

資KM-G-001-2 7th edition

Technology to Inspire Innovation



# **Sustainable Procurement Guideline**

## **(JAE Group)**

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**Japan Aviation Electronics Industry, Ltd.**

**JAE Production Support and Environmental Planning Div.**

## Preface

We, the JAE Group, have as a group vision to contribute to the creation of a sustainable society based on our corporate philosophy of “Explore, Create, and Practice.”

In accordance with this vision, the JAE Group actively practices CSR (Corporate Social Responsibility) based on the “JAE Group Charter of Corporate Behavior”. In the process of globalization, in order to achieve sustainable development, the requirements, expectations and attention of society for enterprise work are increasing, which leads the work of CSR higher and more comprehensive than in the past. Therefore, we need the entire supply chain to be involved, and we hope everyone can work together to promote the development of this work.

In these guidelines, we describe items and contents that you, as supplier and important partner of our group, are obligated to comply with. For your operations, we request that you understand, approve, and practice the contents of these guidelines.

Furthermore, we also ask that you work to incorporate principles from these guidelines throughout your supply chain.

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## I Human rights and labor

### ( I – 1 ) Prohibition of Compulsory labor

We shall employ all workers based on their free wills, and shall not force workers perform compulsory labor.

Employment based on their free will means employment based on a person's voluntary decision.

Compulsory labor means any labor that is performed contrary to the will of the worker.

For example, it refers compulsory labor, bondage, non-voluntary and exploitative prison labor, slave labor or labor on human trafficking (including transfer and receipt of personnel by intimidation, abduction, fraud, or similar means).

Compulsory labor includes work with no right to quit employment as well as seizure of original copies of government issued identification cards, passports, or work permits from employees and hinderance of the use of said documents by the owner.

Furthermore, employment contracts need to clearly indicate working conditions in the language that employees can understand, and must not require employees to pay recruitment or other fees to the employer or employment placement companies.

### ( I – 2 ) Prohibition of inhumane treatment

We shall respect the human rights of workers and shall prohibit severe and inhumane treatment, such as abuse and harassment (abuse) of all kinds, etc.

Inhumane treatment refers to sexual harassment, abuse, corporal punishment, insults, mental or physical coercion, etc. Regarding such matters, it is also important to stipulate applicable requirements, types and procedures of discipline in the employment rules, and display them for all employees to see.

### **( I –3)Prohibition of child labor and considerations to young workers**

We shall not employ a child who has not reached a minimum working age, and we shall not have them perform jobs that would compromise his or her sound development.

A child is a person who is at the minimum age for employment or the age for mandatory education last year as prescribed by the laws and regulations of each country, or 15 years old, whichever is the highest age.

Young workers are workers under the age of 18, and examples of laws and regulations that protect young workers from work that threatens their health and safety include restrictions on night labor and dangerous jobs, etc.

Furthermore, student workers such as under internship contracts who work while enrolled in an educational institution, qualified education personnel or administrators shall be assigned, various records required by laws and regulations shall be maintained, and appropriate support and training must be offered.

### **( I –4)Prohibition of discrimination**

We shall eliminate discrimination with respect to job offering and employment, and shall make an effort toward achieving fairness as to equal opportunity and treatment.

Discrimination is defined as differential treatment of employment, remuneration, promotions, or education, not based on individual ability, aptitude, and achievement or similar objective characteristics. Factors for discrimination include race, skin color, age, gender, sexual orientation, sexual identity, ethnicity, nationality, disabilities, pregnancy, religion, political affiliation, union membership, presence or absence of military service, heredity, marital status, etc. In addition, if a medical or physical examination is detrimental to equality in opportunity or treatment, it shall be regarded as a discriminatory act.

## **( I –5)Appropriate wages and allowances**

We shall pay at least the legal minimum wage to workers, and shall make no unreasonable wage reduction.

The minimum wage is the minimum wage mandated by the laws of the country of residence. In addition to guaranteeing this amount, other compensations is also necessary including overtime allowances and benefits required by law. Furthermore, it is necessary to clearly inform all employees regarding the wage policies and pay dates in accordance with wage regulations, and to be able to confirm accurate remuneration based on payroll statements for wages paid each time for all employees.

In addition, unfair wage reduction refers to “reduction of wages by deduction of amounts as disciplinary measures” and similar actions.

## **( I –6)Work hours**

We shall manage work hours, holidays and vacations of workers in an appropriate manner in order to have work hours not exceed the legally prescribed limit.

Appropriate management shall mean the following and similar actions.

- Annually prescribed work days should not exceed the legally prescribed limit.
- Weekly work hours (excluding emergency and abnormal situations) including overtime work hours should not exceed the legally prescribed limit and 60 hours per week.
- A holiday (day off) should be given at least one day per week.
- The right to annual paid leave should be given in compliance with the right specified by laws and ordinances.

## **( I –7)Freedom of association and the right to collective bargaining**

We shall respect the workers ' right to organize as the means to induce negotiations between labor and management regarding subjects such as working environment, wage levels, etc.

In accordance with the laws and regulations of each country, the right to organize and participate in labor unions based on the free choice of group members shall be respected, and collective bargaining shall be permitted. It is important for employees to be able to communicate with the management team, regarding administration and working conditions without discrimination, intimidation or retaliation, so that both parties could share issues with each other.

## II Safety and health

### ( II – 1 ) Safety at workplace

We shall evaluate risks in reference to workplace safety at places of work, and shall also secure safety by appropriate design and adopting technologies and management methods.

Risks in reference to safety at a place of work shall mean the latent and potential risks of accidents and health problems that could occur at work, such as accidents and health problems caused by electricity and other types of energy, fire and open flames, vehicles, slippery floor surfaces or places a worker could easily trip, falling objects, etc.

It is necessary for the company to identify and evaluate the safety risks during work and to ensure the safety by appropriated design, technology and management means.

Reasonable consideration should be made, in particular, to pregnant women and nursing mothers.

Appropriate design, technologies and management means shall signify, for example, the monitoring of a potentially dangerous zone by using a sensor, cutting off (Lock out) of the power source which is supplying power to the machines and other equipment by means of a locking mechanism, installation (Tag out) of a tag which is used to clearly indicate the energy shut-off device should not be operated when the power source has been shut off, furnishing of protective equipment such as safety glasses, safety helmets and safety gloves etc.



## **( II – 2) Responsive preparations for the event of an emergency**

We shall prepare measures to be taken in the event of an emergency, based on the hypothesis of the possible occurrence of industrial accidents and labor diseases, in order to protect the life and health of workers, and shall thoroughly distribute measures that have been prepared to all places of work.

Measures to be taken in the event of an emergency shall mean, for example, the reporting in the event of an emergency, notification to workers, provision of clear definition of an evacuation method, installation of evacuation and refuge facilities, preparation of a reserve of emergency medical supplies, installation of a fire detection system, installation of fire restraint facilities, securing of communication means with the outside, preparation of a restoration plan, etc. Measures of distribution to all places of work include measures such as educating all workers (including evacuation training and drills), as well as posting and storage at a place easily reachable in places of work of a response procedure manual for use in the event of an emergency.

## **( II – 3) Industrial accidents and labor related diseases**

We shall have a full grasp of the situations of industrial accidents and labor related diseases, and shall take appropriate measures.

Appropriate measures mean encouraging reporting by workers, classification and recording of accidents and labor diseases, provision of treatment according to need, investigation of accidents and labor diseases, implementing remedial measures in order to eliminate the cause, and systems and measures to make these actions possible, such as encouraging workers to return to work, etc. (These measures also include entry in workers ' accident compensation insurance etc.)

In addition, appropriate measures discussed herein shall include performing procedures required by the government in response to relevant laws and regulations.

## **( II –4)Industrial hygiene**

We shall take appropriate measures, at all places of work, by having a full grasp of the situations where the workers may come in contact with living organisms and chemicals harmful to the human body, noises and bad odors, etc.

Examples of chemicals that are harmful and hazardous to the human body include soot and smoke, steam, mist, fine particles, etc., as well as poisonous substances, radiation, and substances that cause chronic diseases (lead, asbestos, etc.). In addition, noises and bad odors could also become factors covered by this clause as they become harmful to the human body when they are extremely annoying.

Appropriate measures mean, for example, the efforts for the identification of the chances of workers to have direct contact with aforementioned organisms and substances, assessment, establishment and implementation of control criteria, provision of appropriate education, furnishing of protective equipment to the workers, etc.

The company is required to measure the working environment in the workplace to identify and assess the risks of worker exposure to harmful biological, chemical, and physical influences and implement appropriate controls.

## **( II –5) Consideration for physically challenging work**

We shall identify the jobs that are physically challenging, and take appropriate measures of control so that such jobs should not cause industrial accidents or labor diseases.

Jobs that are physically challenging shall mean hard labor including manual transport of heavy loads, as well as repetitive or continuous work such as assembly or data entry over a long period of time. The appropriate measures of control shall mean the scheduling of a regular short break, provision of work aid tools, sharing and cooperation among a number of workers, etc.

## ( II —6) Safety measures for machines and equipment

We shall take appropriate safety measures for machines and equipment that are used in the company.

Appropriate safety measures shall mean management in order to prevent accidents and health problems that may occur while working, e.g., the following:

Adoption of the safety mechanisms being called failsafe (\*1), fool proof (\*2), interlock (\*3), the installation of safety devices and protective walls etc., as well as conducting periodic inspections and maintenance of machines and equipment.

\*1 Failsafe: A design philosophy to make the functions of the machines and equipment always act on the safe side in case a problem should occur, by taking into account the possibility of problems such as failure of the machines and equipment and the errors in operating machines and equipment.

\*2 Fool proof: A concept of ensuring safety beforehand at the design stage by disabling the functions of mechanisms of machines and equipment in order to protect all workers from the exposure to danger even if a worker, who does not have understanding of the mechanism or the knowledge of the machines and equipment, should operate them, and should make a mistake in the procedure.

\*3 Interlock: A system or mechanism that is able to control the operation of machines and equipment automatically, when operating the machines and equipment, in order to prevent erroneous operation different from the specified procedure to take place due to a mistake made in operation or a lack of confirmation, or in the case where there is a deviation from the conditions specified in order for the normal operation of the machines and equipment.

## **( II – 7) Safety and health at facilities**

We shall ensure, in an appropriate manner, the safety and health at facilities provided for the daily lives of workers (toilets, dining rooms, dormitories, etc.).

Facilities provided for the daily lives of workers shall mean the facilities provided for workers at places of work (including toilets, water fountains, locker rooms, dining rooms) as well as those provided for the workers outside the workplace (dormitories, etc.).

Examples of securing safety and health may include measures to maintain cleanness and sanitation, provision of safe drinking water, measures against fire, ventilation, temperature management, installation of emergency escape routes (exits) and safekeeping of individual personal belongings.

## **( II – 8) Health care of workers**

We shall provide appropriate health care to all workers.

Appropriate health care means the efforts for prevention and early detection of diseases for the workers by providing physical examinations, abiding by and fulfilling, at a minimum, the standards set forth by laws and ordinances. Additionally, it is necessary that we should give our utmost consideration to the prevention of health problems caused by overwork and mental health care.

## **( II –9) Communication for safety and hygiene**

About the risks of specific workplaces to which the workers may be exposed, we shall provide education and training for appropriate information of the safety and hygiene.

With regard to potential risks at all workplaces (including mechanical, electrical, chemical, and physical risks, but not limited to), it is necessary to provide education and training about the safety and hygiene-related information in mother languages of workers or languages they may understand. The safety and hygiene-related information should be posted in the facilities in a clear way, and put up at places identifiable by the employee or at places of easy access for workers.

Education and training should be supplied to all the workers, prior to the starting time of work, and subsequently, be provided in regular intervals.

It is also necessary to prepare a system of feeding back safety and hygiene-related opinions from the workers.

## **( II – 10) Safety and hygiene management system**

The safety and hygiene management system should be created and operated.

Occupational Health and Safety Management System, OHSMS, can be said to be a strategic management tool which is designed to systematically integrate the management of safety, hygiene and health for organization, its workers and related third party, as part of the business management. Introduction of the OHSMS makes it possible for us to run the organization in a sound and smooth way, because this system is designed to identify and manage the risks related to incidents, accidents, and threats surrounding the organization. As the representative occupational and health management, there is ISO45001, etc.

### **III Environment**

#### **(III – 1) Management of chemical substances contained in products**

We shall manage and control the chemicals that are designated by laws and ordinances to be used for all our products.

Management and control of the chemicals for all our products shall mean that the chemicals that are designated not to be used and contained in products by laws and ordinances should not be contained in our products whatever the case may be, and in addition, that requirements for labeling should be observed, and necessary tests and evaluation shall be performed.

#### **(III – 2) Management of chemical substances used in manufacturing processes**

We shall manage and control, in all manufacturing processes, the chemicals designated by the laws and ordinances of the country concerned.

In the process of managing chemical substances, it is necessary to abide by the law and regulations concerned, and in particular for the substances that are dangerous to the human body and the environment, the steps of identification, display, safety treatment & management should be taken.

For the chemical substances to be discharged into the external environment also, it is necessary to determine their amounts, report them to the government, for reduction in amount of the discharged substances.

### **(Ⅲ－3) Environmental management system**

We shall construct and utilize an environmental management system.

Environmental management system shall mean the mechanism of general management in order to promote environment activities, and thus, shall refer to the system to involve all relevant organizations, planned and programmed activities, sharing of responsibilities and burdens, putting into practice procedures and processes as well as management resources. Here, environmental activity shall mean preparation of environmental policy, execution of measures prepared in accordance with the policy, achieving a goal, review and continuing, by way of achieving uninterrupted improvement by following the so-called PDCA cycle for environmental protection.

A popular and representative environmental management system is ISO14001, with possible third-party certification.

### **(Ⅲ－4) Minimization of the impact on the environment (drainage, mud and exhaust gas, etc.)**

We shall abide by the laws and ordinances of the country concerned with regard to drainage, mud and exhaust, and shall also strive to make further improvement by preparing our own voluntary independent standards as occasion demands.

Voluntary independent standards shall mean to have a goal for the reduction of the environmental load that is higher than the standards set forth by laws and ordinances, etc. In addition to the prevention, as a matter of course, of the generation of pollution, we shall establish, for example, monitoring methods, control methods and treatment methods for drainage, mud and exhaust gas, and shall improve these methods, and reduce the volume of discharge of drainage, mud and exhaust gas.

### **(Ⅲ－5) Environment permits/Government approval**

We shall abide by the laws and ordinances of the country concerned, and shall obtain permits, licenses and approvals from public authorities whenever necessary, and shall submit management and control reports required to the government without fail.

In the case of Japan, the following laws and ordinances mandate posting a supervising administrator who has duly acquired qualifications: the energy saving law: a supervising administrator in charge of energy at factories that use energy above a certain prescribed level; the clean air act: a supervising administrator in charge of pollution prevention at factories that emit chemicals, fine particles, soot and dust; the waste disposal and public cleaning law: a supervising administrator in charge of specially controlled industrial waste.

Also, depending on chemicals used for business, there is a duty to post a responsible person in charge of management and control for poisonous and deleterious substances, as well as for specified chemical substances and hazardous materials.

Depending on the contents of business and the location of factories, there are cases where permits, licenses and approvals are required from the government in relation to environmental impact assessment, facilities handling hazardous materials, etc.

### **(Ⅲ－6) Effective use of resources and energy (3R)**

We shall set a voluntary and independent target in order to save resources and energy, and shall also make an effort achieve effective use of resources and energy in a consistent manner.

Saving resources shall mean efforts to achieve effective use of resources. Means to achieve this goal include reduction of the amounts of materials used in products as well as the amount of waste generated in production, and encouraging use of recycled resources and recycled parts.

Saving energy means efforts to rationalize use of heat energy and electric power. By saving energy, petroleum, natural gas, coal, coke and other fuel resources can be used in an effective manner. 3R means Reduce, Reuse and Recycle.



### **(Ⅲ－7) Reduction of the amount of emission of greenhouse effect gases**

We shall set a voluntary and independent target in order to promote reduction of emissions of greenhouse effect gases, and shall also make an effort to reduce emissions consistently.

Greenhouse gases include a wide variety of gases, but they generally mean the six material groups of carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), dinitrogen monoxide (N<sub>2</sub>O), HFCs (Hydro fluorocarbons), PFCs (Perfluorocarbons), and SF<sub>6</sub> (6 fluoro sulfur), specified by the Kyoto Protocol.

Therefore, we shall set a voluntary and independent target, draw up and carry out plans without fail, for the aforementioned greenhouse effect gases in our activities in order to achieve reduction in a consistent manner.

### **(Ⅲ－8) Reduction of waste**

We shall set a voluntary and independent target in order to reduce final waste, and shall also make an effort to reduce waste further in a consistent manner.

Final waste shall mean the waste that would require landfill or incineration.

Therefore, we shall set a voluntary and independent target for the reduction of final waste, draw up and carry out plans without fail, in our activities in order to achieve reduction in a consistent manner.

### **(Ⅲ－9) Disclosure of the status of efforts made in environmental protection**

The results of environmental activities should be disclosed each time as the need arises.

Results of environmental activities shall mean biodiversity conservation initiatives, etc., taken to protect the environment, emissions to the atmosphere, waste water, waste matter into soils, the amounts of resources used, the amount of waste etc., including harmful and hazardous impact on the environment caused at places of business.

We shall place organizations and responsible persons in charge of activities to protect the environmental in order to collect the results of environmental activities on a regular basis, and shall have them continuously record management and control indexes of environmental protection activities, achievement of the goals as well as the other important factors related to the environment. Means of disclosure include disclosure of environmental reports and the reports to be prepared, as the need arises, for interested parties.

## **IV Fair trade and ethics**

### **(IV – 1) Prohibition of corruption and bribery**

We shall maintain healthy and normal relations with political authorities and the government, and shall not offer bribes or make illegal political contributions.

Offer of a bribe means the provision of money, entertainment, gifts, other profits and convenience, to public service workers and similar persons (hereinafter referred to as public service workers) for the purpose of seeking some business advantage, such as acquisition of a permit, license or approval, acquisition and maintenance of business dealings, as well as obtaining non-public information.

Also, in cases where there is no purpose of seeking such business advantages, the provision of entertainment and gifts to public service workers that should exceed a level of social courtesy shall be considered as the offer of a bribe.

Illegal political contribution means, for example, the offering of a political contribution for the purpose of seeking some business advantage, such as the acquisition of a permit, license or approval, acquisition and maintaining of business dealings, as well as obtaining non-public information, and offering of political contributions to be made without following regular procedures.

### **(IV – 2) Prohibition of the abuse of superior status**

We shall not perform any act to inflict disadvantage to suppliers by way of abusing superior status.

Abuse of superior status means a unilateral decision making and change of terms and conditions of business transactions with suppliers, etc., or an act of imposing irrational demands and duties, by using status as a buyer or consignor.

With respect to procurement transactions, we shall transact business in a sincere, fair and just manner by duly paying respect to contracts etc., and shall not perform any act to abuse superior status. In countries where there are laws and regulations with respect to the abuse of superior status, we are required to abide by these laws and regulations. (For example, in accordance with the "Guidelines for Price Negotiations to Appropriately Pass Through Labor Cost," we shall provide a forum for negotiations at least once per year.)

### **(IV—3) Prohibition of the offer and receipt of improper profits**

We shall neither offer nor receive any improper profits in relations with stakeholders.

Improper offering and receipt of profits shall mean the following.

- Act having characteristics of bribery such as offering to a client or receiving from a client awards, prizes, or prize money, etc. that exceeds the limits set forth by laws and ordinances, or the provision or receipt of cash and valuables as well as entertainment that exceed the range of social courtesy
- Act of offering an improper profit to antisocial forces (organized crime, terrorist organizations, etc.) that have a negative influence on the social order and sound activities.
- Insider business dealings of buying and selling stock of a concerned company based on undisclosed important information of the customers of the company.

### **(IV—4) Prohibition of actions restricting competition**

We shall not perform any act to obstruct just, transparent and free competition.

Actions that obstruct competition shall mean the agreement of a price, quantity, or sales territory of a product and service with other companies in the same line of trade (cartel), agreement making of a successful bidder and a contract price with other bidders (bid rigging) etc. In addition, obtaining and using trade secrets of another company in an illegal manner, false labeling and labeling to mislead customers with respect to a product of another company are considered unfair competition.

### **(IV—5) Supply of correct products, services information**

We shall provide correct information with reference to products and services to consumers and clients.

Correct information shall mean, for example, the following.

- Specifications, quality and methods of handling of products and services are correct.
- Information on the materials contained in components and parts that are used in a product are correct.
- With respect to indications and advertisements in catalogs about products and services, neither expressions that are different from the facts, expressions that mislead consumers and clients nor content that would slander companies or individuals, and infringe upon their rights shall not be used.

#### **(IV—6) Respect for intellectual properties**

We shall not infringe on the intellectual properties of others.

Intellectual properties shall mean patents, utility model rights, design rights, trademark rights, copyrights, trade secrets, etc. In the phases of development, manufacturing, sales, provision of products and services, it is necessary to sufficiently perform a preliminary survey of intellectual properties of relevant third parties.

Except for cases where there is just reason, using the intellectual properties of a third party without notice and permission shall amount to infringement of intellectual property.

In addition, illegal copying of copyrighted works such as computer software shall also amount to infringement on intellectual property.

Moreover, obtaining and using of trade secrets of a third party through illegal means shall also amount to infringement on intellectual property.

#### **(IV—7) Appropriate export trade management**

With respect to the export of technologies and commodities that are regulated by laws and ordinances, appropriate export procedures should be observed by establishing a clear management and control system.

Technologies and commodities that are regulated by laws and ordinances shall mean component parts, products, technologies, facilities, software, etc. that are regulated by laws and rules instituted based on international agreements (the Wassenaar arrangement etc.).

Incidentally, in reference to export, procedures may be needed to obtain permission from regulatory authorities.

#### **(IV—8) Disclosure of information**

Regardless of whether or not an obligation of disclosure is prescribed by laws and ordinances, we shall proactively provide and disclose information to stakeholders.

The contents of the information to be provided and disclosed to the stakeholders shall be the content of business activities, financial status, achievements, risk information (for example, damage caused by a large-scale disaster, generation of negative impact on the environment and society, revelation of important violations of laws and ordinances), etc. Falsification of records or disclosure of false information shall not be tolerated.

In addition, a good example of the active disclose of information would be disclosure of important risk information every time risk occurs, and at the same time, sending it to clients.

#### **(IV—9) Prevention and early detection of fraudulent acts, protection of whistleblowers**

We shall conduct activities in order to prevent of fraudulent acts, and shall establish a system for the early detection of fraudulent acts in order to take prompt measures against such acts.

The activities to prevent fraudulent acts shall mean the creation of a workplace climate with good communication in addition to the provision of education and training for workers.

The system for early detection of fraudulent acts shall mean, for example, the following.

- By setting up an office for accepting reports of fraudulent acts inside and outside of the company, we shall make efforts to let management uncover or detect fraudulent acts at an early stage.
- It is necessary to protect the confidentiality of the report and the anonymity of the whistleblower and to prevent retaliation against whistleblower.
- We shall cope with fraudulent acts in a prompt manner and shall communicate the results of measures taken to the informer in an appropriate and timely manner.

#### **(IV – 10) Response to responsible minerals procurement**

We shall procure responsible minerals procurement.

In order to fulfill our Corporate Social Responsibility (CSR) in procurement activities, the JAE Group, through efforts to reduce the use of hazardous materials, will engage in responsible procurement activities of designated minerals (\*) which, in the mineral supply chain, contribute to preventing funding of armed groups, protection of human rights and in the promotion of fair trade.

In mineral procurement activities, the JAE group will support activities in line with the purposes of the Organization for Economic Co-operation and Development (OECD)-Due Diligence Guidance-for responsible supply chains of minerals from Conflict-Affected and High-Risk Areas.

In addition, we will not procure from companies that are clearly proven to be involved in conflicts and human rights violations.

The policy is not to exclude the use of all minerals mined and traded in the DRC and neighboring countries, but to allow the use of minerals that are not involved in conflicts. In supply chain research, working closely with industry associations through the use of reporting templates issued by the Responsible Minerals Initiative (RMI), we will conduct, in good faith, reasonable and efficient surveys based on industry standards.

We will request suppliers to understand our policy and conduct procurement in accordance with this policy.

\* Designated minerals: minerals in the Responsible Procurement category such as 3TG (tin, tantalum, tungsten, gold) and cobalt

## **V Quality and safety**

### **(V – 1) Ensuring of product safety**

We shall ensure products satisfy the safety standards set forth by the laws and ordinances in each country concerned where such products are designed under the responsibility of the Group.

We shall design products so that product safety can be fully guaranteed, and shall conduct our sales activities by taking into consideration responsibility as manufacturer. In addition, with reference to product safety, it is necessary to take into account the safety that should be normally ensured in addition to that ensured in compliance with laws and ordinances.

The following laws, ordinances address product safety, in Japan: The Electrical Appliance and Material Safety Act, Consumer Product Safety Act, Household Goods Quality Labeling Act. Safety standards are set forth by detailed regulations of the laws and ordinances as well as by the Japanese Industrial Standards (JIS).

Also, examples of safety standards in foreign countries include UL, BSI, CSA.

The ensuring of product safety shall also include the management and control of traceability (history of materials, parts, processes, etc.) and prompt measures taken in order to solve problems.

### **(V – 2) Quality management system**

We shall establish and implement a quality management system.

Quality management system shall mean an overall mechanism to promote quality assurance, and shall include an organizational system, planned activities, responsibility sharing, practice, procedures, processes and management resources.

Here, quality assurance activity shall mean the preparation of quality policies, implementation of measures drawn up based on the policies, achievement, revision and maintenance, thus, making continuous improvement by way of following the so-called PDCA cycle for quality assurance.

Typical quality management systems include the ISO9000 family, IATF16949, ISO13485 etc.

## **VI Information security**

### **(VI-1) Defense against threats to computer networks**

We shall manage and control threats to computer networks in order to prevent damage to the Group as well as to other parties by way of taking defensive measures against such threats.

Threats to computer networks shall mean, for example, computer viruses, a computer worms, spyware, etc.

If a personal computer, portable terminal, etc., should be infected by a computer virus etc., there would be fear of leak of customer information and confidential information saved in such devices, and this could lead to critical losses, including drop in business, loss of credibility, etc., by attacking the computer systems of other companies. Therefore, it is critical that we should take measures in order to prevent damage to the inside as well as the outside of the company internally and externally with reference to computer networks.

### **(VI-2) Leakage-control of personal information**

We shall manage and protect personal information of clients, third parties, and workers of the Group in an appropriate manner.

Personal information shall mean information of living individuals that could allow anyone to identify a certain individual by name, date of birth and other descriptions that are contained in the information. (It shall include the type of information that can allow anyone to identify a certain individual since such type of information easily allows reference to other pieces of information.)

Appropriate management shall mean establishment and operation of an overall management and control mechanism for personal information, and shall include preparation of standards and rules as well as policies to be respected by workers, etc., including drafting of plans, implementation of measures, monitoring, and reviewing pursuant to them.

Appropriate protection shall mean that we will not acquire, use, disclose or leak any personal information in an unjust and inappropriate manner.



### **(VI—3) Leakage—control of confidential information of customers and third parties**

We shall manage and protect confidential information acquired from clients and third parties in an appropriate manner.

Confidential information shall mean, in general terms, information disclosed in a document in which the fact that the information is confidential has been agreed to (including data to be recorded in electromagnetic and optic media), and information to be disclosed verbally after notifying the fact that the information is confidential.

Appropriate management shall mean establishment and operation of an overall management and control mechanism for confidential information, and shall include preparation of standards and rules as well as policies to be respected by workers, drafting of plans in accordance with the standards and rules as well as policies prepared, implementation of measures, monitoring, and reviewing.

Appropriate protection shall mean that we shall not acquire, use, disclose or leak any confidential information in an unjust and inappropriate manner.

## **VII Social contribution**

### **(VII—1) Contribution to the society and region**

We shall voluntarily conduct activities that shall contribute to the development of international and regional communities.

Activities that contribute to the development of international and regional communities shall mean supportive activities conducted for communities using management resources of the company, and shall include the following in general terms.

- Social contributions made using our original businesses, technologies, etc.
- Non-monetary social contributions using our facilities, human resources, etc.
- Social contributions through financial donations

Specifically, such activities shall mean, for example, cooperation with the region at the time of a natural disaster, providing support to volunteer activities by employees and NPO/NGO activities, donations, as well as various examples of distributing and providing information.

It means that each company shall actively participate in making social contributions with each defining the range of its activities that are feasible by each company.

## VIII Business Continuity Plans (BCP)

### (VIII-1) Compiling and preparations of a business continuity plan

We shall establish a risk management system in order to prepare for unexpected events, such as natural disasters, accidents, etc.
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We as a company, in the event of a damage inflicted at the Group or at a Group's supplier by a significant disaster, is required to make required preparations as early as possible to perform the Group's responsibility.

By defining imaginable potential risks (natural disasters, fire, accidents, etc.), and by establishing a risk management system to cope with such risks in a prompt manner, and by preparing beforehand with respect to the maintaining the minimal required amount of resources\* in order to continue business activities, we shall be able to minimize the damage and quickly restore if the worst should ever happen.

By taking the aforementioned measures, we shall be able to fulfill our social responsibility by maintaining supply of our products by minimizing the damage that would be inflicted on economic activities.

\*Minimal required amounts of resources shall mean people (Employees), lifeline (Electricity, telephone, the Internet, water supply, gas, transport means, etc.), assets (offices, factory facilities and equipment, etc.), information (Data needed for business), relevant parties (suppliers, distribution systems), finances.

## **IX Management of suppliers**

### **(IX-1) Confirmation of whether or not the suppliers comply with the requirements**

Confirmation should be made about whether the requirements specified in this Guideline have been reported to the suppliers concerned, and whether or not they comply to the requirements.

In the supply chains also, they are required to develop this guideline, and to make permeate the principles thereof into the minds of workers, when developing the activities.

In addition, the policy for suppliers specifies the necessity of building a process to confirm suppliers' compliance to the company's requirements.

Concluded