



**DIC Group**

# **Sustainable Procurement Guidebook**

Version 3 in English

**February 2020**

**DIC Corporation**

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## Introduction

Dear suppliers,

The DIC Group manages its operations with a keen focus on sustainability. Our approach to purchasing is underpinned by a clear recognition that realizing sustainable procurement across our entire supply chain is a key social imperative. By seeking suppliers' understanding of our commitment to sustainability, we are striving to accomplish this goal.

In line with this commitment, in fiscal year 2008 we established the DIC Group Universal Purchasing Policy, based on which in fiscal year 2010 we formulated the DIC Group CSR Procurement Guidelines and the DIC Group Green Procurement Guidelines. That same year, we published the *DIC Group Supply-chain CSR Deployment Guidebook* to help suppliers understand the DIC Group CSR Procurement Guidelines.

This year, we are happy to bring you version 3 of this guidebook, which has been revised and renamed the *DIC Group Sustainable Procurement Guidebook*. The guidebook provides an itemized description of the sustainability initiatives the Group expects suppliers to implement and includes a questionnaire-form self-evaluation sheet that enables suppliers to ascertain the status of their efforts to promote sustainability.

We kindly ask all suppliers to ensure they fully understand the DIC Group Sustainable Procurement Guidelines (as the DIC Group CSR Procurement Guidelines are now called) and the DIC Group Green Procurement Guidelines. We also ask that you please complete and submit to us the attached DIC Group Sustainable Procurement Self-Evaluation Sheet and DIC Group Green Procurement Survey List.

Please be advised that we may contact you at a later date to clarify responses submitted and/or offer suggestions for possible improvements that will further bolster the sustainability of our procurement practices.

Thank you for your cooperation.

February 2020  
DIC Corporation

## **【DIC Group Universal Purchasing Policy】**

### **1. Fair and transparent business practices**

The DIC Group will implement fair and open purchasing activities with suppliers based on global perspectives, without the constraints of conventional commercial customs.

### **2. An appropriate purchasing process and building of relationships of mutual trust**

The DIC Group, as a good partner for suppliers, will build long-lasting, mutually trusted relationships with suppliers and work together with them for mutual harmony and benefit, while complying with relevant regulations/social norms, domestic and overseas, and pursuing adequate quality and prices.

### **3. Satisfy environmental/safety needs**

The DIC Group will take responsibility as an exemplary corporate citizen for environmental affairs, occupational safety, human health and product quality, always take into account changes in society and implement environment-friendly purchasing activities.

### **4. Challenge the creation of a new value**

In order to respond at a high level to a new value sought by society, the DIC Group will proactively challenge the creation of such value together with suppliers, with whom the same goal can be shared, and strive to grow together with them in a sustainable manner.

## **【DIC Group Sustainable Procurement Guidelines】**

In order to fulfill social responsibility across its entire supply chain and contribute to the sustainable development of society/environment, the DIC Group sets out those matters related to procurement activities, into which business partners are kindly requested to put efforts proactively in accordance with the DIC Group Universal Purchasing Policy, in the DIC Group Sustainable Procurement Guidelines.

We shall set it down as a principle to be taken by the DIC Group to procure from and transact business with those partners who satisfy these guidelines.

### **I. Compliance with Laws/Social Norms and Promotion of Sound Business Management**

- The business partners shall comply with laws and social norms applicable to business activities regarding business transaction, labor, intellectual properties, environment, safety, etc. and make fair deals based on business ethics.
- The business partners shall not only comply with laws applicable to each country/region in which business activities are conducted but also respect the local culture and practices.
- In order to carry out continued transactions and build a stable and mutually relied upon relationship, the business partners shall work on promoting sound and transparent business management and implementing appropriate information disclosure/sharing.

### **II. Human Rights and Work Environment**

- The business partners shall give consideration to the equal opportunity of employees and their human rights: Thus, the business partners shall eliminate discrimination.
- The business partners shall prohibit inhumane labor practices, such as forced labor, child labor, low-wage labor, etc.
- The business partners shall prevent sexual harassment, violence in the workplace and excessive punishment from occurring.
- The business partners shall respect employees' rights by providing appropriate wages, implementing appropriate management practices for fair working hours, etc.
- The business partners shall respect workers' freedom of association and right to organize and engage in collective bargaining.

### **III. Safety and Health**

- By establishing clean and safe working conditions and conducting healthcare management activities for workers, the business partners shall strive to prevent occupational injuries from occurring.

### **IV. Consideration for the Environment**

- The business partners shall reduce/minimize environmental impacts by preventing pollution of the atmosphere, water, soil and underground water, disposing of waste in an appropriate manner, saving natural resources, reducing the emissions of greenhouse gases, etc.
- The business partners shall proactively promote business activities and product development which consider protection of global environment and biodiversity conservation.
- As for the products to be delivered to the DIC Group, the business partners shall provide those that meet the DIC Group Green Procurement Guidelines, which are separately set out by the DIC Group.

### **V. Information Security**

- The business partners shall protect the personal information of customers, third parties and our employees by keeping it confidential.
- The business partners shall appropriately keep confidential information under its control and make efforts to prevent the information from leaking.
- By providing protective measures against attacks from outside on its computer networks, the business partners shall implement its management practices to prevent not only the company, but also other companies from becoming damaged.

### **VI. Appropriate Quality and Safety and Improvement of Technology**

- By satisfying the quality requirements of the DIC Group, the business partners shall strive to

provide safe products and improve quality.

**VII. Stable Supplies and Flexible Responses to Changes**

- The business partners shall meet the predetermined deadline and make efforts to maintain stable supply.
- The business partners shall lay down a business continuity plan (BCP) to cope with unforeseeable circumstances, such as natural disasters and/or accidents.

**VIII. Promotion of Sustainability and Sustainable Procurement Initiatives**

- The business partners shall actively promote sustainability of its own company.
- The business partners shall encourage their suppliers to promote sustainable procurement to ensure sustainability across their entire supply chains.

## 【DIC Group Green Procurement Guidelines】

In order to thoroughly control chemicals contained in raw materials defined in the scope section below (hereinafter, "Raw Materials"), meet relevant regulations and reduce environmental impact across our entire product range, the DIC Group herein lays down DIC Group Green Procurement Guidelines. When procuring Raw Materials, the DIC Group shall request manufacturers to satisfy the Guidelines and procure only from those manufacturers who meet the Guidelines.

As used herein, the term “manufacturers” refers to domestic manufacturing companies, domestic corporations owned by overseas manufacturing companies, import agents etc.

### **1.Scope**

The Guidelines are applied to the following Raw Materials:

- (1) Raw Materials used by the DIC group companies
- (2) Raw Materials used for the products, the manufacturing of which the DIC Group company consigns to a third party and which are sold under the trademark of the said DIC Group company (including Raw Materials which are sold as they are under the trademark of the DIC Group).

### **2. Selection criteria applied to Raw Materials to be purchased**

When purchasing Raw Materials, it is mandatory to submit a DIC Raw Material Survey (in DIC format), an SDS (which meets the domestic regulations) and a chemSHERPA-CI (or a chemSHERPA-AI for the case of articles), and also substances shall not be contained in excess of each limited content if the content is limited by the domestic regulations.

### **3. Selection criteria applied to manufacturers**

It is essential for the manufacturer not to use any one of the chemicals listed in Paragraph 2 above at their factory or production process producing the Raw Materials herein referred to or at any other manufacturing floor within the said factory, or to control the content so that it does not exceed the content limited by regulations if the chemicals are used, and the manufacturer shall meet one of the following three items:

- (1) An entity who has obtained ISO14001 Certificate. However, when any change occurs such as cancellation of the certificate, please notify us immediately.
- (2) An entity where an Environmental Management System (EMS) is already in place and the obtainment of ISO14001 Certificate is underway. When a certificate has been obtained, please notify us immediately.
- (3) An entity into whose corporate philosophy/policy the concept of environmental preservation is introduced, whose willingness to comply with the related regulations on environmental preservation is clearly described and into whose operation an implementation system of environmental preservation is introduced. In the case of such entity, we shall confirm the actual status periodically (once a year as a rule).

### **4. Our requests to manufacturers**

- (1) Develop such products that can generate less environmental impact and introduce them to the general public.
- (2) Promote the green procurement on your part.
- (3) Regarding the goods you procure, the packaging materials used for them and their distribution, production and/or construction, etc., make efforts to promote the measures of resource-saving and energy-saving, reduce their volume/weight, extend their life span, and reduce CO<sub>2</sub>, etc. with the aim of reducing their environmental impact.

## 【Requests to our business partners】

### 1. Items to be submitted

Regarding those products that your company supplies to the DIC Group, kindly position your company according to the grouping provided below and submit to us the Sustainable Procurement Self-Evaluation Sheet and DIC Group Green Procurement Guidelines Survey List, as marked with a “○” mark.

Business group	Sustainable Procurement Self-Evaluation Sheet	DIC Group Green Procurement Guidelines Survey list
Manufacturer	○	○
Trading company (Commercial activity only)	○*	—
Trading company (the company or group company has its own domestic or overseas manufacturing plant and delivers products to the DIC Group from the plant)	○	○

○ : Please submit it

— : Submission is not required

○\* : If your company is a trading company (commercial activity only), you don't have to respond to Question IV-3 and VI-1 in the Sustainable procurement Self- Evaluation Sheet (Excel file) but please respond to other items as they are necessary.

### 2. Guidance on completion of the Sustainable Procurement Self-Evaluation Sheet (Excel file)

The Sustainable Procurement Self-Evaluation Sheet attached to this guidebook provides questions and explanations in order to assist your company to appropriately self-check each item and grasp the current status of your on-going efforts, with the ten major items in the DIC Group Sustainable Procurement Guidelines being further segmented into specific sub-items (total 45 sub-items).

When you respond, conduct self-evaluation for each question by referring to the explanations for each item in the DIC Group Sustainable Procurement Self-Evaluation Sheet. Select one of Answers (1) - (5), which is the closest to your self-evaluation by clicking the Select button in Answer field of the Self-Evaluation Sheet (Excel File).

If "violation, etc." is stated in each question, it includes not only violations against laws and regulations but also any deviation from socially required norms. Please carefully pay attentions to this point before evaluation.

Please submit this Excel file without converting it into image file (PDF, etc.).

### 3. DIC Group Green Procurement Guidelines Survey List (Excel file)

Please enter your company's green procurement efforts status. Please submit this Excel file without converting it into image file (PDF, etc.).



# DIC Group Sustainable Procurement Self-Evaluation Sheet

## I. Compliance with Laws/Social Norms and Promotion of Sound Business Management

### I-1. Compliance with pertinent laws and regulations

[Question]

Are you implementing appropriate management practices in the course of your business activities to prevent violations of pertinent laws and regulations?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections by other departments are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred. / Legal or regulatory violations have occurred.

[Explanation]

Business operators must understand relevant regulations that impose obligations regarding, among others, notifying government agencies, obtaining permits and licenses, and fulfilling reporting and other obligations; obtain/file for permits, certificates and licenses as mandated by laws and regulations; and comply with various requirements, including quality criteria, labeling methods, the delivery of written documentation, regular reporting and the preparation of transaction records.

### I-2. Respect for intellectual property rights

[Question]

Are you implementing appropriate management practices to prevent the unauthorized use of intellectual property rights (IPR), illegal duplication of copyrighted work and use of illegal means to acquire the trade secrets of third parties?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections by other departments are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported

- (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

IPR includes, among others, patent rights, utility model rights, design rights, trademark rights, copyrights and trade secrets. When developing, selling or providing a product or service, sufficient prior research must be conducted regarding the intellectual property of third parties. The unauthorized use of a third party's IPR, illegal duplication of computer software and other copyrighted work, and the illegal acquisition and use of a third party's trade secrets constitute infringements of IPR.

### **I-3. Prohibition of acts that impede fair competition**

[Question]

Are you implementing appropriate management practices to prevent acts that stifle competition, such as the formation of cartels and bid rigging, and acts of unfair competition?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections by other departments are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Acts that stifle competition include the formation of cartels among companies in the same industry for the purpose of fixing, among others, prices, production volumes and sales areas; bid rigging, i.e., collusion among competing parties to predetermine winning bidders and tender prices.

Acts of unfair competition include acquiring/using the trade secrets of third parties using illegal means and the display of false or misleading statements regarding other companies' products.

### **I-4. Prohibition of the abuse of a superior bargaining position**

[Question]

Are you implementing appropriate management practices to prevent the abuse of a superior bargaining position (ASBP)?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections by other departments

are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.

- (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported
- (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

ASBP occurs when a party in a superior bargaining position makes use of that position to, for example, unilaterally decide or modify the conditions of a transaction in a manner that is disadvantageous to the other transacting party, or to make demands or impose obligations that are unduly disadvantageous to the other transacting party. Purchasing transactions shall be undertaken in good faith, and in a fair and equitable manner, on the basis of contracts, etc., and shall not involve ASBP. In countries with legislation governing ASBP, such laws shall be observed.

### **I-5. Prohibition of corruption and bribery**

[Question]

Are you implementing appropriate management practices to prevent acts such as the offering of bribes to public officials and the making of illegal political contributions?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections by other departments are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Bribery is the act of offering money, entertainment, gifts or other benefits or conveniences to public officials (public servants and equivalent individuals) with the aim of receiving a business advantage—the approval of the acquisition/maintenance of a permit/license or access to nonpublic information—in return.

A political contribution is considered illegal if it is made with the intention of receiving a business advantage—such as the approval of the acquisition/maintenance of a permit/license or access to nonpublic information—in return or without following proper legal procedures.

### **I-6. Prohibition of the offering or acceptance of inappropriate benefits and advantages**

[Question]

Are you implementing appropriate management practices to prevent the offering or acceptance of inappropriate advantages in the context of relationships with customers, suppliers and other stakeholders?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the

department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.

- (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
- (3) Self-inspections by the department in charge, as well as inspections by other departments are, as well as inspections by other departments, are conducted and have confirmed the absence of issues.
- (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported
- (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Acts that constitute the offering or acceptance of inappropriate benefits include:

- Acts regarded as bribes, including the offering to or acceptance from customers of gifts, awards or monetary prizes, etc., that exceed limits stipulated by laws and regulations or of entertainment or gifts (money/valuables) that exceed social norms.
- The offering of inappropriate benefits to antisocial forces (including criminal and terrorist organizations) that have a negative impact on the social order and sound activities.
- The provision of benefits to specific shareholders.
- Insider trading, which involves the sale or purchase of shares in a listed company based on critical nonpublic information regarding the company's operations.

#### **I-7. Prevention and swift detection of improper acts**

[Question]

Have you formulated measures regarding the establishment of a hotline for reporting improper acts and do you guard the confidentiality of and protect whistle-blowers?

- [Answer]
- (5) Measures regarding the establishment of a hotline and the protection of whistle-blowers are clearly stated and have been communicated to employees. We have created an environment that is conducive to the effective operation of this hotline and these measures and respond aggressively to improper acts, including by mandating corrective measures.
  - (4) Measures regarding the establishment of a hotline and the protection of whistle-blowers are clearly stated and have been communicated to employees. We respond aggressively to improper acts, including by mandating corrective measures.
  - (3) Measures regarding the establishment of a hotline and the protection of whistle-blowers are clearly stated and we respond aggressively to improper acts as necessary.
  - (2) Measures regarding the establishment of a hotline and the protection of whistle-blowers are not clearly stated, but we respond to improper acts as necessary.
  - (1) No specific measures have been formulated.

[Explanation]

Initiatives to help prevent improper acts include providing training for employees, promoting awareness and creating a positive workplace atmosphere.

Measures to facilitate the swift detection of and response to improper acts:

- Establishing internal and external hotlines for reporting improper acts to ensure management is able to detect improper acts promptly.
- Take steps to guard the confidentiality of whistle-blowers and ensure they are protected appropriately.
- Respond quickly to improper acts and communicate the results of countermeasures to the whistle-blower.

### **I-8. Internal audits**

[Question]

Do you have an organizational unit in place to implement internal audits or equivalent procedures for internal controls, and is it conducting audits?

- [Answer] (5) An organizational unit is in place to implement internal audits or equivalent procedures for internal controls. This entity conducts audits and reporting to management and audit results are reflected effectively in business activities.
- (4) An organizational unit is in place to implement internal audits or equivalent procedures for internal controls. This entity conducts audits and reporting to management.
- (3) The department in charge conducts self-inspections and reporting to management.
- (2) The department in charge conducts self-inspections, but there is no framework for confirming results.
- (1) No self-inspection function exists.

[Explanation]

Internal controls aim to achieve four key objectives:

- Ensure the effectiveness and efficiency of operations,
- Guarantee the reliability of financial reporting,
- Secure compliance, and
- Safeguard assets.

Having an organizational unit or an individual in charge of monitoring internal controls from an independent perspective is an effective way to verify that such controls have been developed and are functioning appropriately. It is important that the results of internal audits are recorded in the form of an audit report, reported to management and reflected effectively in business activities.

### **I-9. Information disclosure**

[Question]

Are you disclosing information on financial condition, operating results and business activities, among others?

- [Answer] (5) In addition to information mandated by laws and regulations, other information sought by the public, including on IPR and whistle-blowing incidents, is actively disclosed.
- (4) In addition to information mandated by laws and regulations, other necessary information is disclosed.
- (3) Information mandated by laws and regulations is disclosed.
- (2) Information is disclosed as necessary.
- (1) Almost no information is disclosed.

[Explanation]

In addition to ensuring appropriate profitability and promoting stable management, it is important to increase corporate transparency by actively disclosing information (on financial condition, operating results, business activities, whistle-blowing incidents, etc.) while at the same time promoting dialogue with customers, shareholders, investors, employees, business partners, local communities, government and the media.

## **II. Human Rights and Work Environments**

### **II-1. Management's commitment**

[Question]

Has management expressed its commitment by formulating a human rights policy and, if so, is management working to ensure awareness of the policy?

- [Answer] (5) A human rights policy has been formulated and management is working to ensure awareness of the policy and information (including on the prohibition of discrimination and human rights) is disclosed periodically.
- (4) A human rights policy has been formulated and management has begun expressing its commitment and working to ensure awareness of the policy.
- (3) We have no human rights policy, but management has expressed its commitment in the code of conduct/employee regulations.
- (2) Management is considering or planning to consider expressing its commitment in the code of conduct/employee regulations.
- (1) Management has not expressed its commitment in the code of conduct/employee regulations.

[Explanation]

A company's human rights policy outlines its recognition, as a member of society, of the importance of respect for human rights and management's commitment to respecting the basic human rights of all stakeholders, including its customers, suppliers and employees, working to increase the human rights awareness of its employees, and conducting its business activities in a manner that shows respect for human rights. Global human rights codes include the United Nations' Guiding Principles on Business and Human Rights and the Ten Principles of the United Nations Global Compact (UNGC).

## **II-2. Identification and evaluation of the impact of human rights risk**

[Question]

Do you identify and evaluate the impact of human rights risk in businesses and across the supply chain?

- [Answer] (5) Human rights risk in businesses and across the supply chain is identified and the impact thereof is evaluated for all group companies.
- (4) Human rights risk in businesses and across the supply chain are identified and the impact thereof is evaluated for some group companies (the parent company).
- (3) We have begun identifying and evaluating the impact of human rights risk for some companies (the parent company).
- (2) We are giving consideration/planning to identify and evaluate the impact of human rights risk in the future.
- (1) We do not identify human rights risk or evaluate the impact.

[Explanation]

To fulfill their responsibility to respect human rights, companies must identify and evaluate the negative impact of human rights risk across supply chains, even if they themselves are not directly involved.

## **II-3. Implementation of corrective/remedial actions and promotion of countermeasures when issues are discovered**

[Question]

In the event that issues are discovered as a result of the assessment of human rights risk at group companies, do you promote countermeasures, gauging their effectiveness and implement corrective/remedial actions?

- [Answer] (5) In the event that human rights issues are discovered at group companies, countermeasures are implemented, their effectiveness is gauged and corrective/remedial actions are promoted.
- (4) In the event that human rights issues are discovered at some group companies (the parent company), countermeasures are implemented, their effectiveness is gauged and corrective/remedial actions are promoted.
- (3) We have begun gauging the effectiveness of countermeasures for some companies (the parent company).

- (2) We are giving consideration/planning to gauge the effectiveness of efforts to address human rights issues and promote corrective/remedial actions in the future.
- (1) No countermeasures are being implemented to rectify human rights issues.

[Explanation]

Companies must take appropriate measures to correct/rectify any issues or negative impacts on human rights, even if they themselves are not directly involved.

#### **II-4. Prohibition of discrimination**

[Question]

Are you implementing appropriate management practices to ensure that discriminatory acts based on race, ethnicity, national origin, religion or gender, etc., do not occur during recruitment or employment?

- [Answer]
- (5) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted periodically by departments other than the one in charge and have confirmed the absence of issues.
  - (4) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted by departments other than the one in charge and have confirmed the absence of issues.
  - (3) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions.
  - (2) Our company is giving consideration/planning to make a commitment and to identify and evaluate impact.
  - (1) No efforts are being made.

[Explanation]

Discrimination is the act of making an unfavorable distinction in treatment, including in recruitment, promotion, remuneration and training, based on factors other than such rational considerations as individual ability, aptitude and performance. Typical discriminatory factors include race, ethnicity, national origin, skin color, age, gender, physical ability, religion, political views, union membership and marital status. Health examinations and pregnancy tests are also considered discriminatory if they undermine equal opportunity or the fairness of treatment.

#### **II-5. Prohibition of forced labor and child labor**

[Question]

Are you implementing appropriate management practices to prevent the employment of children under the minimum working age as stipulated by international codes and pertinent laws and regulations, and to ensure without failure that young workers are protected against work at night and in dangerous conditions? In addition, are you also implementing appropriate management practices to prevent forced labor and acts that impede the freedom of employees to leave at any time?

- [Answer]
- (5) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted periodically by departments other than the one in charge and have confirmed the absence of issues.
  - (4) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted by departments other than the one in charge and have confirmed the absence of issues.
  - (3) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions.
  - (2) Our company is giving consideration/planning to make a commitment and to identify and evaluate impact.
  - (1) No efforts are being made.

[Explanation]

Child labor is generally considered to be the employment of individuals under the minimum age for work

stipulated in the conventions and recommendations of the International Labour Organization (ILO) and the failure to protect young workers.

Forced labor encompasses all forms of compulsory labor, including labor that is against the individual's will; labor in which the individual's freedom to leave is limited due to a debt or other factor; slavery resulting from human trafficking; and inhumane prison labor under harsh conditions. Employment that revokes an individual's right to leave at any time or obliges the deposit of identification cards, passports, work permits, etc., with the employer, are also regarded as forced labor.

## **II-6. Payment of appropriate wages**

[Question]

Are you implementing appropriate management practices to ensure that wages paid are in compliance with legal minimum wages and to prevent unjust wage reductions?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections and internal audits are conducted periodically and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections and internal audits are conducted and have confirmed the absence of issues.
  - (3) Inspections and internal audits are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

A minimum wage is the minimum amount of remuneration for wage earners stipulated in a country's/territory's wage law. Appropriate wages also include compensation for overtime work and legally mandated allowances.

Unjust wage reductions are wage reductions that violate labor laws.

## **II-7. Regulation of working hours**

[Question]

Are you implementing appropriate management practices to prevent employees from being ordered to work beyond the legal ceiling on working hours and to ensure days off and vacation time cannot be unduly restricted?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections and internal audits are conducted periodically and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections and internal audits are conducted and have confirmed the absence of issues.
  - (3) Inspections and internal audits are conducted and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Appropriate management practices for the regulation of working hours include:

- ensuring that scheduled working hours do not exceed the legal ceiling,
- ensuring working hours per week including overtime (except in the case of emergency) do not exceed



- the legal ceiling,
- giving employees at least one day off per week, and
- giving employees the right to take vacation time as stipulated by law.

## **II-8. Respect for the basic rights of employees**

[Question]

Are you implementing appropriate management practices to ensure that employees' rights to freedom of association, freedom to organize and collective bargaining are respected and to prevent inappropriate efforts to interfere and undue refusals to engage in labor-management talks?

- [Answer]
- (5) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted periodically by departments other than the one in charge and have confirmed the absence of issues.
  - (4) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions. Inspections are conducted by departments other than the one in charge and have confirmed the absence of issues.
  - (3) Our company has made a commitment, identifies and evaluates impact, and works to implement corrective/remedial actions.
  - (2) Our company is giving consideration/planning to make a commitment and to identify and evaluate impact.
  - (1) No efforts are being made.

[Explanation]

Respecting the basic rights of employees includes respecting the traditions and customs of individuals and countries/territories of operation and guaranteeing freedom of association and freedom to join labor unions in accordance with laws and regulations, stage protests and have opportunities to participate in dialogue between labor and management.

## **II-9. Response to the need for responsible minerals procurement**

[Question]

Are you aware of increasing demands for responsible minerals procurement across the supply chain and are you taking steps in your business activities to address this need?

- [Answer]
- (5) Our response has been clarified and announced externally and a scheme is in place for tracing necessary minerals across the supply chain.
  - (4) Our response has been clarified and a scheme is in place for tracing necessary minerals across the supply chain.
  - (3) Our company is giving consideration/planning to make a commitment and to identify and evaluate impact.
  - (2) We are giving consideration/planning to establish a response and a scheme.
  - (1) We have no specific response.

[Explanation]

The procurement of certain minerals, including tin, tantalum, tungsten, gold, cobalt and natural mica, from conflict zones and other high-risk areas carries with it the risk of illegal and unethical activities, including human rights abuses such as child labor, harsh working conditions, environmental destruction and corruption and through this becoming a source of funds for armed groups. This has become a major issue for companies worldwide. It is thus crucial for companies to ensure the traceability of minerals they procure across the supply chain.

## **III. Safety and Health**

### **III-1. Creation of a safe workplace**

[Question]

Are you implementing appropriate management practices to evaluate the risk of occupational accidents and health problems in the workplace (safety risk) and that necessary countermeasures can be implemented without fail?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, record checks and on-site inquiries are conducted periodically and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, record checks and on-site inquiries are conducted and have confirmed the absence of issues.
  - (3) Record checks and on-site inquiries are conducted and have confirmed the absence of issues.
  - (2) Record checks and on-site inquiries are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether safety risk has been evaluated or countermeasures have been implemented./Legal or regulatory violations have occurred.

[Explanation]

Risks to safety in the workplace include accidents involving electricity and other energy sources, fire, vehicles, floors that are slippery or easy to trip on, and falling objects. Appropriate design, technical and management measures to counter such risks include using sensors to monitor dangerous places, using locks to isolate machinery/device power sources (lockout), tagging to prohibit operation of machinery/devices while power sources are isolated (tagout) and providing workers with proper protective equipment, including goggles, hard hats and gloves.

### **III-2. Occupational health**

[Question]

Do you evaluate the risks of hazardous organisms and chemical substances, noise and foul odors, etc., which are harmful to human health, and are you implementing appropriate countermeasures?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, record checks and on-site inquiries are conducted periodically and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, record checks and on-site inquiries are conducted and have confirmed the absence of issues.
  - (3) Record checks and on-site inquiries are conducted and have confirmed the absence of issues.
  - (2) Record checks and on-site inquiries are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether safety risk has been evaluated or countermeasures have been implemented./Legal or regulatory violations have occurred.

[Explanation]

Chemical substances that are harmful to human health include smoke, vapor, mist, dust, poisons, radiation and substances that are known to cause chronic diseases, including lead and asbestos. Extreme noise and foul odors are also regarded as harmful to human health. Appropriate countermeasures include identifying and assessing situations in which workers come into contact with harmful substances, etc., formulating and using management standards, offering proper employee training and providing workers with protective equipment.

### **III-3. Consideration for physically demanding tasks**

[Question]

Are you implementing appropriate management practices to identify physically demanding tasks to prevent accidents and illnesses?

- [Answer]
- (5) Such tasks are identified based on the latest laws and regulations and on social norms. In addition, internal checks are conducted periodically and have confirmed the absence of issues.
  - (4) Such tasks are identified based on the latest laws and regulations and on social norms. In addition, inquiries are conducted and have confirmed the absence of issues.
  - (3) Such tasks are identified on an empirical basis. In addition, inquiries are conducted and have confirmed the absence of issues.
  - (2) Such tasks are not identified and internal inquiries are not conducted, but to the degree we can ascertain the absence of issues has been confirmed.
  - (1) No management practices are being implemented.

[Explanation]

Physically demanding tasks include manually carrying heavy items, as well as repetitive or continuous tasks performed over long hours such as assembly and data entry. Appropriate management practices include ensuring workers take regular breaks, providing assistive equipment and promoting the division of such tasks/cooperation among multiple workers.

#### **III-4. Occupational accidents and illnesses**

[Question]

Do you have a grasp of the status of occupational accidents and illnesses (health problems) and are you promoting appropriate countermeasures and procedures?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections are conducted periodically to ensure an accurate grasp and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, inspections are conducted to ensure an accurate grasp and have confirmed the absence of issues.
  - (3) Inspections are conducted to ensure an accurate grasp and have confirmed the absence of issues.
  - (2) Inspections are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether safety risk has been evaluated or countermeasures have been implemented./Legal or regulatory violations have occurred.

[Explanation]

Appropriate countermeasures include encouraging reporting by employees and creating systems and programs that facilitate the classification/recording of accidents and illnesses, provision of needed medical treatment, investigation into accidents and illnesses, implementation of corrective actions to eliminate causes, and promotion of support for affected employees returning to the workplace (including membership in a workers' compensation program). The completion of official procedures mandated by laws and regulations is also regarded as an appropriate countermeasure.

#### **III-5. Management of employee health**

[Question]

Are you promoting appropriate employee health management, including through the provision of physicals?

- [Answer]
- (5) Efforts are taken to prevent health issues. Physicals of a level that is equal to or more comprehensive than that mandated by law are provided periodically and necessary steps are taken.
  - (4) Efforts are taken to prevent health issues. Physicals of a level that is equal to that

- mandated by law are provided periodically and necessary steps are taken.
- (3) Physicals of a level that is equal to or more comprehensive than that mandated by law are provided periodically and necessary steps are taken.
  - (2) Physicals are provided and necessary steps are taken.
  - (1) Physicals are provided, but we are unable to ascertain whether necessary steps are taken./Employee health management is not provided.

[Explanation]

Appropriate employee health management includes the provision of physicals of a level that is equal to or more comprehensive than that mandated by law with the aim of preventing/swiftly detecting health issues. Sufficient attention must also be paid to preventing damage to health caused by overwork and caring for mental health. Industrial physicians should be appointed, medical facilities installed and preventative measures implemented as required by law.

## **IV. Consideration for the Environment**

### **IV-1. Establishment and operation of an environmental management system**

[Question]

Have you established and are you operating an environmental management system?

- [Answer]
- (5) Third-party certification, including under ISO 14001, has been earned continuously over the past five or more years.
  - (4) Third-party certification, including under ISO 14001, has been earned continuously over the past two or more years.
  - (3) We have established and are operating an ISO 14001-compliant environmental management system.
  - (2) We are giving consideration/planning to introduce an ISO 14001-compliant environmental management system.
  - (1) We have not established and are not operating an ISO 14001-compliant environmental management system.

[Explanation]

An environmental management system is an overall framework for the promotion of environmental initiatives and includes an organization, planned initiatives, the sharing of responsibilities, practice, procedures, processes and management resources. Environmental initiatives encompass the development of environmental policies and the implementation, achievement, review and maintenance of measures guided by those policies, as well as the application of the plan-do-check-act (PDCA) cycle to promote continuous improvement. Well-known standards for environmental management systems include ISO 14001, under which companies can earn third-party certification.

### **IV-2. Management of chemical substances in products**

[Question]

Are you implementing appropriate management practices for chemical substances the use of which in products is restricted by laws and regulations to ensure content is in line with or below mandated levels and labelling and testing the levels of such chemical substances in products as required by laws and regulation?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, investigations are conducted periodically to ensure awareness of current status and facilitate responses to changes in codes and social norms without delay and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, investigations are conducted to ensure awareness of current status and facilitate responses to changes in codes and social

- norms without delay and have confirmed the absence of issues.
- (3) Investigations are conducted to ensure awareness of current status and facilitate responses to changes in codes and social norms without delay and have confirmed the absence of issues.
  - (2) Investigations are not conducted, but to degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

The management of chemical substances in products includes ensuring the content of chemical substances the use of which in products is restricted by laws and regulations is in line with or below mandated levels, fulfilling labelling obligations and conducting required tests and evaluations.

#### **IV-3. Management of chemical substances in production**

(Trading companies engaged in commercial activity only are not required to respond to this question.)

[Question]

Are you implementing appropriate management practices for and reporting to the authorities as necessary on chemical substances the use of which in production and discharge of which into the environment are restricted by laws and regulations?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically (at least once/year) and have confirmed the absence of issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (3) Self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
  - (2) Inspections, etc., are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

The management of chemical substances in production includes ensuring the content of chemical substances the use of which in production is restricted by laws and regulations is in line with or below mandated levels, ascertaining the amount of such chemicals discharged into the environment, reporting to public officials and taking steps to reduce the discharge of such substances.

#### **IV-4. Sustainable and efficient use of resources (minerals, land and water) and energy**

[Question]

Are you setting voluntary targets for reducing resource and energy use and for the “3Rs” and promoting ongoing efforts to ensure the effective use of resources and energy?

Note: If your answer is 5 or 4, please use the space provided at the end of the answer sheet to give a specific example of a successful result.

Example: Our company succeeded in reducing its consumption of fossil fuels by introducing renewable energy.  
Renewable energy accounts for 12% of the total energy (heat and electric power) used by the DIC Group in Japan. Use of renewable energy in fiscal year 2018 was up 18% from fiscal year 2017.

- [Answer] (5) We have set voluntary reduction targets based on medium- to long-term plans and perspectives and are achieving steady results.
- (4) We have set voluntary reduction targets based on single-year plans and perspectives and are achieving steady results.
- (3) We have set voluntary reduction targets, are promoting initiatives and have ascertained our current status.
- (2) We have not set targets, but we are promoting initiatives and have ascertained our current status.
- (1) We are not promoting any specific initiatives and have not ascertained our current status.

[Explanation]

Reducing the use of resources (minerals, land and water) means working to ensure their effective use. Ways to achieve this include reducing materials used in products and waste generated and making use of recycled resources and parts.

Reducing the use of energy means working to rationalize use of energy for heat and electric power. Energy-saving initiatives facilitate the effective use of petroleum, natural gas, coal, cokes and other energy resources.

Note: The “3Rs” are reduce, reuse and recycle.

#### **IV-5. Reduction of greenhouse gas emissions**

[Question]

In response to climate change, have you set voluntary targets for emissions of greenhouse gases, including carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and chlorofluorocarbons (CFCs) and are you implementing initiatives to achieve those targets?

Note: If your answer is 5 or 4, please use the space provided at the end of the answer sheet to give a specific example of a successful result.

Example: We are working to reduce CO<sub>2</sub> emissions by 30% from the fiscal year 3013 level by fiscal year 2030 (DIC Group companies in Japan and overseas).

- [Answer] (5) We have set voluntary reduction targets based on medium- to long-term plans and perspectives and are achieving steady results.
- (4) We have set voluntary reduction targets based on single-year plans and perspectives and are achieving steady results.
- (3) We have set voluntary reduction targets, are promoting initiatives and have ascertained our current status.
- (2) We have not set targets, but we are promoting initiatives and have ascertained our current status.
- (1) We are not promoting any specific initiatives and have not ascertained our current status.

[Explanation]

There are many different types of greenhouse gases, but in this context the term refers specifically to six gases stipulated in the Kyoto Protocol: CO<sub>2</sub>, CH<sub>4</sub>, nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulfur hexafluoride (SF<sub>6</sub>). Ongoing initiatives to reduce emissions of these six gases include setting voluntary reduction targets (emissions per unit or total emissions), as well as formulating and decisively executing plans.

#### **IV-6. Minimization of impact on the environment (discharge of wastewater, sludge, exhaust, industrial waste, etc.)**

[Question]

Are you complying with laws and regulations regarding wastewater, sludge, exhaust and industrial waste, etc., establishing voluntary standards as needed and implementing initiatives to achieve further

reductions?

- [Answer] (5) We have set voluntary reduction targets based on medium- to long-term plans and perspectives and are achieving steady results.
- (4) We have set voluntary reduction targets based on single-year plans and perspectives and are achieving steady results.
- (3) We have set voluntary reduction targets, are promoting initiatives and have ascertained our current status.
- (2) We have not set quantitative targets, but we are promoting initiatives and have ascertained our current status.
- (1) We have not set voluntary reduction targets, but we are complying with laws and regulations.

[Explanation]

Establishing voluntary standards as used here means setting targets for reducing environmental impact that are equivalent to or exceed levels mandated by laws and regulations. These include standards for the prevention of pollution, as well as for improving monitoring, control and treatment methods for and reducing discharges of wastewater, sludge, exhaust and industrial waste, etc.

#### **IV-7. Acquisition of environment-related permits and licenses**

[Question]

Are you implementing appropriate management practices to ensure that required notifications are made to the authorities and that relevant administrators are appointed as mandated by laws and regulations?

- [Answer] (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted periodically and have confirmed the absence of issues.
- (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
- (3) Self-inspections by the department in charge, as well as inspections (including internal audits) by other departments, are conducted and have confirmed the absence of issues.
- (2) Inspections, etc., are not conducted, but to the degree we can ascertain no violations have been reported.
- (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

If companies are obliged to install administrators (for, among others, industrial waste, energy, air pollution prevention, chemicals, hazardous substances and general pollution prevention) with qualifications stipulated by laws and regulations, such administrators must be appointed as pertinent laws and regulations require.

Depending on their operations and the location of their facilities, companies may be required to acquire permits and licenses from the relevant authorities.

#### **IV-8. Initiatives to preserve biodiversity**

[Question]

Are you examining the direct and indirect impacts of your operations on ecosystems and if deemed necessary do you implement initiatives aimed at, for example, preserving biodiversity and ensuring the sustainable use of raw materials?

- [Answer] (5) We have ascertained the relationship between our operations and biodiversity, set

voluntary reduction targets based on medium- to long-term plans and perspectives and are achieving steady results.

- (4) We have ascertained the relationship between our operations and biodiversity, set voluntary reduction targets based on single-year plans and perspectives and are achieving steady results.
- (3) We have ascertained the relationship between our operations and biodiversity and are implementing preservation initiatives, but have not formulated plans or set targets.
- (2) We are giving consideration/planning to take steps to ascertain the relationship between our operations and biodiversity and implementing preservation initiatives.
- (1) Almost no efforts are being made.

[Explanation]

Preserving biodiversity means protecting diversity between ecosystem, between species and within species. It is important that companies recognize that their operating activities depend on global ecosystem services, the foundation of which is biodiversity; ascertain the impact of their operations (including product development, design, procurement, production, transport, sale, use, disposal and recycling) on biodiversity in places where they have production facilities and offices; and implement initiatives aimed at the preservation of biodiversity.

## **V. Information Security**

### **V-1. Promotion of information security**

[Question]

Is your company aware of domestic and overseas laws and regulations and social and industry norms? Do you have a clearly defined officer in charge and framework for the promotion of information security?

- [Answer]
- (5) Our company is aware. Internal company rules that clearly define the officer in charge and framework for promotion have been prepared and communicated to all employees, including the management team, and are functioning.
  - (4) Our company is aware. Internal company rules that clearly define the officer in charge and framework for promotion have been prepared and are functioning.
  - (3) Our company is aware and has a clearly defined officer in charge and framework for promotion.
  - (2) We have determined an officer in charge and framework for promotion.
  - (1) We have not determined an officer in charge or a framework for promotion.

[Explanation]

To ensure meticulous information security, it is effective to determine a department to spearhead promotion and an officer in charge and to ensure they are known within the company. If a critical information security-related event occurs, the department and officer in charge collaborate with the relevant department to explore and swiftly implement countermeasures.

### **V-2. Prevention of leaks of personal information**

[Question]

Are you implementing appropriate management practices to prevent wrongful use and leaks of customer, third-party and employee personal information? Is there a system in place for implementing corrective actions in the event an issue arises?

- [Answer]
- (5) Policies and rules for the management and protection of personal information are stipulated. In addition, investigations are conducted periodically to ensure awareness of current status and have confirmed the absence of issues. There is also a framework for implementing corrective actions as necessary.
  - (4) Policies and rules for the management and protection of personal information are stipulated. In addition, investigations are conducted to ensure awareness of current



- status and have confirmed the absence of issues.
- (3) Policies and rules for the management and protection of personal information have not been stipulated. However, investigations are conducted to ensure awareness of current status and have confirmed the absence of issues.
  - (2) Investigations are not conducted, but to the degree we can ascertain no violations have been reported.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Personal information is information on a living individual that contains a name, birthdate or other specific descriptive data that makes it possible to identify the individual or can be easily cross-referenced with other information to identify the individual.

Appropriate management is the establishment and operation of a comprehensive system for managing personal information and includes the creation of rules and policies to be observed by employees and development of plans, implementation of measures, monitoring and review of the rules and policies. Appropriate protection encompasses preventing wrongful acquisition, use, disclosure and leaks of personal information.

### **V-3. Prevention of leaks of confidential third-party and customer information**

[Question]

Are you implementing appropriate management practices to prevent wrongful use and leaks of confidential third-party and customer information? Do you have a framework for implementing corrective actions in the event an issue arises?

- [Answer]
- (5) Policies and rules for the management and protection of confidential information are stipulated. In addition, investigations are conducted periodically to ensure awareness of current status and have confirmed the absence of issues. There is also a framework for implementing corrective actions as necessary.
  - (4) Policies and rules for the management and protection of personal information are stipulated. In addition, investigations are conducted periodically and have confirmed the absence of issues.
  - (3) Investigations are not conducted, but to the degree we can ascertain no violations have been reported.
  - (2) Policies and rules for the management and protection of personal information are stipulated. In addition, investigations are conducted and have confirmed the absence of issues.
  - (1) We are unable to ascertain whether violations have occurred./Legal or regulatory violations have occurred.

[Explanation]

Confidential information generally means information disclosed in documents, etc. (including electromagnetically and optically recorded data) that the pertinent party does not wish to make public or disclosed orally after the pertinent party has expressed the wish that it not be made public.

Appropriate management is the establishment and operation of a comprehensive system for managing confidential information and includes the creation of rules and policies to be observed by employees and development of plans, implementation of measures, monitoring and review of the rules and policies. Appropriate protection encompasses preventing wrongful acquisition, use, disclosure and leaks of personal information.

### **V-4. Securing of computer networks against threats**

[Question]

Are you implementing appropriate management practices to secure computer networks against threats,

including viruses and cyber attacks, thereby ensuring that the impact of in-house accidents does not spread beyond your company? Do you have a framework for implementing corrective actions in the event an issue arises?

- [Answer]
- (5) Investigations are conducted periodically to ensure awareness of current status and have confirmed that defense measures are functioning effectively. There is also a framework for implementing corrective actions as necessary.
  - (4) Investigations are conducted to ensure awareness of current status and have confirmed that defense measures are functioning effectively.
  - (3) Investigations are not conducted, but to the degree we can ascertain no violations have been reported.
  - (2) Particular investigations are not conducted, but to the degree we can ascertain no violations have been reported
  - (1) No particular defense measures are being taken and we are unable to ascertain the current status.

[Explanation]

Threats to computer networks are diverse and include computer viruses, worms and spyware. If a computer connected to the internet becomes infected with a virus, there is a danger of customer and other confidential information stored on that computer being leaked and attacks being launched on computers belonging to other companies, resulting in the suspension of business, a loss of credibility and other forms of serious damage. Accordingly, it is important to implement effective measures to prevent internal and external damage caused by threats to computer networks.

## **VI. Appropriate Quality and Safety and Technological Improvements**

### **VI-1. Establishment of a quality management system**

(Trading companies engaged in commercial activity only are not required to respond to this question.)

[Question]

Have you established and are you operating a system/business standards that ensures the quality of products and goods you handle?

- [Answer]
- (5) Third-party certification, including under ISO 9000, has been earned continuously over the past five or more years.
  - (4) Third-party certification, including under ISO 9000, has been earned continuously over the past two or more years.
  - (3) We have established and are operating an ISO 9000-compliant quality management system.
  - (2) We are giving consideration/planning to introduce an ISO 9000-compliant quality management system.
  - (1) We have not established and are not operating an ISO 9000-compliant quality management system.

[Explanation]

A quality management system is an overall framework for the promotion of quality assurance initiatives and includes an organization, planned initiatives, the sharing of responsibilities, practice, procedures, processes and management resources. Quality assurance initiatives encompass the development of quality assurance policies and the implementation, achievement, review and maintenance of measures guided by those policies, as well as the application of the PDCA cycle to promote continuous improvement. Well-known standards for quality management systems include the ISO 9000 family and ISO/TS 16949.

### **VI-2. Management of quality and safety risks**

[Question]

Do you have a clearly defined system for managing quality and safety risks for the products and goods

you handle and across the supply chain, including raw materials?

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, risk management initiatives are conducted and there is a framework for responding in the event of a serious incident.
  - (4) Internal company rules, manuals, etc., have been prepared. In addition, risk management initiatives are conducted and there is a framework for responding in the event of a serious incident.
  - (3) Internal company rules, manuals, etc., have been prepared and risk management initiatives are conducted.
  - (2) We do not have a clearly stated system, but risk management initiatives are conducted.
  - (1) Quality and risk management initiatives are insufficient and we have not ascertained the current status.

[Explanation]

Being prepared to deal with quality and safety risks for products, systems and services is a key management challenge. Stipulating companywide policies and rules and creating a clear framework for initiatives is an effective approach.

### **VI-3. Ensuring product safety**

[Question]

Are you implementing appropriate management practices to ensure that products you handle satisfy safety standards stipulated by countries of domicile and exporting countries.

- [Answer]
- (5) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, investigations are conducted periodically to ensure awareness of current status and have confirmed that safety standards are met and that there are no issues.
  - (4) Internal company rules, manuals, etc., have been prepared and communicated to all employees, including the management team. In addition, investigations are conducted intermittently to ensure awareness of current status and have confirmed that safety standards are sufficiently satisfied and that there are no issues.
  - (3) Practices are not clearly stated in rules and manuals, etc., but investigations are conducted to ensure awareness of current status and have confirmed that safety standards are sufficiently satisfied and that there are no issues.
  - (2) Investigations are not conducted, but to the extent we are able to ascertain, no safety issues have been reported.
  - (1) Safety management initiatives are insufficient and we are unable to ascertain the current status.

[Explanation]

In selling products handled by a company, consideration must be given to ensuring a sufficient level of safety and fulfilling the company's responsibilities as manufacturer and distributor. In assessing product safety, consideration must be given to safety standards stipulated by countries of domicile and exporting countries and to generally accepted concepts of safety. In addition, ensuring product safety includes managing traceability (verification of raw materials, parts and processes, etc.) and addressing issues swiftly.

### **VI-4. Provision of accurate information on products and services**

[Question]

Are you implementing appropriate management practices to ensure that accurate information on your products and services is communicated to consumers and customers? Do you have a framework for implementing corrective actions in the event an issue arises?

- [Answer]
- (5) Timely and accurate information is provided when product improvements are made or

laws revised. In addition, investigations are conducted periodically by the department in charge to ensure awareness of current status and have confirmed the fulfillment of safety standards and the absence of issues. There is also a framework for implementing corrective actions as necessary.

- (4) Timely and accurate information is provided when product improvements are made or laws revised. In addition, investigations are conducted by the department in charge to ensure awareness of current status and have confirmed that safety standards are met and that there are no issues.
- (3) Information is provided and investigations are conducted by the department in charge and have confirmed that safety standards are met and that there are no issues.
- (2) Particular investigations are not conducted, but investigations are conducted to the degree we can ascertain there are no issues.
- (1) Information security initiatives are insufficient and we are unable to ascertain the current status.

[Explanation]

Accurate information includes[:]

- exact specifications and information on quality and handling for all products and services,
- precise information on substances contained in materials and parts used in products, and
- the absence of untruthful/incorrect expressions products and services and descriptions that mislead consumers in catalogs and promotional materials/advertising materials and information that slanders or infringes on the rights of other companies or individuals.

## **VII. Stable Supplies and Flexible Responses to Change**

### **VII-1. Safety measures for emergency situations**

[Question]

Have you formulated emergency response measures for natural disasters or accidents, and made sure that related procedures are thoroughly communicated and understood in the workplace?

- [Answer]
- (5) Emergency response measures have been formulated and communicated. In addition, drills are held periodically and measures are reviewed as necessary.
  - (4) Emergency response measures have been formulated and communicated. In addition, drills are held and we have confirmed the absence of issues.
  - (3) Emergency response measures have been formulated and to the degree we can ascertain we there are no issues.
  - (2) We plan to formulate emergency response measures.
  - (1) We do not have emergency response measures.

[Explanation]

Emergency response measures include emergency reporting, notifying employees, clarifying evacuation procedures, installing evacuation shelters, stocking emergency medical supplies, installing fire detection systems and suppression equipment, securing external means of communication and preparing recovery plans.

Ways to ensure related procedures are thoroughly communicated and understood in the workplace include implementing emergency response measures for employees, including drills and training, and storing or displaying emergency procedure manuals in easily accessible locations within the workplace.

### **VII-2. Business continuity management (BCM) and business continuity plan (BCP)**

[Question]

Does the management team understand the importance and benefits of BCM? Have you established a contingency management system to ensure preparedness in the event of a disaster or accident? Have you formulated and are you operating specific BCPs?

- [Answer] (5) We have established a BCM system. In addition, reviews of BCPs are conducted periodically and we have confirmed an absence of issues. We also ensure BCM is thoroughly communicated and understood by relevant individuals.
- (4) We have established a BCM system. In addition, reviews of BCPs are conducted as necessary and we have confirmed an absence of issues.
- (3) We are working to establish a BCM system and formulate BCPs.
- (2) We are giving consideration to/in the process of establishing a BCM system and formulating BCPs.
- (1) We have no plans to establish a BCM system or formulate BCPs.

[Explanation]

BCM, a component of risk management, is a comprehensive management process that aims to facilitate business continuity in the event a risk manifests and minimize the unavailability of services to customers.

The purpose of BCPs is to ensure preparedness in the event of, for example, a natural disaster such as a major earthquake or flood; a large-scale explosion, fire or other accident at a production facility; or a pandemic, thereby not only protecting the safety of employees but also facilitating business continuity.

### **VII-3. Production substitution and the ability to procure raw materials**

[Question]

Have you decentralized production sites for key products, formulated plans to secure supplies of raw materials subject to high procurement-related risks and asked raw materials suppliers to formulate BCPs to prevent the interruption of supplies?

- [Answer] (5) We have decentralized production sites for key products, optimized raw materials inventory levels and asked suppliers to formulate BCPs. In addition, checks are conducted periodically (at least once/year) and have confirmed the absence of issues.
- (4) We have decentralized production sites for key products and sources of raw materials, optimized raw materials inventory levels and asked suppliers to formulate BCPs. In addition, checks are conducted periodically (at least once/year) and have confirmed the absence of issues.
- (3) We have not decentralized production sites for key products and sources of raw materials, optimized raw materials inventory levels or asked suppliers to formulate BCPs.
- (2) We are currently developing production substitution strategies and measures.
- (1) We are not developing production substitution strategies and measures.

[Explanation]

For key products production facilities that are not decentralized, it is crucial in normal times for companies to maintain a production configuration that ensures other sites (the company's own or those of subcontractors) can temporarily take over production or provide backup in the event of an emergency. It is also important to ask raw materials suppliers to formulate BCPs, as well as to optimize inventories of raw materials and products to counter risks associated with the interruption of supplies.

## **VIII. Promotion of Sustainability and Sustainable Procurement Initiatives**

### **VIII-1. Promotion of sustainability**

[Question]

Is the importance of sustainability stated clearly in your management policy and are you promoting related initiatives?

- [Answer] (5) The importance of sustainability is stated clearly in our management policy. In addition, we have stipulated the department in charge and formulate annual sustainability policies, both of which are reviewed periodically and communicated to all employees, including the management team, and we actively promote related initiatives.
- (4) The importance of sustainability is stated clearly in our management policy and

- communicated to all employees, including the management team, and we actively promote related initiatives.
- (3) The importance of sustainability is mentioned in our management policy and code of business conduct and we promote related initiatives.
  - (2) We are giving consideration/planning to include the importance of sustainability in our management policy and/or code of business conduct.
  - (1) We have not included the importance of sustainability in our management policy or code of business contact and we are not planning to do so.

[Explanation]

It is important for companies to establish an internal system for promoting sustainability, as well as to disseminate policies governing sustainability initiatives companywide.

### **VIII-2. Disclosure of information on sustainability initiatives**

[Question]

Is non-financial information on sustainability initiatives—including environmental, social and governance (ESG)–related activities—disclosed in an appropriate manner?

- [Answer]
- (5) Policies and rules are clearly stated and information is disclosed periodically (at least once/year).
  - (4) Policies and rules are not clearly stated, but information is disclosed in line with proprietary standards.
  - (3) Information is disclosed, but on an irregular basis.
  - (2) Information is not disclosed, but we are currently planning to begin disclosure.
  - (1) We have no plans to disclose information.

[Explanation]

Amid rising environmental concerns, including climate change, and increasingly urgent social imperatives, companies today face an ever-more diverse array of challenges. In this environment, awareness of the need to take into account the global environment, ecosystems, socioeconomic systems and other factors has grown. As a result, demand for the appropriate disclosure of ESG-related and other non-financial information to stakeholders has increased.

### **VIII-3. Sustainable procurement initiatives**

[Question]

Do you promote sustainable procurement by explaining your procurement policies to suppliers and gaining their understanding?

- [Answer]
- (5) We have stipulated a sustainable procurement policy, organized presentations, use questionnaires and on-site inquiries (including audits) to gain the understanding of suppliers. We periodically confirm the status of implementation and correct any issues that arise.
  - (4) We have stipulated a sustainable procurement policy and use questionnaires to gain the understanding of suppliers.
  - (3) We have stipulated a sustainable procurement policy, based on which we promote initiatives targeting suppliers.
  - (2) We are giving consideration/planning to formulate a sustainable procurement policy and promote initiatives targeting suppliers.
  - (1) We have no related plans.

[Explanation]

Sustainable procurement involves requiring suppliers to give consideration for ESG-related issues. Efforts to promote sustainability must encompass not only independent and group companies but also the entire supply chain, including suppliers.