www.keyence.co.jp/download/directDownload/?asrc=RysQMe%2BBH4%2Fen3QJiNtZa6nuBw%2BnYi%2Fa>]

INDICATOR 6: PURCHASING PRACTICES

6.1 commits to responsible buying practices in its contracts with suppliers;

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INDICATOR 7: RECRUITMENT-RELATED FEES

7.1 requires that no worker in its supply chains should pay for a job—the costs of recruitment-related fees should be borne not by the worker but by the employer ("Employer Pays Principle");

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and also states in its Code of Behavior that " All officers and employees in the KEYENCE Group are required to understand and comply with the Code of Behavior in all business activities. Compliance with the Code of Behavior is also required for all suppliers (including subcontractors) and partner companies in addition to all KEYENCE Group officers and employees." and "We confirm intent of all workers and they must be provided with a written employment agreement in their native language that contains a description of terms and conditions of employment. We shall not require to surrender passports, or work permits as condition of hire. We shall not collect fees or other monies in any form. We use reliable dispatched agencies when hiring dispatched employees. We regularly review our contracts with the dispatched agencies to ensure that they are in compliance with all applicable laws and regulations." [Code of Behavior, 6/2022: https://www.keyence.com/pdf/about-us/Code_of_Behavior_01.pdf]