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Technology to Inspire Innovation



# **CSR Procurement Guideline (JAE Group)**

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**Japan Aviation Electronics Industry, Ltd.**

**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 recent years, the environment surrounding companies and corporations has diversified and has been exhibiting drastic changes, evidenced by such phenomena as the globalization of corporate activities, the maturation and progress of the information society.

On the other hand, by turning eyes to our whole society, disgraceful affairs occur too frequently in companies and harsh criticism of insincere business practices has increased. Thus, interest in efforts made by companies and corporations to form a sustainable society is rising.

Under these conditions, companies and corporations are expected to actively pursue "Corporate Social Responsibility (CSR)" through corporate activities, as members of society, in addition to the responsibility to observe laws.

Also, in recent years, companies and corporations have been required to make efforts to apply CSR throughout an entire supply chain including suppliers.

The Group is promoting efforts to apply social responsibility based on the "JAE Group Charter of Corporate Behavior."

As we believe that mutual understanding with suppliers is necessary in order to respond to demands by society, we have prepared the "CSR Procurement Guideline" at this time to help suppliers promote CSR activities in the supply chain.

The items and contents for suppliers to conform to are described in this guideline.

As the suppliers are important partners of the Group, we are looking forward to your active involvement in CSR activities based on your understanding and approval.

Also, we would like to request you to strive for these principles to pervade all your activities by using this guideline in your own supply chains.

- This guideline is prepared based on the "Supply chain CSR promotion guide book" edited by the Japan Electronic and Information Technology Industries Association (JEITA) in August, 2006.

## Contents of CSR Procurement Guideline

I	Human rights and labor	1
1.	Prohibition of compulsory labor	
2.	Prohibition of inhumane treatment	
3.	Prohibition of child labor	
4.	Prohibition of discrimination	
5.	Appropriate wage	
6.	Working hours	
7.	Workers' right to organize	
II	Safety and health	4
1.	Safety measures for machines and equipment	
2.	Safety at a workplace	
3.	Sanitation at a workplace	
4.	Industrial accidents and labor diseases	
5.	Response in the event of an emergency	
6.	Consideration for physically challenging work	
7.	Safety and health at facilities	
8.	Health care of employees	
III	Environment	8
1.	Management of chemical substances contained in products	
2.	Management of chemical substances used in manufacturing processes	
3.	Environment management system	
4.	Minimization of the impact on the environment (Drainage, mud and exhaust gas, etc.)	
5.	Environment permits/government approval	
6.	Effective use of resources and energy (3R)	
7.	Reduction of the amount of emission of greenhouse effect gases	
8.	Reduction of waste	
9.	Disclosure of the status of efforts made in environmental protection	

IV	Fair trade and ethics	12
	1. Prohibition of corruption and bribery	
	2. Prohibition of the abuse of superior status	
	3. Prohibition of the offer and receipt of improper profits	
	4. Prohibition of actions restricting competition	
	5. Supply of correct products, services and information	
	6. Respect for intellectual properties	
	7. Appropriate export trade management	
	8. Disclosure of information	
	9. Prevention and early detection of fraudulent acts	
	10. Response to problems of conflict minerals	
V	Quality and safety	17
	1. Ensuring of product safety	
	2. Quality management system	
VI	Information security	18
	1. Defense against threats to computer networks	
	2. Leakage-control of personal information	
	3. Leakage-control of confidential information of customers and third parties	
VII	Social contribution	20
	1. Contribution to the society and region	
VIII	Risk management	21
	1. Maintaining stable supply	

# I Human rights and labor

## ( I – 1)Prohibition of Compulsory labor

We shall employ all employees based on their free will, and shall not force employees 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 laborer.

For example, it refers to such labor as:

Forced labor in which a person is forced to perform labor against his or her will, a debt labor in which a person in debt has limited freedom to leave a job due to repayment of a debt, or slave labor as a result of human traffic.

In addition, inhumane prison labor in which a labor is performed in a harsh environment even if it is to be performed by prisoners.

Having no right to leave a job freely and being forced to surrender identification cards, passports and working permits to an employer are also different forms of compulsory labor.

## ( I – 2)Prohibition of inhumane treatment

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

Inhumane treatment means abuse, physical punishment, sexual harassment (sexual abuse), power harassment (abusive or coercive acts with violent language), etc.

### **( I — 3) Prohibition of child labor**

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.

Child labor shall mean in general terms the employment of a person who has not reached the minimum working age stipulated in treaties and recommendations of the International Labor Organization (ILO) and acts of negligence in protecting young workers.

For example, in Japan, employing a person less than 15 years old and violating laws or ordinances for the protection of young workers are considered to be forms of child labor that is strictly banned.

An example of legal regulation which protects young workers against jobs that are feared to compromise their health, safety and ethics is the limitation of night work and dangerous work.

Overseas, the employment of a person who has not reached the minimum working age stipulated by local laws or ordinances and the breach of duty of protecting such person shall be deemed to be child labor.

In addition, in countries where such laws and ordinances have yet to be established, acts contrary to the treaties and recommendations set forth by ILO shall be regarded as child labor (The minimum working age is 15 years old: ILO Treaty, 138).

### **( 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 shall mean setting differences in terms of the opportunities and treatment for employment, promotion, rewards and study and training courses, depending on factors other than rational factors of ability, aptitude and results of a person.

Factors of discrimination include, for example, race, ethnic group, nationality, hometown and region, color, age, gender, sexual preference, presence or absence of a handicap, religion, political opinion, member or not of a labor union, marital status, etc.

In addition, if a medical examination or a pregnancy test compromises the fairness of equal opportunity or treatment, it shall be considered as a discriminative act.

## **( I – 5) Appropriate wage**

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

Minimum wage means the minimum wage which is specified by wage-related laws and ordinances of the country concerned.

Here, it shall also include payments of other allowances that should contain overtime pay and legal benefits.

Unreasonable wage reduction means reducing wages in violation of labor-related laws and ordinances.

## **( I – 6) Work hours**

We shall manage work hours, holidays and vacations of employees 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.
- 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) Workers' right to organize**

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.

The respect of workers' right to organize shall mean consideration given to the freedom of association with no fear of being harassed, retaliated against or menaced, the freedom to join a labor union in accordance with laws and ordinances, the freedom to conduct a protest movement, the freedom to join a workers' council, etc.

## II Safety and health

### ( II – 1 ) 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 – 2) Safety at the 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.

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 – 3) Sanitation at a workplace**

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 employees etc.

## **( II – 4) 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 employees, 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 employees 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 – 5) Response in 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 employees, 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 employees (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 – 6) 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 – 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 employees (toilets, dining rooms, dormitories, etc.).

Facilities provided for the daily lives of employees shall mean the facilities provided for employees at places of work (including toilets, water fountains, locker rooms, dining rooms ) as well as those provided for the employees 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 employees**

We shall provide appropriate health care to all employees.

Appropriate health care means the efforts for prevention and early detection of diseases for the employees 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.

## **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.

Management and control of the chemicals in all manufacturing processes shall mean managing and controlling of chemicals that must not be contained in any products, and in addition, that we should make efforts to reduce the volume of discharge of chemicals to be discharged to the external environment by comprehending the volume of discharge as well as reporting of the same to the public authorities.

### **(III – 3) Environment management system**

We shall construct and utilize an environment 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 amount 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 measures taken to protect the environment, emissions to the atmosphere, waste water, waste matter into soils, the amount 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 environment 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 a supplier, 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 shall abide by these laws and regulations.



### **(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 and 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.

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**

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 employees.

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.
- We shall make an effort to keep the identification of informers secret and to protect him/her in an appropriate manner.
- 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 problems of conflict minerals**

We shall procure conflict minerals in accordance with the purport of the regulations regarding conflict minerals set forth by the United States.

In July 2010, Article 1502 of the Financial Regulatory Reform Act was enacted in the USA.

Its legislative intent is to cut off funding sources for the armed group that is engaging in abuses of human rights in the Democratic Republic of the Congo (DRC) and its neighboring countries.

This article imposes the following and other obligations on the USA listed companies that require any of the Conflict Minerals, including gold, tantalum, tin, and tungsten, for the functionality or manufacturing process of a product: to identify whether the country of origin of the Conflict Mineral is the DRC or its neighboring country and submit the report to the USA Securities and Exchange Commission.

JAE Group will respect the above intent, and from the viewpoint of respect for human rights has a policy whereby “conflict materials” will not be used as sources of funding for the above armed group, and along with requesting suppliers that materials be procured from refineries certified by a reliable internationally recognized program that there is no association with conflicts, activities in accord with the intent of the “OECD (Organisation for Economic Co-operation and Development) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” shall be encouraged.

It should be noted that this policy is not an absolute prohibition of the use of all minerals that have been mined or traded in the DRC and its neighboring countries, but rather permits use of minerals that have no association with conflicts.

JAE Group will also make all efforts to implement the transparency of the supply chain, for example, by responding to customers’ requests for investigation about the Conflict Minerals. For survey into “conflict minerals,” a template of a reliable internationally recognized program is utilized.

We will request suppliers to understand this policy and to maintain compliance when procuring materials.

(JAE Group Conflict Mineral Procurement Policy)

- The neighboring countries shall mean the following nine countries:

The Republic of South Sudan, the Central African Republic, Republic of the Congo, the Republic of Uganda, the Republic of Rwanda, the Republic of Burundi, the Republic of Angola, the United Republic of Tanzania, the Republic of Zambia

## 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, ISO/TS16949, 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 should be infected by a computer virus etc., there would be fear of leak of customer information and confidential information saved in the computer, and this could lead to critical losses, including drop in business, loss of credibility, etc., by attacking computers 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 employees 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 employees, drafting of plans accordingly, implementation of measures, monitoring, and reviewing.

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**

<p>We shall manage and protect confidential information acquired from clients and third parties in an appropriate manner.</p>
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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 employees, 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 Risk management

### (VIII—1) Maintaining stable supply

We shall establish a risk management system in order to prepare for unexpected events, such as natural disasters, accidents, etc.

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 amount 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.

Concluded