



Kyocera Group
Responsible Business Conduct Guidelines

July 6, 2022

Introduction

The Kyocera Group is committed to sustainable management to ensure sustainable development of both society and the Group, and aims to provide values that can contribute to solving social issues through our business activities.

In recent years, with increasingly globalizing corporate activities and advancing computerization, corporate initiatives aimed at development of sustainable society have been attracting greater attention year after year. In addition, as such international documents as the “United Nations Guiding Principles on Business and Human Rights,” the “Sustainable Development Goals (SDGs),” the “Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises,” and the “International Labour Organization (ILO) Declaration on Multinational Enterprises” are issued and revised, companies are expected not only to take responsibilities in legal/regulatory compliance but also to perform responsible corporate activities. The Kyocera Group also participates in the United Nations Global Compact setting forth 10 principles on human rights, labor, environment, and anti-corruption measures, and has established the “Kyocera Group CSR Policy” and the “Kyocera Group Human Rights Policy.” We will continue to work actively for development of a sustainable society through our corporate activities.

In order to contribute to development of a sustainable society throughout our supply chain, we established “Kyocera Supply Chain CSR Procurement Guideline” in 2008, and has asked suppliers for cooperation. However, as the needs of society and customers are becoming increasingly complex and diverse, in order to respond to their various needs in cooperation with our business partners, we have revised the content of the Guideline and changed the title to “Kyocera Group Responsible Business Conduct Guidelines.” You are kindly requested to understand these Guidelines and continue to provide cooperation. We would also like to ask you to ensure that these Guidelines are deployed properly at your business partners. Please note that if you do not agree to these activities of ours, we will have to reconsider our mutual transactions.

<p>These Guidelines explains the Kyocera Group's basic guidelines. If any Group company has its own guidelines, please follow the latter.</p>

Basic Policy on Purchasing

Based on Kyocera Philosophy, we, at Corporate Purchasing Group, always consider, “what is the right thing to do as a human being,” and make aboveboard purchases with humble gratitude.

1. Mission Statement of Corporate Purchasing Group

“Contributing to value creation and business development through materials business, we diligently conduct work, coexist with business partners, thus attempt to be better people, and win society’s trust.”

We, at the Purchasing Group, aim to become a reliable and valuable group of workers by always being grateful, humbly reflecting, and making incessant efforts.

2. Supplier Selection Policy

We select suppliers, based on the following policies.

- Understanding our basic philosophy.
- The supplier’s top management’s way of thinking and management philosophy are acceptable to us.
- Consistently aiming to improve management ability, technological prowess, and manufacturing capabilities, and exhibiting appropriate and stable management conditions in terms of its scale and finances.
- Exhibiting overall excellence in quality, price, delivery time, and service capability.
- Actively performing global environmental conservation initiatives.
- Capable of complying with “Kyocera Group Responsible Business Conduct Guidelines”

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Part 1 Code of Conduct

I. Human rights and labor

1) Free choice of employment

- Forced, bonded (including debt bondage) or indentured labor, involuntary or exploitative prison labor, slavery or trafficking of persons shall not be permitted. This includes transporting, harboring, recruiting, transferring, or receiving persons by means of threat, force, coercion, abduction, or fraud for labor or service.
- There shall be no unreasonable restrictions on workers' entering or exiting company-provided facilities (including workers' dormitories or living quarters), and on their freedom of movement within these facilities.
- Foreign migrant workers shall receive the employment agreements prior to their departure from the countries of origin.
- There shall be no substitution or change(s) allowed in the employment agreement upon arrival in the receiving country unless these changes are made to meet local laws and provide equal or better terms.
- All work must be voluntary, and workers shall be free to leave work at any time or terminate their employment without payment of penalty charges and other punishment if reasonable notice is given according to the worker's contract.
- Employers, agents, and sub-agents may not hold or otherwise destroy, conceal, or confiscate identity or immigration documents, such as government-issued IDs, passports, or work permits. Employers can hold these documents only when the document retention is required by law. In this case, at no time should workers be denied access to their documents.
- Workers shall not be required to pay employer's agents or sub-agents' recruitment fees or other related fees for their employment. If any such fees are found to have been paid by workers, they shall be repaid to the workers.

2) Young workers

- Child labor shall not be used in any stage of manufacturing. The term, "child," refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.
- The employer shall have an appropriate mechanism to verify the ages of workers.
- The use of legitimate workplace learning programs shall be supported as long as they comply with all laws and regulations.
- Worker under the age of 18 (young workers) shall not perform work that is likely to jeopardize their health or safety, including late night and overtime work.
- The employer shall ensure proper management of student workers through proper maintenance of student records, rigorous due diligence of educational partners, and protection of students' rights, in accordance with applicable laws and regulations.
- The employer shall provide appropriate support and training to all student workers.
- In the absence of relevant local laws, the wage rates for student workers, interns, and apprentices shall be at least the same rates as other entry-level workers performing equal or similar tasks.
- If child labor is identified, assistance/remediation shall be provided for the child.

3) Working hours

- Working hours shall not exceed the maximum set forth by local laws.
- A workweek shall not exceed 60 hours per week, including overtime, except in emergency or unusual situations. All overtime work shall be performed voluntarily.
- Workers shall be allowed at least one day off every seven days.

4) Wages and benefits

- Wages paid to workers shall comply with all applicable laws, including those relating to minimum wages, overtime work, and legally mandated benefits.
- In compliance with local laws, workers shall be compensated for overtime at pay rates greater than regular hourly rates.
- Deduction from wages as a disciplinary measure shall not be permitted.
- For each pay period, workers shall be provided with timely and understandable wage statements that include sufficient information to verify accurate compensation for work performed during each payment period.
- All uses of temporary, dispatch, and outsourced labor shall be within the limits of the relevant laws.

5) Humane treatment

- There shall be no harsh or inhumane treatment, including violence, gender-based violence, sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, bullying, public shaming or verbal abuse against workers; nor shall there be any threat of such treatment. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

6) Elimination of discrimination/harassment

- The company shall be committed to construction of a workplace free of harassment and unlawful discrimination.
- The company shall not engage in discrimination or harassment based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or nationality, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information, or marital status in hiring and employment practices, including wages, promotions, rewards, and access to training.
- Workers shall be provided with reasonable accommodation for religious practices.
- Workers or potential workers shall not be subjected to medical tests, including pregnancy or virginity tests, or physical examinations, which could be used in a discriminatory way.

7) Freedom of association and respect for collective bargaining rights

- In accordance with local laws, the company shall respect the right of all workers to form and join trade unions of their own choosing, to bargain collectively, and to engage in peaceful assemblies.
- Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with top management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation, or harassment.

II. Health and Safety

1) Occupational safety

- Worker's potential for exposure to health and safety hazards (chemicals, electrical and other energy sources, fire, vehicle, and fall hazards) shall be identified and assessed, and mitigated using the Hierarchy of Controls(*). This includes eliminating the hazards, substituting processes or materials, controlling through proper designs, implementing engineering and administrative controls, preventive maintenance, and safe work procedures (including lockout/tagout), as well as provision of ongoing occupational health and safety education and training.

(* Hierarchy Control = Gradual reduction of risks in the order of elimination of hazards => substitution => engineering measures => administrative measures => personal protective equipment.

- Where hazards cannot be adequately controlled, workers shall be provided with appropriate, well-maintained, personal protective equipment, and educational materials about risks associated with these hazards.
- Reasonable steps shall also be taken to remove pregnant women and nursing mothers from working conditions with high hazards, to remove or reduce any workplace health and safety risks to pregnant women and nursing mothers, including those associated with their work assignment, and to provide reasonable accommodations for nursing mothers.

2) Emergency preparedness

- Potential emergency situations and events shall be identified and assessed, and their impact minimized by implementing emergency plans and response procedures including emergency reporting, employee notification, and evacuation procedures, worker training and drills.
- Fire drills shall be executed at least annually or as required by local laws, whichever is more stringent.
- Emergency measures shall also include appropriate fire detection and suppression equipment, clear and unobstructed egress, adequate exit facilities, contact information for emergency responders, and recovery plans.
- These plans and procedures shall focus on minimizing harm to life, environment, and property.

3) Occupational injury and illness

- Procedures and systems to prevent, manage, track, and report occupational injury and illness shall be put into operation. They shall include provisions to encourage worker reporting, classify and record injury and illness cases, provide necessary medical treatment, conduct detailed investigation into the cases, implement corrective actions to eliminate their causes, and facilitate the reinstatement of the affected workers.

4) Industrial hygiene

- Worker exposure to chemical, biological, and physical agents shall be identified, evaluated, and controlled according to the Hierarchy Controls(*).
- (* Hierarchy Control = Gradual reduction risks in the order of eliminating the hazards => substitution => engineering measures => administrative measures => personal protective equipment.
- If any potential hazards are identified, the company shall look for opportunities to eliminate or reduce the potential hazards. If elimination or reduction of the hazards is not feasible, potential hazards shall be controlled through proper design, engineering, and administrative controls.

- When hazards cannot be adequately controlled by such means, workers shall be provided with, and use appropriate and well-maintained personal protective equipment free of charge. Protective programs shall be ongoing, and include educational materials about the risks associated with these hazards.
- 5) Physically demanding work
- Worker exposure to hazards of physically demanding tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks, shall be identified, evaluated, and controlled.
- 6) Safety measures for machines
- Production machinery and other machines shall be evaluated for safety hazards. Physical guards, interlocks, and barriers shall be provided and properly maintained where machinery presents injury hazards to workers.
- 7) Sanitation, food, and housing
- Workers shall be provided with ready access to clean toilet facilities, potable water, and sanitary food preparation, storage, and eating facilities.
 - Worker dormitories provided by the company or a labor agent shall be maintained to be clean and safe, and provided with appropriate emergency egress, hot water for bathing and showering, adequate lighting, heating, and ventilation, individually secured accommodations for storing personal and valuable items, and reasonable personal space along with reasonable entry and exit privileges.
- 8) Health and safety communication
- The company shall provide each worker with appropriate workplace health and safety information and training in the language of the worker or in a language the worker can understand for all identified workplace hazards to which the worker is exposed (including, but not limited to, mechanical, electrical, chemical, fire, and physical hazards).
 - Health and safety related information shall be clearly posted in the facilities or placed in a location identifiable and accessible by workers.
 - Training shall be provided to all workers prior to the beginning of work and regularly thereafter.
 - Workers shall be encouraged to raise any health and safety concerns without retaliation.

III. Environment

- 1) Environmental permits and reporting
 - All required environmental permits (e.g. discharge monitoring), approvals, and registrations shall be obtained, maintained, and kept current; and their operational and reporting requirements shall be followed.
- 2) Pollution prevention and resource use reduction
 - Emissions and discharges of pollutants and generation of wastes shall be minimized or eliminated at the sources or by practices such as adding pollution control equipment, modifying production, maintenance, and facility processes, or by other means. The use of natural resources, including water, fossil fuels, minerals, and virgin forest products, shall be conserved by changing processes of production, maintenance, and facilities, using substitute materials, and practicing re-use, conservation, recycling, or other means.
- 3) Hazardous substances
 - Chemicals, wastes, and other materials posing hazards to human body and environment shall be identified, labelled, and managed to ensure their safe handling, movement, storage, use, recycling or re-use, and disposal.
- 4) Solid waste
 - The company shall implement a systematic approach to identify, manage, reduce, and responsibly dispose of, or recycle wastes (non-hazardous).
- 5) Emissions into atmosphere
 - Air emissions of volatile organic chemicals (VOCs), aerosols, corrosives, particulates, ozone-depleting substances, and combustion byproducts generated from operations shall be characterized, routinely monitored, controlled, and treated, as required, prior to discharge.
 - Ozone-depleting substances shall be effectively managed in accordance with the Montreal Protocol and applicable regulations.
 - The company shall conduct routine monitoring of the performance of its air emission control systems.
- 6) Restriction of materials
 - The company shall adhere to all applicable laws, regulations, and customer requirements regarding prohibition or restrictions of specific substances in products and manufacturing, including labelling for recycling and disposal.
- 7) Water management
 - The company shall implement a water management program that documents, characterizes, and monitors water sources, uses and discharges, seeks opportunities to conserve water, and controls channels of contamination.
 - All wastewater shall be characterized, monitored, controlled, and treated, as required, prior to discharge or disposal and the measures to prevent generation of wastewater shall be implemented.
 - The company shall conduct routine monitoring of the performance of its wastewater treatment and containment/tank facilities to ensure optimal performance and regulatory compliance.

- 8) Energy consumption and greenhouse gas emissions
- The company shall establish a companywide greenhouse gas reduction goals.
 - Energy consumption and all relevant Scopes 1 and 2 greenhouse gas emissions shall be tracked, documented, and publicly reported against the greenhouse gas reduction goals.
 - The company shall look for methods to improve energy efficiency and to minimize its energy consumption and greenhouse gas emissions.
- 9) Conservation of biodiversity
- The company shall make efforts to procure resources with less environmental impacts, minimize new resource inputs and waste discharges, and to ensure sustainable uses of resources.
 - Biodiversity conservation shall be promoted by minimizing the impact on, protecting, and nurturing the natural environment.

IV. Ethics

- 1) Business integrity
 - The highest standards of integrity (honesty) shall be upheld in all business interactions; and the company shall have a zero-tolerance policy(*) to prohibit any and all forms of bribery, corruption, extortion, and embezzlement. (*) Zero tolerance: Establishing penalties and strictly punishing any violators.
- 2) Elimination of improper advantages
 - Bribes and other means of obtaining undue or improper advantages shall not be promised, offered, authorized, given, or accepted. This prohibition shall cover promising, offering, authorizing, giving, or accepting anything of value, either directly or indirectly through a third party, in order to obtain or retain business, allocate business to any person, or otherwise gain any improper advantages.
 - Monitoring, recordkeeping, and enforcement procedures shall be implemented to ensure compliance with anti-corruption laws.
- 3) Disclosure of information
 - All business transactions shall be transparently performed and accurately reflected on the company's business books and records. Information regarding the company's labor, health and safety, environmental practices, business activities, structure, financial situation and performance shall be disclosed in accordance with applicable regulations and prevailing industry practices. Falsification of records or misrepresentation of conditions or practices in the supply chain shall not be tolerated.
- 4) Intellectual property
 - Intellectual property rights shall be respected; transfer of technology and know-how shall be done in such manners as protecting intellectual property rights; and customer and supplier information shall be safeguarded.
- 5) Fair business, advertising, and competition
 - Standards of fair business, advertising, and competition shall be upheld.
- 6) Protection of identity and prohibition of retaliation
 - Programs that ensure the confidentiality, anonymity, and protection of supplier and employee whistleblowers shall be maintained unless prohibited by law. The company shall have a communicated process for employees to be able to raise any concerns without fear of retaliation.
- 7) Privacy
 - The company shall commit to protecting the reasonable privacy expectations of personal information of everyone it does business with, including suppliers, customers, consumers, and employees. The company shall comply with privacy and information security laws and regulatory requirements when personal information is collected, stored, processed, transmitted, and shared.

V. Responsible Sourcing of Minerals

- Efforts shall be made, based on OECD Due Diligence Guidance.
- Investigations shall be carried out in accordance with the program of the “Responsible Minerals Initiative (RMI).”
- Action policies on the procurement of conflict minerals shall be established.
- These policies shall be made public through the company HP or other means.
- The company shall require that the materials it procures be conflict-free.
- The smelter information shall be collected by means of a questionnaire designated by the RMI.
- Due diligence shall be performed on the information collected.
- A dispute mineral management system, including corrective actions, shall be in place and implemented.
- The processes and results of these activities shall be disclosed in response to customers’ requests.
- The company shall request manufacturers or refiners to provide any updates to their information.

VI. BCP (Business Continuity Plan)

- Social responsibility for business continuity plans (BCPs) shall be included in company policies and codes of conduct.
- These company policies and codes of conduct shall be disclosed to the public on its HP and by other means.
- Assumed risks and critical management resources (personnel, facilities, materials, and information) shall be identified and assessed; and target recovery periods shall be set.
- In order to achieve the target recovery periods, actions for critical management resources (personnel, facilities, materials, and information) that may be problems (bottlenecks) shall be planned and implemented.
- The organizational structure in case of a disaster and the response procedures covering initial responses until full recovery shall be clarified.
- Drills shall be conducted on a regular basis in accordance with the disaster response procedures.

VII. Information Security

- The company shall take measures to protect itself and others from threats including cyberattacks, and manage them properly.
- All personal information of suppliers, customers, consumers, and employees, etc. shall be managed and protected appropriately in compliance with the relevant laws and regulations.
- Confidential information received not only internally but also from customers and third parties shall be properly managed and protected.

VIII. Quality Control

- The company shall fulfill its responsibility as a supplier by providing products that meet safety standards set by laws and regulations in each country, and by performing designing, manufacturing, and selling operations that ensure sufficient product safety.
- The company shall comply not only with all applicable legal and industry standards applied to the quality of products and services, but also with its own quality standards and customer requirements.
- The company shall provide accurate and non-misleading information about its products and services.

IX. Management System

- 1) Company commitment
 - Corporate social and environmental responsibility policy statements affirming the company's commitment to compliance and continual improvement, endorsed by the executive management, and posted in the facilities in the local language.
- 2) Management accountability and responsibility
 - The company shall clearly identify senior executive and company representative responsible for ensuring implementation of the management systems and associated programs.
 - The senior management shall review the status of the management system on a regular basis.
- 3) Legal and customer requirements
 - There shall be a process containing the requirements of these Guidelines for identification, monitoring, and understanding applicable laws, regulations, and customer requirements.
- 4) Risk assessment and risk management
 - There shall be a process to identify legal compliance, environmental, health and safety, labor practices and ethical risks.
 - In order to control the identified risks and ensure regulatory compliance, the relative significance of each risk shall be determined; and appropriate procedural and physical controls shall be implemented.
- 5) Improvement objectives
 - There shall be written objectives, targets, and implementation plans to improve the company's social, environmental, and health and safety performances, including periodic assessments about target achievements.
- 6) Training
 - There shall be programs for training managers and workers to implement the company policies, procedures, and improvement objectives, and to meet applicable legal and regulatory requirements.

7) Communication

- There shall be a process for communicating clear and accurate information about the company's policies, practices, expectations, and performance to workers, suppliers, and customers.

8) Worker feedback, participation, and complaints

- There shall be ongoing processes, including an effective grievance mechanism, to assess workers' understanding of, and obtain feedback or violations of, practices and conditions covered by these Guidelines, and to foster continuous improvement.
- Workers shall be given a safe environment to provide grievance and feedback without fear of reprisals or retaliation.

9) Audits and assessments

- There shall be periodic self-evaluations to ensure conformity to legal and regulatory requirements, the content of these Guidelines, and customers' contractual requirements to social and environmental responsibility.

10) Corrective action process

- There shall be a process for correction of deficiencies identified by internal or external assessments, inspections, investigations, and reviews.

11) Documentation and records

- Documents and records shall be prepared and maintained to ensure regulatory compliance, conformance with customer requirements, and appropriate confidentiality to protect privacy.

12) Supplier responsibility

- There shall be a process to communicate the requirements of these Guidelines to suppliers and monitor their compliance.

Part2 Description of Code of Conduct

It explains Part1 code of conduct.

I . Human rights and labor

1) Free choice of employment

Companies are prohibited from transporting, concealing, employing, transferring, and receiving people by means of threat, coercion, abduction, or deceit. Having workers pay fees for employment may also lead to forced labor. Forced work to pay off such a fee is also prohibited.

In particular, there are many reports of migrant workers including foreign workers being forced to work. When employing foreign workers, those workers must be provided with an employment contract containing the employment conditions in a language that they can understand, before they leave their home country.

Other acts that lead to forced labor include hindering workers from using their government-issued identification, passport/visa, work permit, or immigration application (except when the law stipulates that someone other than the worker retain such documents) by means of concealment or confiscation, or imposing limitations on worker entry/exit to facilities or movement within facilities.

2) Young workers

Child labor is prohibited in all circumstances by the ILO and national laws. In particular, there is a pressing need to immediately address the worst forms of child labor. The Worst Forms of Child Labor Convention, 1999 (No. 182) of the ILO defines these as the following four forms of child labor.

(a)all forms of slavery or practices similar to slavery.

(b)the use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;

(c)the use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;

(d)work which, by its nature or the circumstances in which it is carried out, is likely to harm the health, safety or morals of children.

satisfactory working conditions, and The Minimum Age Recommendation, 1973 (No. 146) of the ILO stipulates the following benefits in particular.

(a)the provision of fair remuneration and its protection, bearing in mind the principle of equal pay for equal work;

(b)the strict limitation of the hours spent at work in a day and in a week, and the prohibition of overtime, so as to allow enough time for education and training (including the time needed for homework related thereto), for rest during the day and for leisure activities;

(c)the granting of a minimum consecutive period of 12 hours' night rest, and of customary weekly rest days;

(d)the granting of an annual holiday with pay of at least four weeks and, in any case, not shorter than that granted to adults;

(e)coverage by social security schemes, including employment injury, medical care and sickness benefit schemes, whatever the conditions of employment or work may be;

(f)the maintenance of satisfactory standards of safety and health and appropriate instruction and supervision.

(Source (Translation from Japanese original): International Labor Standards and Sustainable Sourcing Handbook Towards the Realisation of Decent Work through the Tokyo 2020 Olympic and Paralympic Games, ILO 2019)

Due diligence is also required to protect the rights of children.

3) Working hours

Companies are required to assign work hours and grant leave and rest period based on applicable laws and regulations. They should also consider internationally recognized standards.

For example, the Weekly Rest (Industry) Convention, 1921 (No. 14) and Weekly Rest (Commerce and Offices) Convention, 1957 (No. 106) (not ratified by Japan) stipulate that workers must be granted at least one full day (24 hours or longer) off or longer weekly rest period each week (work must not exceed six consecutive days).

Several industry standards also set a weekly limit on work hours at 60 hours including overtime.

4) Wage and benefits

Minimum wage refers to the minimum wage stipulated by laws regarding wages in the country where the company is doing its operation, and employees must be paid wages at or above the minimum wage. In addition to the legally-binding minimum wage, it is also desirable that companies voluntarily consider a living wage calculated as the wages required to maintain a minimum living standard.

Unfair wage deductions may be deemed to be a non-payment of wages. For example, in the SA8000 international standard regarding labor and human rights, pay cuts must not be made for the purpose of discipline, but as an exception, companies are allowed to do so when (1) it is allowed by domestic law and (2) doing so is agreed upon in a collective agreement that was freely negotiated.

Furthermore, compensation for overtime work must be paid to workers at a rate higher than the standard pay rate by hour, according to the laws and regulations of the corresponding region. Upon payments, companies must provide a wage slip that includes information that enables the breakdown of payments to be checked.

5) Humane treatment

Companies are required to establish, notify workers and operate a disciplinary policy and handling procedures, and an internal reporting system (grievance mechanism) for identifying the facts of inhumane treatment.

6) Elimination of discrimination/harassment

Behavior that may lead to discrimination is not allowed in wages, promotions, rewards, access to training, hiring, and employment practices, including discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, veteran status, protected genetic information, or marital status. Furthermore, health checks and pregnancy tests are also regarded as discrimination if they could harm equal opportunity or the fairness of treatment.

The grounds of discrimination are diverse.

- Race and color: Discrimination made on the basis of belonging to a specific ethnic group, which may affect ethnic minorities, indigenous peoples, or tribal populations.

- Sex: Discrimination on the basis of biological characteristics and functions that distinguish men and women and of social differences between men and women. It also includes discrimination on the basis of marital status, family structure, or motherhood.
- Religion: Discrimination on the basis of membership to a certain religion or expression of religious belief. It also includes discrimination against atheists.
- Political opinion: Discrimination on the basis of different opinions with respect to established political principles, membership to a particular political party, political or sociopolitical attitudes, civic commitment, or moral qualities.
- National extraction: Discrimination on the basis of a person's birthplace, ancestry or foreign origin. It may target national or linguistic minorities, nationals who have acquired their citizenship by naturalization, and the descendants of migrants from other countries, etc.
- Social origin: Discrimination on the basis of social class, occupational category, or caste. Social origin may affect one's career.

(Source (Translation from Japanese original): International Labour Standards and Sustainable Sourcing Handbook Towards the Realisation of Decent Work through the Tokyo 2020 Olympic and Paralympic Games, ILO 2019)

The principle of non-discrimination in respect of employment and occupation comprises the principle of equal remuneration for men and women who accomplish work of equal value. According to the Equal Remuneration Convention, 1951 (No. 100) of the ILO, the principle refers to all the elements of remunerations, such as salary or ordinary wage and other basic fees, directly or indirectly paid, in cash or in kind, by the employer to the worker arising out of the employment (Convention No. 100). Objectively determining the value of work requires the consideration of the elements such as work components, responsibilities, skills, efforts, working conditions, and major achievements.

(Source (Translation from Japanese original): International Labour Standards and Sustainable Sourcing Handbook Towards the Realisation of Decent Work through the Tokyo 2020 Olympic and Paralympic Games, ILO 2019)

Discrimination can also be based on factors such as age or disability, health (in particular HIV/AIDS), membership of a labor union, and sexual orientation.

In the United States, the following factors must also be considered.

- Veteran status: United States law defines the covered veteran status as a veteran of the Vietnam war, and defines employment measures, consideration, and protection. This is because veterans are thought to face discrimination based on inability to communicate with other workers due to being treated as a murderer, as well as disorders due to military service (such as post-traumatic stress disorder (PTSD)).

*Information on covered veteran status: <https://www.dol.gov/ofccp/regs/statutes/4212.htm>

- Protected genetic information: In the United States, GINA (Genetic Information Nondiscrimination Act of 2008) defines genetic information as the results of genetic diagnosis. Genetic information is given as a factor for discrimination due to the possibility of discrimination based on genetic information such as the latent risk of disease.

*Information regarding the Genetic Information Nondiscrimination Act of 2008:

<https://www.eeoc.gov/laws/types/genetic.cfm>

7) Freedom of association and respect for collective bargaining rights

Companies are also required to respect the right of workers to establish and join trade unions of their own choosing. Furthermore, workers and their representatives must be able to engage in collective bargaining to formally gain mutual understanding with management regarding concerns about working conditions and management practices, without fear of discrimination, retaliation, intimidation, or harassment.

II . Health and Safety

2) Emergency preparedness

Emergency plans refer to, for example, emergency reporting, communication to employees, clarifying evacuation procedures, installing evacuation equipment, ensuring easily identifiable exits without obstruction, providing appropriate exit facilities, storing medical supplies for emergency, installing fire detection systems, installing fire extinguishers, fire shutters, and sprinklers, securing external communication methods, and maintaining recovery plans.

Dissemination of emergency plans within the workplace is also required. This involves, for example, providing emergency training (including evacuation drill) to workers, and placing/ posting emergency procedures in the workplace in an easily accessible location.

4) Industrial hygiene

The possibilities of hazard must be eliminated or controlled according to the appropriate design and engineering and administrative control. When hazard cannot be adequately controlled through such methods, it is necessary for workers to be provided appropriate personal protective equipment that is well managed and maintained, and to use that equipment appropriately.

5) Physically demanding work

Physically demanding work includes long hours of work in an unnatural position, long hours of repetitive or continuous work such as data entry or assembly work that causes physical exertion, and heavy labor such as the manual handling of heavy raw materials or manual transport of heavy objects.

Appropriate management includes providing working circumstances based on human engineering, regular breaks, providing supportive tools, and the sharing and cooperating works among multiple workers. (It is also effective to maintain circumstances that enable people to move around properly and efficiently, and consider the reduction of accidents and mistakes.)

Ergonomics, or Human Factors is a field of research utilized in the actual design of objects and environments to ensure that humans can use them in as natural state as possible and with movements as naturally as possible. (This also includes the reduction of accidents and mistakes by maintaining circumstances that enable people to move around correctly and efficiently.)

6) Safety measures for machines

Appropriate safeguarding refers to management for preventing injuries and accidents that occur during work, safety mechanisms such as failsafe, foolproof, interlock, and tagout, and protective barriers in place, as well as regular inspection and maintenance of machinery.

7) Sanitation, food, and housing

Maintaining health and safety refers to maintaining the cleanliness and sanitation of facilities, and requires the following points to be considered.

- Drinking water: Water quality tests compliant with laws and regulations, and safe drinking water (provided by a water cooler, etc.)

- Sanitary food preparation: Clothing cleanliness and health checks for kitchen workers, pest control, temperature control of food storage, effective cafeteria business licenses, etc.
- Toilets: Clean toilet facilities of a sufficient number, providing toilet paper, etc.
- Dormitories: Fire response plan, emergency exit routes (egress), secured accommodations for storing personal items (providing lockable storage), adequate living space (3.3 m² or more per person), ventilation, temperature control, adequate lighting, etc.

III. Environment

1) Environmental permits and reporting

Examples in Japan include the obligation to assign a manager that has obtained the qualifications stipulated by the law, such as laws on waste disposal (a specially-controlled industrial waste manager), energy saving (an energy manager in plants that use a certain level of energy), and the control of air pollution (a pollution prevention manager at plants that emit chemical substances, dust, or smoke).

Furthermore, companies may be obligated to assign a manager responsible for poisonous/ deleterious substance management, designated chemical substance management, and hazardous substance management, depending on the chemical substances used in business.

It may also be necessary to receive permission for facilities that handle hazardous substances and environmental impact assessments, depending on the type of business conducted and the location of plants.

2) Pollution prevention and resource use reduction

Companies must identify and manage wastes not identified to be hazardous even when disposing, implement a systematic approach for responsible disposal or recycling, and work for reducing waste.

Companies must implement measures for disposing substances according to local laws and regulations, and minimizing the disposing substances, and ensure that natural resources are not wasted. Programs include changing the production equipment at the source, using alternative materials, and reusing and recycling resources. Companies should also settle voluntary targets for the help of complying with laws and regulations. Natural resources refer to water, fossil fuels, minerals, virgin forest, and the products of virgin forest, etc. The prevention of environmental pollution leads to the saving of natural resources and is closely related to the sustainability of the planet.

3) Hazardous substances

In Japan, companies must perform management based on the Chemical Substance Control Law, Poisonous and Deleterious Substances Control Law, Industrial Safety and Health Act, Fire Service Act, and PRTR (Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management). It is also necessary to consider chemical substance management in manufacturing processes.

4) Solid waste

In Japan, companies must perform management based on the Chemical Substance Control Law, Poisonous and Deleterious Substances Control Law, Industrial Safety and Health Act, Fire Service Act, and PRTR (Law Concerning Reporting, etc. of Releases to the Environment of Specific Chemical Substances and Promoting Improvements in Their Management). It is also necessary to consider chemical substance management in manufacturing processes.

6) Restriction of materials

Companies must also consider customer demands regarding the chemical substances contained in products.

• Companies must follow the laws and regulations of the countries where the products are sold.

• Companies must take responsibility for the components included in the end products, and upstream companies must provide the required information to downstream companies.

For example, when exporting to the EU, the relevant laws and regulations include the RoHS Directive and the REACH Regulation. It is also necessary to consider the substances that are added, contaminated, or adhere during the manufacturing process.

7) Water management

Water management requires monitoring water sources, use, and discharge, seeking opportunities to conserve water, and controlling channels of contamination. Controlling channels of contamination includes confirming that site water channels are free from contamination and are protected from contamination (such as confirming that there are no pools of standing water and grease/oil slicks near storm drains) and that the emergency response equipment is in place (shutoff valves and stopcocks must be installed to prevent outflow or leakage of clean water and sewage due to a plant accident or natural disaster, and street inlets/sewage inlets and storage reservoirs installed to contain leaks or overflows are deemed to be insufficient), etc.

8) Energy consumption and greenhouse gas emissions

Improving energy efficiency involves minimizing energy consumption and the related scope 1 and scope 2 greenhouse gases (GHG), and companies must track and document energy efficiency at each facility or business site.

9) Conservation of biodiversity

The conservation of biodiversity is intended to contribute to the conservation of the global environment by promoting measures for the conservation and sustainable uses of biodiversity in a comprehensive and systematic manner as specified in the Basic Act on Biodiversity, thereby realizing a “society in harmony with nature” that can conserve rich biodiversity and enjoy its blessings into the future.

IV. Ethics

- 1) **Business integrity**
Companies must uphold a policy of prohibiting any and all forms of bribery, excessive entertainment or gifts, corruption, blackmail, or embezzlement, and maintain continuous compliance.
Continuous compliance requires not only establishing policy, but also appropriately training employees and continuing to ensure that policy is implemented.
- 2) **Elimination of improper advantages**
Companies are prohibited from directly or indirectly providing or receiving something valuable, or promising or proposing to do so, in order to gain business or obtain inappropriate benefit. It is necessary to clarify policies and procedures and monitor in order to comply with laws regarding the preventing of corruption.
- 3) **Disclosure of information**
Companies are required to actively provide and disclose information to stakeholders. The information to provide and disclose to stakeholders includes the details of business activities, financial situation, ESG (environmental, social, and governance) information, risk information (such as damage due to large-scale disasters, adverse impacts on the environment and society, and the discovery of significant legal violations), and information regarding the supply chain. Disclosing information on critical risks in a timely manner, and communicating to customers are also one of the examples actively providing information. Companies are not allowed to tamper records, misrepresent information, or disclose false information
- 4) **Intellectual property**
The protection of intellectual property applies not only to a company, but also to third parties such as customers and suppliers.
- 5) **Fair business, advertising and competition**
Companies must comply with laws regarding fair business, including fair competition and subcontract law, and must not conduct illegal acts such as cartel agreements to restrict competition, unfair business practices, or misleading representation.
It is also necessary to avoid forces that pose a threat to the order and safety of civil society, and comply with laws, regulations, and all social standards. In the catalog presentations and advertising of products and services, companies must not express untruths or mislead consumers and customers, and must also make sure not to include information that slanders or infringes the rights of other companies or individuals.
- 6) **Protection of identity and prohibition of retaliation**
In a grievance mechanism available to related parties including employees of the company and its suppliers, the company must ensure the anonymity of the whistleblower such as the supplier or employee, and the confidentiality of what was reported, and whistleblowers must be protected from disadvantageous treatment by the company or an individual due to the act of whistleblowing.

V. Responsible Sourcing of Minerals

Due diligence regarding responsible minerals procurement refers to companies establishing policies, communicating expectations to suppliers (and incorporating them in contracts where possible), identifying and reviewing risks in the supply chain, and establishing and implementing strategies to handle the identified risks.

The following five steps are included in the internationally-recognized OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk

Areas document regarding due diligence for responsible mineral procurement.

Step1 : Establish strong company management systems

Step2 : Identify and assess risks in the supply chain

Step3 : Design and implement a strategy to respond to identified risks

Step4 : Carry out independent third-party audit of smelter/refiner's due diligence practices

Step5 : Report annually on supply chain due diligence

Related laws include Section 1502 of the Dodd-Frank Wall Street Reform & Consumer Protection Act in the United States and the Conflict Minerals Regulation of the European Union.

VI. BCP (Business Continuity Plan)

Business continuity risks include large-scale natural disasters (such as earthquakes, tsunamis, floods, heavy rainfall, heavy snowfall, and tornadoes) as subsequent power outages, water outages, and traffic obstructions, accidents (such as fires or explosions), the spread of infectious and contagious diseases, and terrorism or riots. Advance countermeasures required include local recovery strategies indicating how to protect, mitigate, and recover the various elements of production sites from estimated damage. It is also important to secure alternative methods of recovery from damage when it takes longer than expected.

Companies must provide continuous training to employees so that they can act in the event of an actual disaster, and establish a manual for quickly recovering business according to a business continuity plan (BCP).

VII. Information Security

Companies are required to prevent trouble caused by cyber attacks, such as the leak or modification of information and the stopping of information systems. Since attackers can expand their target of attack based on customer and client information they obtain, the scope of damage from cyber attacks is not limited to the company in question. The devices subject to cyber attacks are expanding from conventional computers and servers to industrial systems and devices part of the IoT (Internet of Things), and countermeasures must also be implemented for such devices. It is also important to establish a plan for quickest recovery from a remedy of cyber attack. Plans include data back up and redundancy of data server or data center.

Companies are required to comply with local laws and regulations to carefully handle the personal information of suppliers, customers, consumers, and employees. Personal information must only be collected, stored, processed, transmitted, and shared within the scope required to achieve the specified purpose it is used for.

Companies are required to establish an appropriate framework and management system for managing the confidential information collected by the company or received from third parties. This includes defining information management levels and employee training.

VIII. Quality Control

When companies design products, they must ensure adequate product safety and consider their responsibility as a manufacturer when providing products. They must also consider the safety that the product should ordinarily provide, in addition to legal compliance.

Example Japanese laws regarding product safety include the Electrical Appliance and Material Safety Act, Consumer Product Safety Act, and Household Goods Quality Labeling Act. Safety standards are defined in bylaws and JIS standards, etc. Overseas safety standards include UL, BSI, and CSA standards, etc.

Effective measures for ensuring product safety include management such as traceability (history of materials, components, and processes, etc.) and swift handling to solve problems.

Companies must comply with all laws and regulations that apply to the quality of products and services, and are also required to establish appropriate frameworks and management systems for complying with their own quality standards and customer requirements.

Companies are required to provide information to customers and consumers that is correct, accurate and does not lead to misunderstandings. They must not provide false information or information that has been falsified.

IX. Management System

2) Management accountability and responsibility

The following points must be considered when establishing a management system for achieving the various items in Section 1: Code of Conduct.

- Whether it complies with the laws, regulations, and customer requirements regarding business practices and products
- Whether it is according to the content of these guidelines
- Whether it identifies and reduces the risks regarding the content of these guidelines
- Whether continuous improvements can be expected based on the above

A management system is establishing a framework for continuous improvements through the Plan-Do-Check-Action (PDCA) cycle regarding policy compliance, implementation systems, corrective actions, and stakeholder engagement. This is not necessarily for the purpose of acquiring certification. Furthermore, a management system includes the following.

- Company commitment
- Management accountability and responsibilities
- Legal and customer requests
- Risk identification and risk management
- Improvement objectives
- Training
- Communication
- Worker feedback, participation, and grievance
- Audits and assessments of identified risks
- Corrective Action Process
- Documentation and recording

Examples of well-known management systems are indicated below.

- Health and safety management systems such as ILO Guidelines on occupational safety and health management systems, OHSAS18001, and ISO 45001
- Environmental management systems such as ISO 14001 and Eco-Action 21
- Quality management systems such as the ISO 9000 family, IATF16949, and ISO13485
- Information security such as ISO/IEC 27001
- Business continuity such as ISO22301

8) Worker feedback, participation, and complaints

In order to comply with Code of Conduct, it is important to establish a mechanism for processing grievances from stakeholders including workers and suppliers, and enable treating problems as a continuous process. In order to ensure that the grievance mechanism functions effectively, it is useful to conduct awareness surveys to see the level of understanding and to ask for participating continuous improvements by collecting suggestions, etc.

12) Supplier responsibility

In the Guiding Principles for Business and Human Rights of the United Nations and OECD guidelines, companies are required to take the same responsibility for CSR in their supply chain as they do at their own company. Therefore, it is necessary to

communicate the requirements in Section 1: Code of Conduct to suppliers, monitor the status of compliance, and promote improvements.

Supply chain management is covered in Chapter 2 of International Labour Standards and Sustainable Sourcing Handbook Towards the Realisation of Decent Work through the Tokyo 2020 Olympic and Paralympic Games by the ILO. This handbook provides specific examples of recommended practices, points of attention for each process, and supply chain management process, in order to promote the implementation of sustainable supply management according to international labor standards, particularly regarding aspects of labor and human rights.

- Supply chain management process (role of in-house expertise, etc.)
- Human rights/labor due diligence process for new suppliers, etc.

Preliminary research → on-site due diligence → agreement on action plan → contracting and monitoring

- Assessing human rights and labor risks

Risk indices/factors, examples of questions to suppliers

- Dialogue/communication with suppliers

Content and method of discussions in dialogue process, interviewees and interviewing techniques

- On-site occupational safety and health check
- Consultation with third parties regarding labor issues

Things to keep in mind for consultation with trade unions, employers' organizations, and NGOs, sources of information, etc.

(Source (Translation from Japanese original): International Labour Standards and Sustainable Sourcing Handbook Towards the Realisation of Decent Work through the Tokyo 2020 Olympic and Paralympic Games, ILO 2019)

<REFERENCES>

We used the following standards in preparing the Guidelines.

- ◆ United Nations Universal Declaration of Human Rights
<https://www.un.org/en/about-us/universal-declaration-of-human-rights>
- ◆ Sustainable Development Goals of the United Nations (SDGs)
<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- ◆ Guiding Principles for Business and Human Rights of the United Nations
https://www2.ohchr.org/english/bodies/hrcouncil/docs/17session/A.HRC.17.31_en.pdf
- ◆ United Nations Global Compact
<https://www.unglobalcompact.org/what-is-gc/mission/principles>
- ◆ International human rights standards of the ILO^{※1}
<https://www.ilo.org/global/standards/lang--en/index.htm>
- ◆ ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
<https://www.ilo.org/empent/areas/mne-declaration/lang--en/index.htm>
- ◆ Guidelines for Multinational Enterprises, OECD
<http://www.oecd.org/daf/inv/mne/48004323.pdf>
- ◆ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas
<http://www.oecd.org/corporate/mne/mining.htm>
- ◆ Responsible Minerals Initiative
<http://www.responsiblemineralsinitiative.org/>
- ◆ ISO 9000 (Quality management)
<https://www.iso.org/iso-9001-quality-management.html>
- ◆ ISO 14001 (Environmental management system)
<https://www.iso.org/iso-14001-environmental-management.html>
- ◆ ISO 22301 (Business Continuity Management System)
<https://www.iso.org/files/live/sites/isoorg/files/store/en/PUB100442.pdf>
- ◆ ISO/IEC 27001 (Information Security Management System)
<https://www.iso.org/isoiec-27001-information-security.html>
- ◆ ISO 45001 (Occupational Health and Safety Management System)
<https://www.iso.org/standard/63787.html>
- ◆ UK Modern Slavery Act 2015
<http://www.legislation.gov.uk/ukpga/2015/30/introduction/enacted>
- ◆ GRI (Global Reporting Initiative) Standards
<https://www.globalreporting.org/standards>

- ◆ RBA (Responsible Business Alliance) Code of Conduct

<https://www.responsiblebusiness.org/code-of-conduct/>

- ◆ JEITA Responsible Business conduct Guidelines

<https://www.jeita.or.jp/cgi-bin/public/detail.cgi?id=788&cateid=1>

※¹ International Labor Organization

<DOCUMENT HISTORY>

December 2008, Version 1.0

August 2013, Version 2.0

July 2014, Version 3.0

January 2015, Version 3.1

August 2017, Version 3.2

January 2018, Version 4.0

July 2022, Version 5.0