

Guidelines for Group Shared Policy for Suppliers

(Revised July 1, 2018)

Positioning of the guidelines (Partly quoted from Group Shared Policy for Suppliers)

To improve customer satisfaction and respond to stakeholders' expectations, we believe it is essential for our suppliers who supply raw materials and services in procurement transactions to understand the Ajinomoto Group's way of thinking and for the entire supply chain to put effort into CSR in cooperation with each other.

For that reason, we have established the Group Shared Policy for Suppliers and put the matters expected of our suppliers from the perspective of CSR into writing, comprising the following seven items. The scope of application of the policy is all employees (including regular employees, temporary employees, contracted employees, and franchised dealers) of Ajinomoto Group companies, as well as suppliers, including affiliated companies and groups. We would like suppliers to understand the purpose of this policy and actively put efforts into its implementation and share the progress including within your suppliers and contractors (their employees, dealers, and upstream suppliers), which constitute your supply chain.

1. Compliance with Statutory and Regulatory Requirements as well as Accepted Social Norms; the Establishment of Appropriate Structures and Systems

Suppliers are requested to comply with the statutory and regulatory requirements as well as the accepted social norms of those countries and regions in which they operate, and to put in place a compliance structure that is capable of addressing such issues as the prevention of inappropriate behavior by the company or its employees as well as a response mechanism that can quickly handle problems as they occur.

Explanation: In engaging in business activities, each operator must be well versed in its various responsibilities, stipulated under wide-ranging laws and regulations, including notifications to public authorities, the acquisition of pertinent approvals and licenses, and reporting obligations. It is equally imperative that each operator acquire all necessary permits, approvals, and licenses, submit the required notifications, and comply with all essential requirements with respect to quality standards, labeling methods, document distribution, regular reporting and the preparation and maintenance of business records.

➤ Guidelines

1 - 1. Prohibiting Corruption, Bribery, and Related Illegal Acts

Bribery, illegal political donations, and related behavior shall be strictly prohibited to ensure that relations with politicians and governments are maintained on a sound and acceptable basis.

Explanation: Bribery refers to the payment and/or provision of money, entertainment, gifts, or any other benefit or accommodation to a public official or similar individual or party in exchange for any work-related benefit including approvals and/or the granting of licenses, the acquisition or maintenance of a particular transaction, or the acquisition of non-public information. Illegal political donations refer to the payment of money in exchange for any work-related benefit including approvals and/or the granting of licenses, the acquisition or maintenance of a particular transaction, or the acquisition of non-public information or the payment of political donations outside officially accepted procedural guidelines.

1 - 2. Preventing the Abuse of a Dominant Bargaining Position

Behavior through the abuse of a dominant bargaining position that is detrimental to business partners is prohibited.

Explanation: An abuse of a dominant bargaining position occurs when a party engaged in business

utilizes its dominant position to unilaterally determine or change the terms and conditions of a business transaction to the detriment of another party or imposes on another party an unreasonable obligation. Purchasing transactions shall be undertaken in good faith, and in a fair and equitable manner based on a contractual and/or related basis. Purchasing transactions that involve an abuse of a dominant bargaining position shall not be undertaken. Steps shall be taken to comply with all statutory and regulatory requirements in those countries that maintain legislation relating the abuse of a dominant bargaining position. (For example, legislation in Japan including the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.)

1 - 3. Prohibiting the Granting and/or Receipt of an Inappropriate Benefit

The granting and/or receipt of an inappropriate benefit in connection with relationships with stakeholders are prohibited.

Explanation: The following constitutes the granting and/or receipt of an inappropriate benefit in connections with relationships with stakeholders.

- *Behavior that effectively constitutes a bribe including the provision and/or receipt of a prize, award, money, or similar benefit that exceeds the scope stipulated under relevant laws and regulations, as well as the provision and/or receipt of excessive benefits or entertainment that contravenes acceptable social norms
- *Behavior that delivers inappropriate benefits to antisocial forces (criminal and terrorist organizations) that negatively impact sound social orders and activities
- *Behavior that delivers benefits to specific shareholders
- *Insider trading of a publicly listed company's stock based on important information regarding corporate operations, including customer information, that has not been publicly disclosed

1 - 4. Preventing Behavior that Restricts Competition

Behavior that impedes equitable, transparent, and unfettered competition is prohibited.

Explanation: Behavior that impedes competition refers to such actions as the formation of cartels, arrangements with companies in the same industry with respect to product and service prices, quantities, and sales areas, as well as collusive bidding, the determination of successful bidders and bidding prices through arrangements with other bidders (for example, violations of Japan's Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and related legislation). In addition, acts of unfair competition include the acquisition of other companies' trade secrets through illegal and/or improper means, misrepresentation of other companies' products, and behavior including labeling that is likely to provide customers with an erroneous impression regarding a product's place of origin and quality.

1 - 5. Respecting Intellectual Property

Infringements of other companies' intellectual property are prohibited.

Explanation: Intellectual property rights refer to such items as patent, utility model, and design rights, trademarks, as well as trade secrets. In connection with wide-ranging business activities including the development, production, sale, and supply of products and services, every effort shall be made to research in advance the existence or otherwise of third-party intellectual property rights. Activities such as the unauthorized use of a third party's intellectual property rights, the illegal reproduction of other work including computer software, and acquisition of a third party's trade secrets by illegal or inappropriate means shall constitute infringements of intellectual property rights.

1 - 6. Engaging in Appropriate Export and Import Management

Steps shall be taken to ensure strict compliance with related statutory and regulatory requirements, establish an appropriate export and import management structure and systems, and engage in proper export and import procedures.

Explanation: Import activity encompasses a large number of procedural requirements including approval, screening, and inspection on an individual product and country basis. These requirements address a broad spectrum of concerns including insurance, health, and hygiene revolving mainly around customs legislation. In similar fashion, export activity is subject to a variety of regulations and controls by exporting country and product. Accordingly, compliance with all necessary items relating to export and import management is required.

1 - 7. Information Disclosure

Every effort shall be made to actively disclose information to all stakeholders irrespective of the existence or otherwise of statutory and regulatory requirements.

Explanation: Every effort shall be made to proactively disclose information on corporate activities, including financial information and details of business activities, to all stakeholders such as customers, shareholders, investors, employees, suppliers, local communities, governments, and the mass media, to promote dialog, and enhance corporate transparency.

1 - 8. Eliminate Any and All Relations with Antisocial Forces

Any and all relations with antisocial forces and organizations that pose a threat to the order and safety of civil society shall be strictly prohibited.

Explanation: Behavior that includes the provision of donations and support to antisocial forces is prohibited under Japan's Act for the Prevention of Wrongful Acts by Members of Organized Crime Groups. Steps must be taken to eliminate any and all relations with antisocial forces particularly with respect to the purchase of land and the conduct of business activities in general.

I-9. Prevention and early detection of misconduct

Activities for preventing misconduct shall be carried out, and a system for the early detection and handling of misconduct shall be established.

Explanation: Activities for preventing misconduct shall consist of education and training of employees, and the development of an open and positive workplace environment. Examples of a framework for the early detection and handling of misconduct are presented below:

- *Efforts shall be made to establish, both inside and outside the company, contact points for whistleblowing cases tied to misconduct in order to enable managers to detect misconduct at an early stage.
- *Efforts shall be made to maintain the confidentiality of and appropriately protect whistleblowers.
- *Misconduct shall be promptly dealt with, and the outcome thereof in each case shall be reported

2. Respect for Human Rights with Due Consideration Given to Occupational Health and Safety

Suppliers are requested to respect the human rights of all employees based on a genuine understanding of the international community, to treat employees with dignity, and to provide a safe and comfortable work environment.

Explanation: The increase in labor and human rights issues accompanying globalization of business activities has led to the creation of international rules that require companies to address

these issues. Since the submission of the Report on Business and Human Rights to the UN in 2008, labor and human rights issues in the international community have been incorporated and reinforced as an important theme in international standards. This includes ISO 26000, the standard on social responsibility, which went into effect in 2010 and the update of the OECD Guidelines for Multinational Enterprises in 2011. Moreover, the UN adopted the Guiding Principles on Business and Human Rights in 2011, creating global criteria with which all countries and corporations should comply. And recently each country prepares to formulate National Action Plan (NAP).

➤ Guidelines

2 - 1. Prohibiting Forced Labor

All forms of forced labor and the imposition of activities against an individual's will are strictly prohibited.

Explanation: Forced labor refers to all work that is not undertaken on a voluntary basis. "Forced," in the context of forced labor, shall include the following: Activities that are imposed against the will of the individual; restrictions on the ability of individuals to freely leave their employment due to such reasons as the repayment of debt; obligatory labor; slave labor as a result of human trafficking; and inhuman or captive labor reflecting excessively harsh conditions. The inability to freely leave employment and the obligation to hand over personal identification documents, passports, and work permits to employers shall also constitute forms of forced labor. Moreover, forced labor shall include work hours to which employees have not previously agreed.

2 - 2. Prohibiting Child Labor

It is vitally important to understand the destructive nature of child labor and to strictly prohibit the employment of children below the legal age.

Explanation: As recommended by the International Labour Organization (ILO), children should be prohibited from working up to the completion of compulsory education and should not engage in work or any form of labor below the age of 15 under any circumstances. At the same time, adolescents below the age of 18 should not be allowed to engage in work that affects their health, safety, and morals. Child labor refers to labor in breach of these age restrictions. Any breach of the aforementioned is referred to as child labor. Limits on the ability to participate in such activities as night-shift work and hazardous tasks are examples of regulatory measures aimed at protecting young workers from dangerous jobs. Outside Japan, child labor refers to the employment of persons below the minimum working age prescribed under the laws of each country and the failure to fulfill custody obligations. For countries that do not maintain pertinent regulatory requirements, child labor is considered as behavior that contravenes the ILO treaty and recommendations. (Child labor is described as work that hinders the healthy growth and development of children, and does not include activities such as helping families around the home or fields or earning pocket money by engaging in part-time work.)

2 - 3. Prohibiting Discrimination

Steps shall be taken to respect the statutory and regulatory requirements as well as cultures of each country and region. Discrimination in connection with employment opportunities, recruitment, promotion, and compensation with respect to any and all persons on the basis of race, ethnicity, nationality, religion, principles, origin, gender, age, and disability is prohibited.

Explanation: Discrimination refers to those discrepancies that arise with respect to recruitment, promotion, and compensation as well as the opportunities afforded an employee, including training for reasons other than the subject employee's ability, aptitude and performance. The elements of discrimination are wide ranging and include such factors as race, ethnicity, nationality, origin, skin color, age, gender, sexual orientation, disability, religion, political views, participation in a union,

and the existence or otherwise of dependents. Discriminatory practices also encompass activities of an unfair nature with respect to health checks, pregnancy tests, and compensation.

2 - 4. Prohibiting Inhumane Treatment and Harassment

Every effort must be made to respect the human rights of employees and to eliminate sexual as well as power harassment, including all forms of mistreatment, punishment, psychological coercion, and verbal abuse from the workplace.

Explanation: Inhumane treatment constitutes such actions as mistreatment, punishment, sexual harassment, and power harassment (verbal abuse and highhanded behavior). A series of statements or behavior that are unfavorable to an individual or that can objectively be deemed as unfavorable are included in discriminatory behavior as harassment.

2 - 5. Appropriate Salaries and Wages

Steps shall be taken to pay appropriate wages and salaries to employees in accordance with all related laws and regulations, including the minimum wage, overtime, and statutory benefits.

Explanation: The minimum wage refers to the minimum amount payable for work undertaken stipulated under the relevant laws and regulations of each country. For this purpose, payment includes other allowances such as overtime and statutory benefits. Deductions from wages and other reductions in breach of relevant laws and regulations are not permitted.

2 - 6. Appropriate Management of Working Hours

Steps shall be taken to ensure that employees' working hours do not exceed those limits prescribed under relevant laws and regulations, and that non-working days and holidays are managed in an appropriate manner.

Explanation: Management shall be deemed appropriate when it ensures each of the following:

- *The annual number of prescribed working days shall not exceed statutory limits
- *The number of overtime hours per week (excluding crises and emergencies) shall not exceed statutory limits
- *Employees are granted a minimum of one non-working day per week and the right to annual paid vacation as stipulated under relevant laws and regulations.

2 - 7. Employees' Right to Organize

The right of employees to organize as a method for facilitating discussions between management and labor with respect to such issues as working conditions and wage levels shall be respected.

Explanation: In respecting the rights of employees to organize, employees shall be allowed to freely form an association without the threat of retribution, intimidation, or harassment; freely join a labor union in accordance with relevant laws and regulations; freely engage in protest activities; and freely participate in workers' councils.

3. Occupational Health and Safety with Respect to Labor

Suppliers are requested to take all necessary steps to prevent accidents and disasters by maintaining and enhancing the occupational health and safety of employees and all parties engaged in a working capacity.

Explanation: Numerous laws related to occupational health and safety have been created based on actual accidents, and they are designed to lower the risk of the same kind of accident or disaster

from recurring. Therefore, it is important for suppliers to fully understand the details of these laws and ensure that their employees are fully aware of them.

➤ Guidelines

3 - 1. Ensure Safety in the Workplace

Steps shall be taken to assess all risks associated with workplace safety and to ensure safety by adopting all appropriate design, technology, and management measures.

Explanation: To prevent disasters and accidents from occurring in advance, it is important for suppliers to carry out full-scale risk assessments as measures to minimize the chance of problems arising from the risks that have been identified in the assessments. Furthermore, suppliers are expected to carry out periodic inspections of machinery being used, ensure proper maintenance management, and install safety equipment and protective clothing in dangerous areas. Since the sources of risks can change along with changes in working conditions resulting from equipment modifications and other factors, safety shall be ensured using appropriate designs, technology and management techniques. The safety of people other than employees who enter and exit workplace premises shall also be taken into account.

3 - 2. Management of Facilities and the Workplace Environment

Efforts shall be made to create a working environment that enables each employee to work in a safe and healthy manner.

Explanation: Above and beyond efforts to prevent the occurrence of worksite accidents and disasters, suppliers are expected to actively create a comfortable workplace for employees in consideration of the characteristics of workers, such as differences in age and height, as well as the presence of women who have recently given birth, expecting mothers, and people with disabilities. They are also expected to give special consideration to employees engaged in physically demanding work or in work handling hazardous materials.

3 - 3. Keep the Workplace Clean and Sanitary

Steps shall be taken to properly clean toilets and rest areas inside the company, determine whether employees come into contact with harmful organisms, chemical substances, excessive noise or odors in the workplace, and, accordingly, implement whatever countermeasures are appropriate.

Explanation: In order to enable workers to perform their duties safely and comfortably, suppliers are expected to provide the workplace with a sufficient number of toilets that are accessible to all employees, ensure full access to drinking water and meals, and maintain a rest area. Furthermore, the workplace should be properly ventilated and air conditioned, as well as kept in sanitary condition. Finally, if harmful microorganisms, chemical substances, noise or odors are present in the workplace, because they could pose a danger to nearby residents, steps should be taken to prevent any harm to employees as well as local residents and the surrounding environment. If suppliers own facilities used by employees outside of work such as employee dormitories, they are also expected to keep these facilities safe and clean.

3 - 4. Provide Regular Healthcare Management to Workers

The health of employees shall be examined and proper healthcare management shall be carried out.

Explanation: Proper healthcare management refers to conducting health check-ups and other examinations at the level stipulated by relevant laws and regulations as a minimum and aiming for the prevention and early detection of disease among employees. Supporting a healthy lifestyle among employees is essential for protecting valuable employees and

carrying out sound corporate activities. Therefore, suppliers need to give adequate consideration to preventing damage to health through overwork as well as care for areas such as mental health.

3 - 5. Prevent Workplace Accidents and Illness and Appropriate Responses

Steps shall be taken to ascertain the status of industrial accidents and diseases and in turn to implement all appropriate countermeasures.

Explanation: Records of any industrial accidents and illnesses must be kept, and, at the same time, analyzed in terms of their causes from the perspective of human error, material factors, or management oversight. It is important to implement countermeasures targeting material factors such as machinery, equipment and facilities as much as possible. Furthermore, it is important for the company to: expedite prompt alerts for the employees and to have a system in place to implement emergency procedures, ensure that medical treatment is provided up until the time of recovery, and enable the workplace to return to normal after a disaster or accident. Finally, any workplace accident or related illness must be reported to government authorities as necessary.

3 - 6. Thorough Preparation for Times of Emergency

Countermeasures for protecting people's safety and responding to emergencies based on such scenarios as disasters and accidents shall be put in place and made fully known in the workplace.

Explanation: To prevent, as much as possible, the effects of disasters and accidents from spreading, suppliers shall clarify response procedures in advance, in addition to carrying out education and training and creating structures for contacting government and local residents promptly. Suppliers will need to take account of people other than employees who enter and exit workplace premises when implementing these procedures.

Countermeasures for responding to emergencies include such measures as emergency reporting, employee notification, clarification of evacuation methods, establishment of evacuation facilities, storage of emergency clothing, installation of fire detection systems and fire suppression equipment, securing methods of external communication and creation of recovery plans.

3 - 7. Education and Training

Suppliers shall provide education and training on occupational safety.

Explanation: To ensure occupational safety and health, it is necessary not only to provide equipment and establish safety systems, but also to have individual employees acquire the required knowledge and technology to carry out operations in a safe and appropriate manner. Therefore, suppliers are required to systematically provide ongoing education and training in line with the characteristics of the work that each employee carries out (relevant laws and regulations, production equipment, substances handled, organization of personnel and other factors).

4. Ensuring Product and Service Quality and Safety as well as Stable Supply

Suppliers are requested to take all necessary steps to ensure that their products and services meet all the safety standards prescribed under the laws and regulations of each country; at the same time, business partners are requested to adhere strictly to a policy of quality assurance. Moreover, business partners are requested to put in place appropriate business continuity plans to ensure the prompt resumption of mainstay activities in the event of unforeseen circumstances, thereby ensuring stable supply.

Explanation: Identifying customer needs and delivering a stable supply of safe products that are useful for society is one of the most important missions of a corporation. This must be achieved in partnership with all suppliers and other business partners. To guarantee such products, suppliers are required to establish, operate and consistently improve a range of systems, including quality

management systems.

➤ Guidelines

4 - 1. Quality Management Initiatives

Steps shall be taken to establish and operate quality management systems.

Explanation: Quality management systems refer to broad-based management frameworks that are designed to promote quality assurance activities. These systems encompass organizational structures, systematic activities, the sharing of responsibilities, quality assurance practices, procedures, processes and management resources. In this instance, quality assurance activities refer to the drawing up of quality policies, implementation in accordance with these policies, achievement, review, and maintenance. Quality assurance therefore involves a repetitive PDCA cycle that facilitates continuous quality assurance improvement. A representative quality management system is the ISO 9000* series.

*ISO: International Organization for Standardization

4 - 2. Providing Precise Information on Products and Services

Make every effort to provide precise information regarding products and services to customers.

Explanation: Examples of precise information are presented as follows:

*Information on the specifications, quality, and handling procedures of products and services is accurate

*Information on the materials used in products including raw materials and packaging materials is accurate

*Representations included in displays, advertising, and promotions such as product and service catalogs do not differ from the facts; wording and expressions do not misrepresent details to consumers and customers; information does not include details that defame other companies or individuals or infringe on other rights.

4 - 3. Ensuring Product Safety

At the time of product design, products and raw materials satisfy the safety standards prescribed under the laws and regulations of each country as well as the required standards of business companies.

Explanation: In addition to complying with relevant laws and regulations, suppliers are expected to meet requirements related to product safety as stipulated in contracts with business partners, providing quality assurance reports or other documents as required.

If suppliers design and develop products, they are responsible for ensuring a sufficient level of product safety at the planning and development stages. When manufacturing products, suppliers must use agreed upon raw materials and ensure product safety through appropriate production methods.

Reference shall be made to food-related statutory and regulatory requirements in such leading countries as the U.S. and the EU, as well as safety assessment reports. Moreover, reference shall also be made to food-related recommendations made by the FAO and WHO with respect to safety assessment reports as well as food and food additive standards, where available.

*FAO: the acronym for the Food and Agriculture Organization of the United States

*WHO: the acronym for the World Health Organization

4 - 4. Stable Supply of Products

Business Continuity Plans (BCPs) are in place to promptly restore core operations even in unforeseen circumstances, as a part of efforts to ensure the stable supply of products.

Explanation: BCPs encompass all plans to ensure not only employee safety, but also business continuity in the event of a natural disaster, including large-scale earthquakes and floods, as well as such emergency situations as a major explosion or fire at a factory, or a pandemic. Under such plans, suppliers shall establish the target level for business continuity, create manuals for when there is a crisis and carry out drills to continue the priority core operations.

5. Taking into Consideration the Global Environment

Suppliers are requested to minimize any detrimental impact on nature when manufacturing products by fully taking into consideration the environment. At the same time, business partners are requested to ensure the health and safety of all individuals. Recognizing the importance of environmental conservation, business partners are requested to take all due care throughout their production processes, from the use of natural resources to the disposal of waste, and to contribute to biodiversity conservation while minimizing emissions including greenhouse gases.

Explanation: Ensuring a sustainable global environment and society is today a key component of corporate activities. As the Ajinomoto Group and its suppliers go about their daily business endeavors, every consideration must be given to the global environment. This imperative recognizes that efforts to actively contribute to the creation of a sustainable environment and society provide the very basis for ongoing corporate activities.

➤ Guidelines

5 - 1. Environmental Management Systems

Steps shall be taken to establish and operate environmental management systems, reduce any negative impact of business activities on the environment, and pursue continuous improvements in this regard.

Explanation: The establishment of an environmental management system (EMS) is fundamental to the implementation of environmental activities. In addition to the internationally acclaimed ISO 14000 series, a variety of socially recognized EMSs are available for use in each country, including Eco-Action 21, an EMS for small- and medium-sized enterprises. Furthermore, the ISO 26000 as well as the principles of the United Nations Global Compact also offer guidance on a wide range of issues, including the environment. Issues relating to the environment and sustainability are deeply entrenched in corporate activities. In operating an EMS, the scope must therefore encompass all of the company's (Group's) endeavors as well as supply and value chain activities.

* Eco-Action 21 is an environmental management system for small- and medium-sized enterprises created by Japan's Ministry of the Environment.

* ISO 26000 is the international standard that provides guidance on social responsibility. It is not a standard that provides certification.

5 - 2. Management of Chemical Substances Contained in Products

Steps shall be taken to appropriately manage those chemical substances identified under laws and regulations for the production process.

Explanation: The failure to properly manage and use chemical substances poses significant downside risk on people's health and the ecosystem. The potential also exists for any negative ramifications to continue into the future. Chemical substances designated under laws and regulations must be properly managed as a matter of course. This includes management of the raw materials, materials, components, and other items used in products. Moreover, the laws and regulations as well as information pertaining to chemical substances are frequently updated. Accordingly, management systems must consistently reflect the most recent laws and regulations as well as information.

5 - 3. Reduce the Use of Chemical Substances

Efforts shall be undertaken to reduce the usage of chemical substances that are potentially harmful to human health and the ecosystem, including substituting other chemicals for such substances.

Explanation: In addition to properly managing the usage of chemical substances as explained in 5-2., above, it is important to take steps toward reducing the usage of chemical substances that are potentially harmful to human health and the ecosystem, as well as to find less harmful alternatives to such chemicals.

5 - 4. Minimizing the Impact of Operations on the Environment

Steps shall be taken to establish voluntary environmental standards and make improvements when necessary while ensuring compliance with laws and regulations concerning sewer water, atmospheric emissions, waste matter, noise, vibrations, and lighting in each country where operations are conducted.

Explanation: Local communities and ecosystems are affected by various types of pollution, including sewer water, atmospheric emissions, and waste matter, as well as excessive noise, vibrations and lighting. Meanwhile, harmonious relations with local communities provide a foundation for stable business activities. Therefore, while maintaining close interaction with stakeholders, suppliers are expected to comply with relevant laws and regulations as well as maintaining independent standards and pursuing improvements.

5 - 5. Efficiently Use and Recycle Resources, Energy and Water

With an emphasis on efficiently using and recycling resources (raw materials), energy and water, steps shall be taken to set voluntary targets for conserving resources, energy and water, as well as reducing waste matter and greenhouse gas emissions, and to lower the negative impact on the environment and ecosystems across the entire supply chain on the view point of sustainability.

Explanation: Initiatives to minimize any negative impact of operations on the environment are closely related to improving the efficiency of business activities. Initiatives can include conserving resources, energy and water, cutting down on waste, and reducing emissions of greenhouse gases. Therefore, suppliers are expected to voluntarily set numerical targets in these areas and actively work to increase efficiency. Furthermore, initiatives should be undertaken from the perspective of business activities and product lifecycles over the entire supply chain and value chain, extending beyond the purview of the company in consideration of resources and the environment on a global scale. In this regard, suppliers should closely examine Scope 3 level emissions of greenhouse gases, and carry out carbon footprint calculations and other related methods.

* Scope 3: Emissions include the environmental impact of greenhouse gas emissions across the supply chain, including manufacturing, transport, business travel and commuting.

5 - 6. Minimizing the Impact of Business Development on Communities and the Environment

Steps shall be taken to determine and minimize the impact of setting up factories and farms on local communities, the natural environment and ecosystems.

Explanation: Building production facilities and farms can change the usage of land and alter landscapes, potentially destroying valuable ecosystems and, as a result, negatively affecting nearby residents and even threatening their livelihoods. This kind of development has been strongly criticized by affected citizens and NGOs, which not only harms a company's reputation but can also lead to a suspension of business. For these reasons, if a supplier plans to build a new factory or farm, or expand existing facilities, it is expected to carry out an assessment of the development's impact on the local community as well as the ecosystem and environment, and take appropriate

steps to lower any negative impact. Moreover, if a supplier has developed land in the past, it should confirm how such activities have affected the environment, and implemented whatever measures are necessary to properly respond to any environmental destruction, human rights violations, or other problems that have resulted.

5 - 7. Taking into Consideration Biodiversity and Ecosystems from the Raw Material Procurement Stage

Steps shall be undertaken to confirm traceability and determine the status of biodiversity and ecosystem conservation in producing regions from which raw materials are procured, and to implement any necessary improvements.

Explanation: The procurement of raw materials has a major impact on the environment, ecosystems, and biodiversity. It is important to work back to upstream supply activities and ascertain the status of producing regions in collaboration with concerned parties and to properly manage risk as required.

5 - 8. Contributing to the Environment through Business Activities

Provide products and services that contribute to the global environment by taking the environment into consideration at the earliest possible stage of the product lifecycle, including research and development from the perspective of society.

Explanation: In working to build a sustainable global environment and society, companies are expected to look beyond the bounds of their own activities when endeavoring to reduce environmental load, to actively contribute to society as a whole. In specific terms, companies are being increasingly urged to incorporate environmental concerns from the product research and development stage, and to deliver products and services that contribute to the global environment. In this regard, it is important that the essence of business activities reflects efforts to contribute to the environment.

5 - 9. Disclosing the Status of Environmental Conservation Activities

Actively respond to calls for the disclosure of information regarding the environment.

Explanation: Proper communication activities including the disclosure of information on the environment provide the foundation for enhancing business activity transparency and earning the trust and confidence of society. In addition to proper disclosure in response to requests for information, efforts to actively communicate with stakeholders through a variety of voluntary environmental initiatives are strongly recommended.

6. Information Security

Suppliers are requested to implement all necessary measures to protect computer systems and networks, put in place appropriate controls to prevent damage to themselves and other companies, and to properly manage and protect information pertaining to customers, third parties, and employees as well as all confidential information in their possession.

Explanation: In the day-to-day activities, the value of information systems is widely recognized and extensively used. Commensurate with the convenience and speed provided by these information systems, the potential exists for such risks as system failures and the leakage of information to grow in size. Failure to comply with the rules that govern the receipt of high-quality information through information systems by either party could not only lead to operating losses, but also to violations of the law and a loss of credibility within society. Taking these factors into consideration, activities regarding information security are extremely important.

➤ Guidelines

6 - 1. Providing Protection against Computer Network Threats

Steps shall be taken to put in place measures aimed at protecting computer networks against threats; management shall be undertaken to ensure that there is no damage to the company and other parties.

Explanation: In the event that computers are infected with a virus, the potential exists for customer as well as confidential information stored in computers to be leaked or lost through the network. At the same time, failure to adhere to a policy of strict user ID and password management may lead to unauthorized computer access, the leakage of information, and tampering. Moreover, should the network become the subject of a cyber-attack, the possibly of considerable loss due to an interruption in operations exists.

6 - 2. Proper Management of Personal Information

Every effort shall be made to properly protect the personal information of customers, third parties, and employees.

Explanation: If personal information is handled improperly, problems may arise involving the individuals affected. While the approach to handling personal information and privacy may differ depending on the country, it is necessary to fully examine the approach taken in the country where operations are conducted, and manage such information accordingly. Japan's Personal Information Protection Law, covering information that can be used to identify an individual, in other words "personal information," was also applied to the corporate sector from April 2005. Companies in the possession of personal information are obligated to clarify the purpose for which information will be used and to adopt all necessary safety precautions in the handling of personal information. Notwithstanding the promulgation of the Personal Information Protection Law seven years ago, we continue to witness numerous incidents where information has been leaked. In the vast majority of cases, the leakage of personal information can be traced back to the intentional actions of employees or outsourcers, human error due to a lack of knowledge regarding the Personal Information Protection Law as well as information systems, and unauthorized access by a third party. For personal information used on a daily basis, society increasingly demands that certain rules regarding use be established in accordance with the Personal Information Protection Law, and that proper management of information be carried out.

6 - 3. Preventing the Leakage of Customer and Third-Party Confidential Information

Every effort shall be made to properly manage and protect confidential information received from customers and third parties.

Explanation: Every effort must be made to adhere strictly to the guidelines outlined in non-disclosure agreements with respect to the handling of information that falls within the scope of non-disclosure agreements (mutual agreement relating to the nature of confidentiality) executed with suppliers. The agreements contain a variety of restrictions including limitation on the taking of copies as well as the parties to whom information can be disclosed. Any violation of non-disclosure agreements, which leads to the leakage of or unauthorized use of confidential information, can lead to substantial damages, including claims for enormous amounts of compensation. It is imperative that the handling of confidential information be managed and protected in accordance with mutually agreed rules. Each of the aforementioned factors must be clearly conveyed when using information received from third parties in business transactions.

7. Contributing to Society and Coexistence with the Local Community

Business partners are urged to voluntarily engage in activities that contribute to the growth and

development of the international and local communities.

Explanation: ISO 26000 refers to the phrase, “stakeholder engagement.” As the phrase “stakeholder engagement” suggests, building relationships with all parties (communities) is an important theme. No organization or individual can possibly exist without dealing with society. On this basis, active participation in the community and the development of the community itself is a source of ongoing sustainable growth.

Activities that contribute to the development of international and regional communities refer to the use of a company’s management resources to support society and the local community. In general terms, activities include the following:

- *Business activities that employ technology and other assets for the benefit of society
- *Activities that utilize non-monetary assets, including facilities and human resources, for the benefit of society
- *Activities that utilize monetary assets, including donations, for the benefit of society

In specific terms, activities include collaboration with local communities at the time of a disaster, employee volunteer activities, activities that support NPOs and NGOs, donations, and the dissemination of information. Steps shall be taken to determine the scope of feasible assistance and to proactively engage in social contribution activities.