



KYOCERA Document Solutions
Supply-Chain CSR Deployment Guidebook
[Tutorial of CSR Items]

2008

KYOCERA Document Solutions Inc.

Introduction

In recent years, the business environment has diversified and has been drastically changing due to the globalization of business activities and the maturation of the information society. In the meantime, the entire society has been showing greater concern for corporate engagement regarding the formation of a sustainable society, by such means as strict criticism of frequent corporate scandals and insincere corporate acts.

In these social circumstances, in developing our global enterprise in Japan and abroad, KYOCERA Group has endeavored to construct a relationship of mutual cooperation and reliance with our business partners and has also actively worked to discharge our corporate social responsibility (CSR) in line with “the KYOCERA Group Charter of Corporate Behavior” and “the KYOCERA Code of Conduct”, which were established as guidelines to embody the “Business Philosophy” and the “Business Creed”.

We have put together the “Basic Procurement Concept”, “Guidelines for Procurement Activities”, and “Requests to Suppliers” in our material purchase activities into the “KYOCERA Basic Purchasing Principles”, and have asked the suppliers from whom we purchase materials to cooperate with us.

We are today required to promote our CSR activities as a whole supply-chain which consists of both us and all our suppliers engaged in some business process or another. This social requirement is also growing stronger regarding corporate procurement activities and is expected to grow even stronger from now on.

We believe that it will be necessary to ask our suppliers to understand our viewpoint about KYOCERA’s CSR and to cooperate with us more than ever, in order to respond to such social demands. This is why we have now specified the “Basic Purchasing Principles” and also put together our basic thoughts on KYOCERA’s supply-chain CSR promotion into the “KYOCERA Document Solutions Supply-Chain CSR Deployment Guidebook” (hereinafter referred to as “This Guidebook”). We would like to make a request to our suppliers for understanding of each item explained therein, and for greater efforts to advance CSR in our supply-chain.

At the same time, we have prepared “Check Sheets”, for suppliers to evaluate their own engagement status for each CSR item described in This Guidebook. We suppose the “Check Sheets” are not only for our mutual confirmation of CSR promotion status but also for facilitating the supplier’s CSR engagement along with This Guidebook.

We hope that we and our suppliers will stand on a common ground with respect to CSR, through This Guidebook and the Check Sheets, and we would like to make a cordial request to our suppliers for their kind and active engagement in CSR activities.

December 2008

KYOCERA Document Solutions Inc.

This Guidebook and the Check Sheets were worked out based on the “Supply-Chain CSR Deployment Guidebook” which was established in August 2006 by the Japan Electronics and Information Technology Industries Association (JEITA).

KYOCERA Document Solutions Basic Purchasing Principles

Today, KYOCERA products are being manufactured in Japan and overseas. For these global manufacturing operations, KYOCERA has as its basic policy "we purchase outstanding parts and materials which meet our needs through just and fair evaluation, thus ensuring that companies are provided with equal opportunities."

As for procurement activities (including commissioning manufacture, the same applies to the below), KYOCERA will comply with all laws, regulations and social standards, and enhance the mutual relationship with suppliers. Also, we will practice conservation of the environment and corporate social responsibility, with the supplier's support.

1. Basic Procurement Concept

- 1) KYOCERA's procurement activities are conducted in an open and impartial manner, with a fair evaluation given to suppliers in and outside Japan.
- 2) KYOCERA will comply with laws and regulations, and achieve mutual prosperity with suppliers.
- 3) KYOCERA will practice such social responsibility as the conservation of the environment through the procurement activities.
- 4) KYOCERA pursues optimal quality and cost to the fullest.

2. Guidelines for Procurement Activities

KYOCERA will practice procurement activities with the following attitude, based upon the Basic Procurement Concept.

- 1) Open and impartial procurement activities and purchase at optimal cost
 - *As for procurement activities, KYOCERA will pursue optimal cost based upon market competition, giving openness and impartiality first priority.
- 2) Establishing mutual relationship
 - *All the board members and employees will comply with and practice "The KYOCERA Group Charter of Corporate Behavior" and "The KYOCERA Code of Conduct" issued to realize the Business Philosophy and Business Creed, thus enhancing the mutual relationship with suppliers.
- 3) Conservation of the environment
 - *Based upon the Basic Environmental Philosophy "Creating an environmentally conscious company with sincerity and creativity", we practice product development and business operation in an environmentally conscious way. In addition, we improve our environmental protection activity in cooperation with suppliers and promote an environmentally friendly procurement activity by purchasing parts and materials which are harmless to the environment.
- 4) Securing good product quality
 - *It is an obligation of the manufacturer to provide products trusted by customers. Therefore, KYOCERA will secure parts and materials which meet our quality demands to produce best quality products.
- 5) Securing steady delivery time and stable supply
 - *In order to provide a stable supply of products to customers, KYOCERA will strive to secure parts and materials stably, at the necessary time. Furthermore, as an obligation of the manufacturer, we will secure repair parts and materials now and in future years.
- 6) Leading technology
 - *In order to create new demand by innovative techniques, KYOCERA will adopt unique and technologically excellent parts and materials.

3. Requests to Suppliers

It is important that CSR efforts are accomplished not only by us, but as a supply chain, including our suppliers. Therefore, KYOCERA requests each of its suppliers to comply with and practice the following items.

1) Compliance with laws and social standards

Suppliers are required to comply with respective local laws, social standards and the following items.

- *Compliance with laws related to manufacture and distribution of material
- *Compliance with laws related to labor
- *Compliance with laws related to health and safety and arrangement of a proper labor environment
- *Prohibition of child and forced labor
- *Prohibition of discrimination based on race and sex, and respect for the dignity of each employee
- *Compliance with environmental laws
- *Prohibition of bribery and unfair acts

2) Promotion of sound business operations

- *Suppliers are requested to conduct open and fair business operations (proper disclosure of information, etc.) to continue business and build a mutual relationship.

3) Consideration for the environment

- *Suppliers are requested to take positive measures concerning the conservation of the environment and environmental management, conducting business operations and developing products in an environmentally conscious way. Suppliers are also requested to provide parts and materials in accordance with our “Green purchasing guidelines”.

4) Securing optimal quality and cost

- *Suppliers are requested to comply with the safety standards required in each country and region and to supply parts and materials which meet our quality demand to provide best quality product to our customers.
- *Suppliers are requested to supply parts and materials at an optimal price based on the principle of market competition.

5) Stable supply of parts and materials

- *Suppliers are requested to keep delivery commitments and to supply parts and materials stably to provide a stable supply of products to our customers.

6) Leading technology

- *Suppliers are requested to offer parts and materials with leading technology, such as unique and innovative techniques.

7) No-disclosing of confidential information

- *Suppliers are requested to place strict controls and keep secret of any information which they obtained Through their procurement activities and not to disclose the information to a third party without our consent.

Supply-Chain CSR Deployment Guidebook for Suppliers
(Tutorial of CSR Items)

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I Human Rights and Labor

[I-1] Prohibit forced labor

Suppliers are requested to employ all employees on a voluntary basis, and not to practice forced labor.

The above-mentioned forced labor means all non-voluntary labor.

The following are examples of typical forced labor:

- Labor that is against one's will
- Labor for debt that limits the freedom of job turnover due to unpaid debt, etc.
- Slave labor practiced as a result of trafficking of humans
- Inhumane prison labor in harsh environments

The following are also regarded as forced labor:

- Prohibition of voluntary job turnover
- Obligation to deposit identification cards/passports/work permit cards with employers

[I-2] Prohibit inhumane treatment and infringements of human rights

Suppliers are requested to respect human rights of employees and to prohibit harsh and inhumane treatment such as maltreatment and/or harassment.

Typical inhumane treatments are abuse, physical punishment, sexual harassment, and intimidating harassment (harassment by verbal abuse and intimidating acts).

[I-3] Prohibit child labor

Suppliers are requested not to employ children who are under the minimum labor age and not to assign such jobs that impair children's development.

Generally, child labor means employment of persons who are under the minimum labor age and negligence of young laborer protection as specified in a treaty and/or recommendations of the International Labor Organization (ILO).

For example, employment of persons who are under fifteen years old and violations of the law to protect young laborers are prohibited as cases of child labor in Japan. Limitation of night-shift work and dangerous work are concrete examples of protecting young laborers from employment that may impair their health, security, and morality.

Also, in international cases, employment of persons who are under the minimum labor age and violation of the obligation to them to protect as specified in each country's law applying to child labor.

In countries where there are no relevant laws, acts violating a minimum age treaty and/or recommendations of the ILO are regarded as child labor (The rule for minimum employment age is fifteen years old: ILO treaty No.138.)

[I-4] Prohibit discrimination

Suppliers are requested to prohibit discrimination during the process of job offering and hiring, and to work toward the equal opportunity and fairness of treatment.

Discrimination means provision of differences in opportunities and/or treatment such as recruitment, promotion, reward and participation in training, due to elements other than rational factors such as one's ability, competence, and achievement.

Typical elements of discrimination are race, ethnicity, nationality, birthplace, color, age, gender, sexual orientation, disability, religion, political affiliation, union membership, marital status, and so on.

Additionally, when health examinations and pregnancy tests impair equality of opportunity or treatment, such an act is considered as discrimination.

[I-5] Pay appropriate wages

Suppliers are requested to pay the legal minimum wage or more, and not to practice unfair wage deduction as a means of disciplinary action.

The minimum wage means the lowest wage specified in each country's wage-related laws. In this item, payment of other allowances including overtime compensation and legal payments are included. Improper wage reduction means a wage reduction violating labor-related laws, etc.

[I-6] Regulate working hours

Suppliers are requested to regulate employee's working hours/holidays/vacations so as not to exceed the legal ceiling.

In this item, the following are examples of proper control:

- Scheduled working days per year do not exceed the legal ceiling
- Working hours per week including overtime (except for emergency cases) do not exceed the legal ceiling
- Providing employees with at least one holiday per week
- Providing the rights of a vacation leave on an annual basis as specified in the law

[I-7] Respect the rights to freedom of association

Suppliers are requested to respect the rights to freedom of association of employees, as means of employer-employee consultation, in order to settle working conditions and/or wage issues, etc.

Respecting the rights of employees to organize means considerations for freedom of association, freedom to participate in labor unions according to laws, freedom to stage a protest, and freedom to participate in workers' council without revenge, threats, and/or harassments to employees.

II Occupational Health and Safety

[II-1] Apply safety measures for equipment and instruments

Suppliers are requested to apply appropriate safety measures for equipment and instruments used in their company.

Appropriate safety measures mean management to prevent accidents and health problems occurring on the job.

The following are examples of appropriate control:

- Adoption of such safety mechanisms that called fail-safe*1, foolproof*2, and inter-lock*3
- Installation of safety devices and protective barriers
- Periodic inspection and maintenance of machinery

*1 Fail-safe: A kind of safety ensuring mechanism in any device or system, etc., which should minimize any harm/damage and always function as a safety control, if any trouble takes place due to an operating error or malfunction, in anticipation of any trouble occurrence including a disorder, an operating error, or a designing defect.

*2 Foolproof: To ensure safety by taking safety measures at the designing stage, so that there might be no danger even though someone ignorant of the use of any device or system, etc. should use it or some user should mistake the operating order.

*3 Interlock: A safety controlling mechanism where unless any process functions normally (i.e. safely), any other processes should not function by a functional adjustment among different processes, in a system which has plural different functional processes.

[II-2] Promote safe activities in the workplace

Suppliers are requested to evaluate their own safety risks and to ensure safety in the workplace with appropriate designs, techniques, and control methods.

The risk to safety in the workplace means potential risks of accidents and health problems on the job such as electric shock or other energy-caused accidents, fire, vehicles, slippery floors, or falling objects.

The following are examples of appropriate design, technology and control methods:

- Monitoring dangerous places with sensors
- Blocking off sources of power to machinery by locking it (lock out)
- Setting a tag that specifies the prohibition of manipulating an energy blocking device while the source of power is blocked (tag out)
- Provision of protective equipment such as glasses/hard hat/gloves, etc.

[II-3] Promote hygiene in the workplace

Suppliers are requested to be aware of the conditions in the workplace related to biological and chemical harm, noise, and odor, that are harmful to health, and to take appropriate measures.

Chemical substances that are harmful to the human body include smoke, mist, dust, poison, nuclear radiation, and substances that cause chronic diseases (lead, asbestos, etc.). Excessive noise and odor are also elements of this section deemed to be harmful to the human body.

The following are examples of appropriate measures:

- Identification of ways to contact these harmful items, and their assessment
- Establishment and operation of management criteria
- Appropriate education on hygiene for workers
- Provision of protective devices to workers, etc.

[II-4] Apply appropriate measures for occupational injuries and illnesses

Suppliers are requested to be aware of the situation of occupational injuries and illnesses in the workplace, and to take appropriate measures.

The following are examples of appropriate measures:

- Rules and programs that enable reporting by employees
- Classification and record of injury/illness
- Provision of required medical treatment
- Investigation of injury/illness
- Execution of measures to correct and eliminate the cause
- Promotion of returning affected employees to the workplace, etc. (workers' accident insurance is also included)

Performing procedures required by law is also included.

[II-5] Properly manage disasters and accidents

Suppliers are requested to prepare emergency response measures for possible disasters and accidents in order to protect human lives, and to inform people in the workplace.

Typical examples of emergency response measures are as follows:

- Prompt reporting during an emergency
- Notification to employees
- Clarification of evacuation procedures
- Installation of evacuation facilities
- Storing of emergency medical products
- Installation of a fire detecting system and fire containment devices
- Securing external communication
- Development of a recovery plan, etc.

The following are ways to keep employees in the workplace informed:

- Implementation of emergency response education for employees (including evacuation drills)
- Storing or posting emergency response procedures, etc. within the reach of employees in the Workplace

[II-6] Be careful about physically demanding work

Suppliers are requested to define physically demanding work, and to control it appropriately to prevent injury and illness.

Operations that require physically demanding work include not only hard labor such as manually carrying heavy objects but also long-term repetitive work and continuous work such as assembly work and data entry work.

Appropriate control means periodical breaks, provision of assistive devices, burden sharing, and cooperation of several workers, etc.

[II-7] Promote safety and hygiene in all company facilities

Suppliers are requested to maintain appropriate safety and hygiene in all employee living facilities provided by the company (e.g., dormitory, canteen, restroom.)

The living facilities provided for employees include the ones provided in the workplace for the employees (restrooms, drinking fountains, locker rooms, canteens, etc.), and facilities provided for employees outside the workplace (dormitories, etc.)

Along with keeping cleanliness/sanitation, typical proper examples are measures for safe drinking water, fire, air ventilation, temperature control, emergency escape route (exit), and secure storage of personal belongings.

[II-8] Promote health maintenance programs for employees

Suppliers are requested to provide appropriate health maintenance programs for all employees.

Appropriate health management serves to prevent and detect employees' illness early by providing medical checkups at least according to the legal standard. Prevention of health problems due to overwork and care for mental health also need to be considered adequately.

III Environment

[III-1] Establish and apply an environmental management system

Suppliers are requested to establish and implement an environmental management system.

An environmental management system means the part of the overall environmental management system that includes organizational structure, planning activities, responsibilities, practices, procedures, processes and resources to promote environmental activities.

Environmental activities mentioned here mean activities to develop, implement, achieve, review, and maintain the environmental policy in order to promote a continuous improvement program using the so-called PDCA (Plan Do Check Act*4) closed-loop.

One of the typical environmental management systems is ISO*5 14001, which can receive a third-party certificate.

*4 PDCA: An acronym from Plan, Do, Check, and Act. This means an implementation cycle of making a deliberate operating plan, acting in line with the plan (making any necessary correction), checking the results, and taking any improvement action which relays the operation to the next stage. This is often used as a management system of quality or operational improvement.

*5 ISO: International Organization for Standardization.

[III-2] Control hazardous chemicals in products

Suppliers are requested to control chemical substances (contained in products) as defined by laws and regulations.

The products must be kept under control so they do not include chemical substances that are legally specified as to not to be included. Additionally, mandatory labeling and testing must be performed.

[III-3] Control hazardous chemicals in manufacturing

Suppliers are requested to control chemical substances (used in manufacturing processes) as defined by local laws and regulations.

The manufacturing process must be kept under control so as not to utilize chemical substances that are specified as not to be included by the law. Monitoring the amount of emissions to the external environment and reporting it to the government, and trying to reduce the amount of emissions of relevant substances are also necessary actions.

[III-4] Minimize environmental pollution (water, soil, air)

Suppliers are requested to be in compliance with local laws and regulations of drainage, sludge and air emissions and to reduce such environmental pollution by voluntary criteria as needed.

Voluntary criteria are required to have goals to reduce environment impacts more than the standard defined by law.

Besides preventing the occurrence of common nuisances, the following activities are good practices for further improvement: improvement of monitoring, controlling, processing of drainage/sludge/exhaust, etc. and reduction of their amounts.

[III-5] Obtain environmental permits

Suppliers are requested to obtain necessary environmental permits as defined by local laws and regulations, and to submit necessary reports to the government.

In Japan, the following are examples of legal obligations to install officers who have legally-defined qualifications:

- Waste Disposal and Public Cleaning Law: Responsible officer of specially controlled industrial waste
- Law Concerning the Rational Use of Energy: Qualified person for energy management in factories that use more than a certain level of energy
- Air Pollution Control Law, etc.: Officer in charge of pollution control in the factories that emit chemical substances, dust, exhaust, and so on.

Officers in charge of poisons, specified chemical substances, and hazardous materials are also required to be installed depending on the chemical substances used in the business.

Government permits/licenses concerning environmental influence evaluation and facilities dealing with hazardous material may be needed depending on the contents of the business and location of the factory.

[III-6] Promote resource and energy saving by reusing, reducing, and recycling(3R)

Suppliers are requested to define a voluntary goal of natural resources and energy saving, and to implement continuous activities for efficient usage.

Resource saving is striving to effectively utilize resources. Typical programs are as follows:

- Reduction of waste and material usage when making a product
- Utilization of recycled resource and parts, etc.

Energy saving strives to reduce the use of heat and electric energy. By saving energy, fuel resources such as oil, natural gas, coal, coke etc. can be used effectively.

3R stands for Reduce, Reuse, and Recycle.

[III-7] Promote green-house gas reduction

Suppliers are requested to define voluntary goals for green-house gas reduction, and to implement continuous activities for further reduction.

Although there are various types of greenhouse gases, the following six types of substance groups are specified particularly in the Kyoto Protocol: carbon dioxide, methane, nitrogen dioxide, HFC*6, PFC*7, and SF6*8.

Setting voluntary goals for reduction, making plans, and actively implementing the plans for these six types of greenhouse gases are good practices of continuous reduction activities.

*6 HFC: Hydrofluorocarbon A kind of alternative CFC gas

*7 PFC: Perfluorocarbon A kind of alternative CFC gas

*8 SF6: Sulfur hexafluoride.

[III-8] Promote waste reduction

Suppliers are requested to define voluntary goals for waste reduction, and to implement continuous activities for further reduction.

Waste means worthless and unnecessary things which are emitted from a factory or other facility into the outside environment. Continuous waste reduction activity includes setting some spontaneous reduction objective, working out a plan, and actively implementing it, with respect to a waste emission quantity, or some waste which needs to be disposed of in landfills or by burnout.

[III-9] Disclose environmental preservation activities

Suppliers are requested to disclose outcomes of environmental activities appropriately.

Typical outcomes of environmental activities are as follows:

- Measures implemented for environmental preservation
- Emissions to air/drainage/lands
- Amount of used resources, wastes, and so on

Also, environmentally harmful outcomes that business establishments have caused are included.

To summarize outcomes regularly, it is good practice to define the organization and to assign responsible officers to conduct environmental preservation activities, who continuously make records concerning management indicators of environmental preservation activities, achievement of the activity objectives, and other important matters relating to the environment.

Disclosures of environmental reports and/or necessary reports to stakeholders are examples of disclosing methods.

IV Fair Trading

[IV-1] Prohibit corruption and bribery

Suppliers are requested to maintain a sound and normal relationship with political bodies and government administrations, without committing bribery and/or making illegal political donations.

“Bribe-giving” means acts of offering money, entertainment, gifts, or other benefits/conveniences to public servants or equivalent persons (hereafter called public employees), in pursuit of some business advantage in return, such as approval and license, acquisition/maintenance of trading, or access to nondisclosure information.

In addition, “bribe-giving” includes entertainment or gift-giving that is beyond social norms, even if it does not solicit any business reward.

“Illegal political donation” means acts of contributing political donations and requesting some business advantage in return, such as approval and license, acquisition/maintenance of trading, or access to nondisclosure information. A political donation not following the proper legal procedures is included.

[IV-2] Prohibit abuse of a superior position

Suppliers are requested not to create a disadvantage for their suppliers by abuse of a superior position.

Abuse of a superior position means acts of unilaterally determining or changing trading conditions with suppliers or imposing irrational requests or obligations on suppliers by taking advantage of one’s superior position as a purchaser or outsourcer.

Procurement deals shall be fairly and faithfully conducted based on contracts, without abuse of a superior position. In countries with legislation relating to abuse of a superior position, the relevant laws shall be observed. (For example, the Anti-Monopoly Law, or the Subcontracting Law, in Japan)

[IV-3] Prohibit the offering and receiving of inappropriate profit and advantage

Suppliers are requested not to offer and/or to receive inappropriate benefits to/from stakeholders.

Typical examples of “Inappropriate benefit offering/receipt” are as follows:

- Bribery activity such as offering or receiving a gift, award, prize money, etc. beyond the bounds of the law to/from a customer
- Providing or accepting money/valuables or entertainment beyond the social norm
- Act of supplying inappropriate benefit to an antisocial force (criminal organization, terrorist organization, etc.) that adversely affects public order or sound activities.
- Insider trading by which stock of a company is traded based on critical nondisclosure information about operations of a customer, etc.

[IV-4] Prohibit impediment to free competition

Suppliers are requested not to impede fair, transparent, and free competition.

“Competition restrictive activities” mean acts of making prior agreements among companies in the same trade about product/service prices, quantities, sales areas, etc. (cartel), or prior arrangements with other bidders about a winning bidder and successful tender price (collusive bidding).

Furthermore, obtaining and utilizing trade secrets of other companies in an illegal way, showing false indication and showing indication that confuses customers about other companies’ products are also referred to as acts of unfair competition.

[IV-5] Provide accurate information on products and services

Suppliers are requested to provide accurate information on products and services to consumers and customers.

Typical examples of accurate information are as follows:

- Accurate specification, quality, and handling procedures about products/services.
- Accurate information on substances contained within products and their components.
- Sales promotion such as catalogs and advertisements for a product/service shall not use untruthful/incorrect expressions and descriptions that mislead consumers/customers, and shall not include information that slanders or infringes other companies or individuals.

[IV-6] Respect intellectual property

Suppliers are requested not to infringe upon intellectual property rights.

“Intellectual property rights” (IPR) includes patent rights, utility model rights, design rights, trademark rights, copyrights, trade secrets, and so on.

Prior to development, production, sale, and/or provision of a product/service, a preliminary IPR survey shall be sufficiently conducted about the intellectual properties of third parties. The usage of a third party’s intellectual property without permission constitutes an infringement of IPR, except for cases that have valid reasons,

Furthermore, any unlawful utilization or copy, etc. of metal mold drawings, computer software, or other writings falls under the infringement of intellectual property rights.

Likewise, illegal procurement and utilization of a trade secret of a third party also constitutes an Infringement of IPR.

[IV-7] Use appropriate export procedures

Suppliers are requested to streamline a clear-cut control system and execute proper export procedures, regarding exports of technologies and goods defined by laws and regulations.

“Technologies and goods regulated by laws and regulations” include parts, products, technologies, facilities, and software, exports of which are stipulated by international treaty/agreement/regulations (such as Wassenaar Arrangement*9) and domestic laws.

Exporting may require specific procedures such as acquiring permission from the governmental regulatory authorities.

*9 The Wassenaar Arrangement: Its formal term is “The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies”. One of the international arrangements concerning export controls for conventional arms.

[IV-8] Disclose appropriate company information

Suppliers are requested to positively disclose company information for stakeholders, regardless of legal obligation.

The information to be provided/disclosed for stakeholders includes control of business activities, financial status, business performance, risk information (e.g. damage by a large-scale disaster, occurrence of an adverse effect on the environment and society, discovery of a serious law violation), and so forth. Disclosing and offering information of serious risk status to customers at all times is an example of positive information provision.

[IV-9] Detect injustice promptly

Suppliers are requested to perform activities to prevent improper acts, and to streamline a system to discover and to respond to improper acts at an early stage.

“Activities to prevent improper acts” means to train and enlighten employees as well as to create a rich communication environment in the workplace.

Typical examples of measures for a “system to discover and respond to improper acts at an early stage” are as follows:

- Assign in-house and outside contact persons who handle improper acts so that the top management can discover an improper act at an early stage.
- Try to ensure the privacy of the whistleblower and protect the whistleblower appropriately.
- Quickly respond to an improper act, and provide the resulting response to the whistleblower.

V Product Quality and Safety

[V-1] Establish and apply a quality management system

Suppliers are requested to establish and implement a quality management system.

The quality management system is a part of overall quality management that includes organizational Structure, planning activities, responsibilities, practices, procedures, processes and resources to promote quality assurance activities.

Quality assurance activities here mean to develop, implement, achieve, review, and maintain a quality policy that promotes the continuous improvement program using the so-called closed-loop PDCA (Plan Do Check Act).

Some of the typical quality management systems are ISO9000 family, ISO/TS16949, and ISO13485.

[V-2] Ensure product safety

Suppliers are requested to satisfy safety standards defined by laws and regulations of each

country for products, when they develop/design them on their own responsibility.

In the product design phase, product safety shall be sufficiently ensured with consideration of product liability and responsibility as a manufacturer. For product safety, normally required safety features as well as compliance with laws are to be considered.

The following are examples of laws on product safety in Japan:

- Electrical Appliance and Material Safety Law
- Consumer Products Safety Law
- Household Goods Labeling Law

Safety standards are defined in detailed regulations of laws, JIS, etc. International safety standards include UL (U.S.), BSI (U.K.), and CSA (Canada).

Securing product safety includes management of traceability (history of materials, parts, processes, etc.) and prompt response for problem solving.

VI Information Security

[VI-1] Secure computer networks against threats

Suppliers are requested to take protective action against threats on the computer network, and to prevent damage to their company and others.

Threats on a computer network refer to, as examples, computer viruses, computer worms*10, and spy-ware*11.

If a computer connected to the Internet should be infected by computer threats, customer information and confidential information may be leaked out and/or these computer threats may attack computers of other companies, resulting in serious damages such as suspension of business or loss of credibility.

Therefore, it is important to take effective measures against such threats on the computer network, so as to avoid harmful influence inside and outside the company.

*10 Computer worm: A kind of computer virus which, different from an ordinary computer virus, moves between and among computers by way of networks, without any files subject to infection.

*11 Spy-ware: A kind of computer program which comes into another computer, secretly tracks the user's personal information, and transmits the results to some third party.

[VI-2] Prevent the leakage of personal information

Suppliers are requested to appropriately control and protect personal information of employees, customers, and third parties.

Personal information means information on live individuals that can identify a specific person by name, birth date, and other descriptions in the information (including information that can be easily compared with other information to identify a specific person.)

Appropriate control means construction and operation of an overall management scheme on personal information, including creation of regulations and guidelines to be observed by employees, making plans, implementing programs, internal audits, and reviews based on the management scheme.

Appropriate protection means not unreasonably or improperly obtaining, utilizing, disclosing, or leaking personal information.

[VI-3] Prevent the leakage of customer and third-party confidential information

Suppliers are requested to control and protect confidential information from customers and third parties.

Confidential information usually means information disclosed from a document, etc. (including electromagnetic- or optically-recorded data information) that that is deemed as confidential, or orally disclosed after confidentiality is notified.

Proper control means construction and operation of an overall management scheme on personal information, including creation of regulations and guidelines to be observed by employees, making plans, implementing programs, internal audits, and reviews based on the management scheme.

Appropriate protection means not unreasonably or improperly obtaining, utilizing, disclosing, or leaking confidential information.

VII Contribution to Society

[VII-1] Contribute to society and community

Suppliers are expected to practice proactive voluntary activities to contribute to the development of global society and the local community.

Activities contributing to the development of global society and local communities mean the support using the company's management resources.

Typical approaches are as follows:

- Social contribution using regular business operations and existing technologies.
- Non-pecuniary social contribution using facilities and human resources, etc.
- Monetary social donation

The following are concrete examples:

- Cooperation with communities at a time of disaster
- Employee volunteering
- Active support of/donation to/transmission
- Introduction of various information of NPO and NGO*12

Each company should determine the possible activity range and work positively on such contributions to society.

*12 NPO/NGO: NonProfit Organization/NonGovernmental Organization

●Issue

CSR Promotion Department

Tel: +81-6-6767-3611

2-28,1-Chome, Tamatsukuri, Chuo-ku,Osaka 540-8585, Japan

Corporate Purchasing Divison

Tel: +81-6-6764-3704

2-28,1-Chome, Tamatsukuri, Chuo-ku,Osaka 540-8585, Japan