

# Japan Post Group CSR Procurement Guidelines



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# Japan Post Group CSR Procurement Guidelines

## Introduction

In the Sustainable Development Goals (SDGs) adopted in September 2015 by world leaders at the United Nations, emphasis is placed on roles of governments and corporations in tackling issues such as poverty and hunger in developing countries, and gender equality, climate change, energy resources, the development of sustainable cities and communities and other challenges that are universal, including in advanced nations.

Japan Post Group, which has close relationships with local communities, recognizes that problems occurring in our society are also those we must address. However, carrying out our business activities and corporate social responsibility requires us to go beyond our Group.

In the field of procurement, there is a limit to the ability of any single company to promote CSR procurement and make arrangements to ensure that no human rights issues, environmental pollution and other social problems occur during the processing, manufacture, sales and other processes for the goods and services that it uses. Accordingly, it is common practice to develop a response on a supply chain basis.

In “Japan Post Group’s Approach to Procurement Activity” published online, the Group announced in 2018 that it supports the Ten Principles of the United Nations (UN) Global Compact<sup>(\*)</sup> regarding the four areas of human rights, labor, the environment and anti-corruption and promotes CSR procurement activity and that it expects its suppliers to understand the above and asks for their proactive cooperation. In this “Japan Post Group CSR Procurement Guidelines,” CSR activities that are commonly sought by society are introduced so that Japan Post Group and its suppliers can share the values and targets of CSR procurement and “learn together and grow stronger together.”

We ask our suppliers to reference these guidelines and actively engage in CSR activities, involving their own business partners in the supply chain.

\*Japan Post Group decided to align its corporate practices with the UN Global Compact in May 2008, and supports the Ten Principles indicated therein regarding the four areas of human rights, labor, the environment and anti-corruption and promotes CSR procurement activity.

Japan Post Group  
Japan Post Co., Ltd.  
Japan Post Bank Co., Ltd.  
Japan Post Insurance Co., Ltd.

## Japan Post Group's Approach to Procurement Activity

Japan Post Group conducts its procurement activity according to the following concept.

## Japan Post Group's Approach to Procurement Activity

### 1. Open, fair and appropriate procurement

- The Group opens the door widely to suppliers and offer fair entry opportunities.
- The Group selects suppliers based on a comprehensive and appropriate evaluation of quality, price, delivery period, technology, business condition and other factors.

### 2. Compliance with laws, regulations and social standards

- The Group complies with all applicable laws, regulations and social standards and carries out procurement activity in good faith.
- In its procurement activity, the Group forms no relationship with anti-social forces that pose a threat to the order and safety of civil society.

### 3. Environmental considerations

- The Group carries out procurement activity in consideration of global and local environmental preservation and the effective use of resources.

### 4. Building trusting relationships

- Through good communication with suppliers, the Group builds strong trust and strives for mutual prosperity.
- The Group appropriately manages information about suppliers that it obtains through its procurement activity.

### 4. Request to suppliers (Compliance with the UN Global Compact)

- The Group supports the Ten Principles of the UN Global Compact regarding the four areas of human rights, labor, the environment and anti-corruption and promotes CSR procurement activity. The Group expects its suppliers to understand the above and asks for their proactive cooperation.

⇒ The Ten Principles of the UN Global Compact

<https://www.unglobalcompact.org/what-is-gc/mission/principles>

## **I Respect for Human Rights**

Japan Post Group asks suppliers to place a high priority on human rights, following trends in international society, respect employees' human rights, treat them with respect and dignity and secure a safe and comfortable work environment.

**[Note]** Increasing labor and human rights problems associated with the globalization of business activities have prompted international rule-making for urging businesses to reinforce their initiatives to deal with the problems.

Since "The Report of the Special Representative of the Secretary-General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises" was submitted to the UN in 2008, the response to labor and human rights problems has been enhanced in the international community and incorporated as an important theme in international standards of conducts, including ISO26000<sup>(\*)</sup> launched in 2010 and the revised Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises in 2011. Furthermore, in the UN, the UN Guiding Principles on Business and Human Rights were adopted as a common standard of achievement for all nations and all corporations.

In response to these developments, Japan Post Group established and publicly announced Japan Post Group Human Rights Policy in April 2019.

\*1 ISO: International Organization for Standardization

\*2 ISO26000: An international standard for social responsibility (a guidance, not a certification standard)

### **I-1 Prohibition of forced labor**

In absolutely no circumstances whatsoever shall any person be subject to forced labor or be engaged in labor against his/her will.

**[Note]** Forced labor means all labor against a person's will and forced (or forced labor) includes the following: forced labor against a person's will; bonded labor in which a person's freedom to leave the job is restricted due to debt, etc.; and slave labor resulting from human trafficking. The acts of giving no right to leave the job freely and obligating an employee to entrust his/her identification paper, passport or work permit to his/her employer are types of forced labor. The act of forcing a worker to work at certain hours without prior agreement also falls under forced labor.

### **I-2 Prohibition of harassment**

Employees' human rights must be respected and sexual and abuse of power and harassment in connection with pregnancy and childbirth and childcare leaves must be abolished in the workplace.

**[Note]** A series of verbal statements or behavior toward a person that are unwanted or that are deemed objectively unfavorable are also included in harassment.

### **I-3 Prohibition of child labor**

Recognizing negative effects caused by child labor, children below the minimum working age must not be employed.

**[Note]** Under the International Labor Standards established by the International Labor Organization (ILO), employing any person under the age of 15 or under the age for completing compulsory education is prohibited, in principle, and the minimum age for hazardous work that may impair a minor's health, safety or morals should be 18. Child labor means labor that infringes on these age limits.

Examples of laws and regulations for protecting young laborers from hazardous work include restrictions on night-shift work and dangerous work. In international cases, employment of persons who are under the minimum labor age and negligence of young laborer protection as specified in each country's law also fall under child labor.

In the absence of local law, acts in violation of the treaties and/or recommendations of the ILO regarding minimum labor ages are considered cases of child labor. (Child labor means labor that hampers sound growth of children and does not include helping families with domestic chores or in fields and earning pocket money doing part-time work).

### **I-4 Prohibition of discrimination**

Human rights must be respected and no discrimination will be tolerated regardless of the reason, including race, color, gender, sexual orientation, gender identity, language, religion, politics or creed, national origin or social origin, wealth, birth and cause of disability.

**[Note]** Discrimination means making a difference in treatment and opportunities for recruitment, promotion, remuneration and training, regardless of the worker's capability, competence, performance and other reasonable factors.

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



## **II Occupational Safety and Health**

The Group asks suppliers to prevent unexpected industrial accidents and disasters by maintaining and improving labor safety and occupational hygiene for employees and all other workers.

**[Note]** Many of the occupational safety and health laws were prepared based on lessons learned from accidents that had occurred so that it is important to understand such information and educate employees on such matters, in order to mitigate the risk of similar accidents and disasters occurring.

### **II-1 Ensuring workplace safety**

Workplace safety must be ensured by evaluating risks and taking appropriate actions accordingly, including suitable design, technology and control measures.

**[Note]** To prevent industrial accidents and disasters, it is necessary to conduct risk assessments (identifying the risk potential), etc., take measures for responding to identified risks and minimize the occurrence of problems.

### **II-2 Management of facilities and work environment**

Workplaces in which each and every employee can work in a safe and healthy manner must be created.

**[Note]** Consideration must be given to differences in employees' age, height and other characteristics (in addition to age and height, examples include a mother who has just given birth or is pregnant and a person with disability), in order to eliminate accidents and disasters and create a comfortable work environment.

In addition, special consideration must be given to persons who engage in physically demanding tasks or tasks involving the handling of harmful materials.

### **II-3 Assurance of workplace hygiene**

In-house toilet facilities and employee lounges must be provided. In addition, checks will be conducted to determine if the workplace is exposed to harmful organisms and chemical substances, noise and offensive odor that are harmful to human body, and appropriate measures must be taken.

**[Note]** A sufficient number of clean toilets must be made available to all employees in the workplace so that they can work safely and comfortably. In addition, access to potable water and food as well as employee lounges will be provided.

Moreover, a sanitary environment must be maintained in the workplace with adequate ventilation and air conditioning.

As harmful organisms in the workplace and harmful chemical substances are being handled, noise and offensive odor are harmful not only to the people working there but to local residents. The impact on the local residents and the environment of the surrounding area must also be taken into account when developing countermeasures.

For facilities owned for employees' use outside the course of employment, such as dormitories, the safety and hygiene of such facilities must be ensured.

#### **II-4 Regular health management for employees**

Employees' health must be checked regularly and appropriate health management will be implemented.

**[Note]** Appropriate health management means the prevention and early detection of employees' illness through the provision of medical checkups, etc., based on the legal standard as a minimum.

Helping employees maintain good health is important in protecting invaluable employees and conducting sound corporate activities. Accordingly, health problems caused by overwork must be prevented and adequate care must also be taken in employees' mental health.

#### **II-5 Prevention of labor accidents and illnesses and appropriate response**

Situations of labor accidents and illnesses must be identified and appropriate measures must be taken.

**[Note]** Labor accidents and illnesses must be recorded and causes analyzed from the perspectives of human factors, physical factors and management factors. It is important to implement measures based on physical factors as much as possible and avoid placing disproportionate weight on measures based on human factors.

With regard to labor accidents and illnesses, employees must be encouraged to notify management about such matters. Systems for taking emergency measures at the time of occurrence must be developed and affected employees must be guaranteed to receive medical treatment until recovery, etc. and will need to be supported in returning to work.

In addition, the occurrence of a labor accident and illness must be reported to the authorities as necessary.

#### **II-6 Thorough response to an emergency**

To protect life, emergency response measures must be prepared and members in the workplace must be familiarized with these measures, assuming disasters and accidents that may occur.

**[Note]** Procedures for responding to occupational disasters and accidents must be clearly defined in advance in order to minimize their impact. The procedures include employee education and training and the establishment of a system for prompt announcement to the authorities and local residents. The procedures will need to be formulated in consideration of not only the employees but also other people entering and exiting the workplace.

Emergency measures include emergency reporting, employee notification, clear evacuation methods, the establishment of evacuation facilities, emergency clothing stock, fire detection equipment, the installation of fire control equipment, the securing of external communication methods and the development of restoration plans.

## **II-7 Employee education and training**

Employees must be provided education and training on occupational safety.

**[Note]** To secure occupational safety in the workplace, not only is the development of equipment and systems in facilities required, but the provision of knowledge and skills to each and every employee is also necessary so that they can perform their duties in an appropriate and safe manner. Accordingly, education and training must be continuously provided in a planned manner, in accordance with the nature of the tasks of each employee (applicable laws and regulations, manufacturing equipment, substances handled, employee composition, etc.).

### **III Consideration for the Global Environment**

Japan Post Group asks suppliers to give due consideration to the minimization of adverse effects from manufacturing products on the natural environment and ecosystems while safeguarding the health and safety of the public. The Group requests suppliers to focus on environmental considerations in their business operations, based on recognition of the importance of environmental conservation, through efforts for biodiversity conservation, resource recycling and the reduction of greenhouse gas emissions in various aspects of their business activities.

**[Note]** Global environment and social sustainability issues are one of the greatest topics in corporate activities. Giving consideration to the global environment and proactively contributing to the creation of a sustainable environment and society through daily tasks and business activities between Japan Post Group and suppliers will make our corporate activities themselves sustainable.

#### **III-1 Operation of environmental management systems**

Environmental management systems must be established, operated and continuously improved in order to minimize the negative effects from business activities on the environment and enlarge their positive effects.

**[Note]** Environmental management system refers to an overall management scheme for promoting environmental activities and encompasses organizational structure, planned activities, responsibility sharing, customary practices, procedures, processes and management resources. “Environmental activities” as used in this text mean preparing an environmental policy and implementing, achieving, reviewing and maintaining measures following this policy as well as ensuring continuous improvement through so-called plan-do-check-action (PDCA) cycle. The ISO14001 and other representative environmental management systems will be referenced.

#### **III-2 Control and reduction of chemical substances**

Chemical substances designated by laws and regulations must be managed for all products.

In addition, with regard to chemical substances with the potential to exert a negative impact on human health and natural ecosystems, efforts will be made to substitute with other chemical substances or reduce their usage.

**[Note]** Chemical substances prohibited by laws and regulations must not be present in products. Compulsory labelling obligations must be adhered to and the mandatory testing and evaluation will be conducted. In addition, with regard to chemical substances that are discharged into the external environment, the amount of their emissions will be recorded and reported to public administration. The usage of chemical substances that have potential negative impacts on human

health and natural ecosystems will be controlled, while efforts must be made to substitute with other chemical substances or reduce their usage.

### **III-3 Minimizing environmental impact**

Local laws, regulations, etc. regarding drainage, emissions, waste substances, noise, vibration, light, etc. must be complied with, and efforts must be made to make further improvements by establishing voluntary standards as necessary.

In addition, any impact on local residents and the natural environment and ecosystems from the development of a factory or a farm must be understood.

**[Note]** Matters regarding drainage, emissions, waste substances, noise, vibration, light and other typical pollution problems affect local communities and natural ecosystems, while the development of a factory or a farm may destroy valuable natural ecosystems due to land use and change or threaten the rights and livelihoods of local residents. Accordingly, harmonious coexistence with local communities is the foundation for stable business activities. By complying with laws, regulations, etc. and engaging in close communication with stakeholders, further improvements must be sought based on voluntary standards as necessary.

In addition, in the case of a new construction or an addition to a factory or a farm, the impact of the development on local residents and natural environment or ecosystems must be evaluated. Appropriate measures will be required to mitigate any negative impact.

**III-4 Promotion of efficient use and cyclic use of resources, energy and water**  
(Raw materials) With regard to efficient use and cyclic use of resources, energy and water, voluntary goals for the conservation of resources, energy and water and the reduction of waste materials and greenhouse gas emissions must be established, thereby mitigating negative impacts on the natural environment and ecosystems all along the supply chain.

**[Note]** Initiatives to minimize negative impacts on the environment, including the conservation of resources, energy and water and the reduction of waste materials and greenhouse gas emissions will facilitate the streamlining of business activities. It is necessary to voluntarily establish quantitative goals and make proactive efforts for streamlining. In particular, the promotion of initiatives regarding themes involving energy and the environment across the globe needs to be implemented from the perspective of product life cycles and business activities that encompass the entire supply chain and value chain, beyond each supplier.

### **III-5 Consideration for biodiversity and natural ecosystems in the procurement of raw materials**

To understand the conservation status of biodiversity and natural ecosystems in the production areas in the procurement of raw materials, traceability must be verified by tracing back to their production areas, and necessary improvements must be made.

**[Note]** As the procurement of raw materials exerts great influence on the environment, natural ecosystems and biodiversity, it is important to trace the materials back to the upstream of the supply chain as necessary and understand the situation in the production areas as much as possible through cooperation and collaboration among participants in the supply chain.

### **III-6 Contribution to the environment through business activities**

Based on a social perspective, consideration must be given to the environment starting from the research and development phase to offer products and services that contribute to the global environment.

**[Note]** Business enterprises are expected to contribute to the establishment of a sustainable global environment and society by taking a holistic approach that encompasses all of society, not just the business itself, toward initiatives to reduce their environmental footprint. In specific terms, it is important to give consideration to the environment starting from the research and development phase to offer products and services that contribute to the global environment and change the way that business activities are conducted to make them more eco-friendly.

### **III-7 Disclosure of environmental conservation status**

The appropriate disclosure of information must be made in response to requests for proactive disclosure of environmental conservation status.

**[Note]** Appropriate communication such as the disclosure of environmental conservation status and other activities enhance transparency in business activities and forms a foundation for trust. It is recommended to implement appropriate disclosure of information in response to requests for disclosure and proactively facilitate communication with stakeholders through voluntary activities to communicate environmental conservation status.

### **III-8 Environmental education for employees**

Appropriate environmental education must be provided to employees.

**[Note]** In order to realize a sustainable society, various environmental education and awareness-raising activities must be made available to employees to foster keen environmental awareness. Under the Act on the Promotion of Environmental Conservation Activities through Environmental Education, the term “environmental education” means education and learning about

environmental conservation at home, at school, in the workplace, in a local community or at any other place, with the aim of establishing a sustainable society, to provide a better understanding of the link between environment and society, economy and culture and other aspects of environmental conservation.

## **IV Compliance with laws, regulations and social standards and development of a compliance system**

Japan Post Group asks each supplier to establish a compliance system in order to comply with laws and regulations and the social standards of the counties and regions in which it conducts business activities, prevent violations of law and fraud that may be committed by the supplier itself and its employees, and enable a rapid response when a problem occurs.

**[Note]** A business operator engaging in business activities must understand the applicable laws and regulations that impose various obligations, obtain required permissions, authorizations and licenses, submit the necessary documents and adhere to other requirements, including quality standards, labeling method, delivery of documents, regular reporting and the preparation of transaction records.

### **IV-1 Prohibition of corruption, bribery, etc.**

Sound and normal relationships must be maintained with political and administrative authorities and no bribery, illegal political contribution, etc. may be made.

**[Note]** Bribery means the provision of money, entertainment, gifts or other benefits or facilities to public officials and persons equivalent thereto, requesting a business advantage in return such as approval and license, acquisition or maintenance of transactions or access to non-public information.

An illegal political donation refers to an act of contributing a political donation, requesting a business advantage in return such as an approval or license, acquisition or maintenance of transactions or access to non-public information, or an act of contributing a political donation without following the proper procedures.

### **IV-2 Prohibition of abuse of a superior bargaining position**

No act of using a superior bargaining position that disadvantages a business partner may be conducted.

**[Note]** The abuse of a superior bargaining position refers to the acts of a business operator who is in a superior bargaining position in a transaction, for instance by using its own dominant position, making a unilaterally advantageous decision or a change regarding terms and conditions of the transaction with a business partner or making unreasonable demands or imposing unreasonable obligations on a business partner.

Procurement transactions must be conducted in a sincere, fair and equitable manner based on agreements, etc. and no act that abuses a superior bargaining position may be conducted.



Laws and regulations concerning abuse of a superior bargaining position in the country where such laws and regulations exist (for example, the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors of Japan, commonly called the “Subcontract Act”) must be observed.

### **IV-3 Prohibition of offering and receiving improper advantages**

No improper advantages may be offered or received in relations with stakeholders.

**[Note]** Offering and receiving improper advantages include the following.

- Bribery-type acts, such as the provision or receipt of gifts, prizes or prize money that exceeds the range stipulated by laws and regulations to or from customers and the provision or receipt of money and goods or entertainment that exceeds the range of social courtesy.
- Acts of offering improper benefits to anti-social forces (crime syndicates, terrorist organizations, etc.) that adversely influence social order and sound activities
- Acts of offering improper benefits to a specific shareholder
- Insider trading to carry out sales and purchases of shares of a customer based on non-public important information about the customer’s business

### **IV-4 Prohibition of anti-competitive conduct**

No act which impedes fair, transparent and free competition may be conducted.

**[Note]** Acts that impede competition include an arrangement for setting the price, quantity or sales region of products or services with other companies in the same industry (cartel) and an arrangement among bidders for a successful bidder or successful bid price (bid rigging), etc.

In addition, acts of unfair competition include those of obtaining and using trade secrets of another company by an illegal method, making misstatement of products of another company, and making representations that cause customers to misconstrue the place of origin, quality and other matters concerning the business operator’s products

### **IV-5 Respecting intellectual property**

Intellectual properties of others must not be infringed.

**[Note]** Intellectual property right refers to patent rights, utility model rights, design rights, trademark rights, copyrights, trade secrets, etc.

In the development, production, sales and provision of products or services, sufficient preliminary investigation on third-party intellectual property rights must be conducted.

Unauthorized use of third-party intellectual property rights, unlawful reproduction of computer

software and other copyrighted materials and the acquisition and use of third-party trade secrets through illegal means constitute an infringement of intellectual property rights.

#### **IV-6 Appropriate export and import management**

In compliance with applicable laws and regulations, appropriate export and import management systems must be developed for export and import procedures.

**[Note]** With regard to import, there are many cases in which permission, examination or inspection is required by product and by country based mainly on the Customs Act and for health and hygiene and other reasons

With regard to export, there are also various regulations by exporting country and by product in a similar manner. Accordingly, adherence to requirements is mandatory in export and import management.

#### **IV-7 Responsible procurement**

To prevent conflict minerals issues and human rights, labor and environmental problems from occurring in the supply chain, appropriate response must be taken.

**[Note]** The four types of conflict minerals are gold, tin, tantalum and tungsten as stipulated in the Dodd-Frank Wall Street Reform and Consumer Protection Act of the United States. It is a global concern that procurement of these minerals mined in the Democratic Republic of the Congo or an adjoining country may lead to financing the armed groups that are perpetrators of serious human rights abuses.

#### **IV-8 Information disclosure**

Whether or not disclosure is required by laws, regulations, etc., proactive provision and disclosure of information to stakeholders must be implemented.

**[Note]** Corporate information (financial affairs, lines of business, etc.) must be disclosed to customers, shareholders, investors, employees, business partners, local communities, public administration, mass media, etc. in a proactive and equitable manner and efforts shall be made to promote dialogue and increase corporate transparency.

#### **IV-9 Elimination of relations with anti-social forces**

Any connection with anti-social forces and organizations that pose a threat to the order and safety of civil society must be rejected.

**[Note]** Under the Act on Prevention of Unjust Acts by Organized Crime Group Members, demanding gifts of money or goods, etc. without justifiable ground is prohibited, regardless of the name by which such gifts are called, including donations and contributions. It is necessary

to eliminate any and all relations with anti-social forces, obviously including using anti-social forces to acquire land or proceed with business.

#### **IV-10 Prevention and early detection of fraudulent acts**

Systems that enable activities for the prevention and early detection of fraudulent acts and that facilitate response must be developed.

**[Note]** Activities for the prevention of fraudulent acts involve education and training of employees and raising their awareness as well as creating a rich communication environment in the workplace.

Examples of systems for early detection and response to fraudulent acts are indicated below.

- By setting up an in-house or external whistleblower contact point, management must work to detect fraudulent acts in an early stage
- The confidentiality of whistleblowers must be safeguarded and they must be protected as appropriate.
- Fraudulent acts must be dealt with promptly and the whistleblower must be kept apprised of the results as appropriate.

## **V Securing Quality and Safety of Products and Services**

The Group requests suppliers to ensure that their products and services fulfill the safety standards required by laws, regulations, or other rules of each nation, and to carry out thorough quality control. The Group also requests suppliers to work on business continuity planning (BCP) to enable a prompt recovery of critical operations in unforeseen circumstances, so as to ensure stable supply.

**[Note]** Understanding customer needs and ensuring a stable supply of socially useful, safe products and services are among the most important missions of a company. To fulfill these missions, a company must build and operate a quality management system and various other systems and continue to improve such systems.

### **V-1 Operating a quality management system**

A quality management system must be built and operated.

**[Note]** A quality management system is an overall management system for promoting quality assurance activities. It includes the organizational structure, systematic activities, sharing of responsibilities, customary practices, procedures, and management resources. The term “quality assurance activities” herein refers to creating a quality policy and implementing, achieving, reviewing, and maintaining measures developed in accordance with the policy. It means making continuous improvements for quality assurance by implementing a so-called PDCA cycle. Typical quality management systems include ISO 9001.

### **V-2 Providing accurate information about products and services**

Accurate information about products and services must be provided to customers.

**[Note]** Examples of accurate information are as follows.

- Accurate information about specifications, quality, and the method of handling a product or service
- Accurate information about substances contained in raw materials and packaging materials used for a product
- Information about a product or service provided in brochures, similar materials, and advertisements are not inaccurate or misleading for consumers or customers and does not include any content that defames other companies or individuals or infringes on their rights

### **V-3 Securing product safety**

Products and their raw materials must fulfill the safety standards required by laws, regulations, and other rules of each nation, and must satisfy the standards required by trade partners.

**[Note]** Suppliers must fulfill the product safety requirements stipulated in the warranty and other agreements signed with their customers, not to mention complying with laws and regulations. Where a supplier takes the responsibility to design and develop a product, it must secure sufficient product safety in the design and development phase. In the manufacturing phase, product safety must be ensured by using predetermined raw materials and manufacturing the product in an appropriate manner.

### **V-4 Stable supply of products**

A business continuity plan, the purpose of which is to enable a prompt recovery in core operations even in unforeseen circumstances, must be established to ensure stable product supply.

**[Note]** A business continuity plan is formulated by a company to enable continuity or a quick recovery of core businesses while minimizing damages to its business assets, in the event of an emergency such as a natural disaster, a catastrophic fire, or a terrorist attack. Such a plan includes activities to be carried out at normal times and means and methods of continuing businesses in an emergency.

Suppliers must set a target level of business continuity, and establish a work manual and conduct drills in preparation for a crisis, so as to ensure continuity of core operations that should be prioritized.

## VI Information Security

The Group requests suppliers to take defensive measures against threats on computer networks, control them to prevent damages to themselves and other companies, and appropriately manage and protect the personal information of customers, third parties, and employees as well as confidential information they have received.

**[Note]** Today, the usefulness of information systems is widely recognized, and such systems are utilized in daily operations. However, this usefulness is also producing adverse effects, such as the growing scale of system troubles and the increased risk of information leaks and other incidents. Rules for enjoying high-quality services through information systems must be observed mutually. Failure to do so may result not only in an operating loss but in certain circumstance may also constitute a violation of laws, which may lead to a loss of social confidence in both parties. This is why activities related to information security are important.

### VI-1 Defense against threats on computer networks

A company must take defensive measures against threats on computer networks to prevent damages to itself or other companies.

**[Note]** Infection with a computer virus may result in a loss or external leakage of customer information or confidential information saved in computers via the network.

In addition, insufficient management of user ID passwords may lead to unauthorized access to computers, which may result in leakage or falsification of data. Being a target of cyberattack may result in a loss due to interruption of operations.

### VI-2 Appropriate management of personal information

Personal information of customers, third parties, and employees must be managed and protected appropriately.

**[Note]** Improper handling of *personal information* may lead to an accident involving the person.

Personal information and privacy are viewed differently among countries. Such differences must be fully studied and reflected in operations.

In Japan, the Act on the Protection of Personal Information began to be applied to private enterprises as well in April 2005. The law requires companies holding personal information to clarify the purpose of use of such information and take security control measures before handling it.

However, incidents involving the leakage of personal information have yet to be eliminated. Many are caused by intentional removal of personal information by an employee or a trustee, a human error attributed to a lack of knowledge of the law or information systems, or unauthorized access by a third party.

Suppliers are required to establish specific rules on their use of personal information and manage such information appropriately, in accordance with the above law.

### **VI-3 Preventing leakage of confidential information of customers and third parties**

Confidential information received from customers and third parties must be managed and protected appropriately.

**[Note]** Information disclosed by a trade partner by signing a nondisclosure agreement (with mutual agreement that such information is confidential) must be handled by observing the methods prescribed in the agreement. A nondisclosure agreement imposes various restrictions, including restrictions on duplication and parties to whom the information may be disclosed. If a company is deemed to have violated the agreement and leaked confidential information or used it for purposes other than the original intent, the company may have to pay massive compensation or otherwise face serious consequences.

Where a supplier uses information obtained from a third party for its transaction with the Group, that supplier is requested to make sure to report to that effect to the Group, not to mention taking proper procedures.

## VII Social Contribution and Harmonious Coexistence with Local Communities

Suppliers are encouraged to engage in voluntary activities which allow them to contribute to the development of international society and local communities.

**[Note]** In ISO 26000, the development of relationships between an organization and all communities related to it is an important theme, as shown by the term “stakeholder engagement.” No organization or individual can exist without a relationship with society, and active participation in the community and development of the community itself also enable the *sustainable development* of an organization or individual.

Activities that enable a contribution to international society and local communities refer to those that support communities by making use of the company’s management resources. Generally, the following are considered to be such activities:

- Social contribution in business activities made using technologies or similar
- Non-monetary social contribution made using facilities, human resources, or the like
- Social contribution through monetary donation

Specific examples of such activities include cooperation with the local community in the event of a disaster, support for the activities of employees, volunteers, NPO/NGOs, and similar parties, donations, or the distribution and introduction of information. Each company is required to be proactive in making social contributions by defining the scope of activities it is able to implement.



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