

# KYOCERA Document Solutions Inc. Supply Chain CSR Procurement Guideline

April 1, 2021



## Introduction

Recently, “Corporate Social Responsibility (CSR)” has been receiving increasing attention worldwide. CSR is interpreted “as voluntary efforts made by a company for sustainable development in areas other than pure financial activities such as legal compliance, consumer protection, environmental protection, labor, respect for human rights and local contribution” (Ministry of Economy, Trade and Industry). In other words, CSR is a frame of mind that “even a private company is a social entity and thus responsible for business management in full consideration of surrounding stakeholders under a management structure built on ethics”.

Lately, many issues have arisen which require efforts of an entire supply chain such as conflict minerals behind which forced labor and human rights violations lie, and formulation of BCP for swift recovery and continuation of business when a disaster strikes.

We have developed a framework for CSR and implemented various policies such as legal compliance and environmental conservation so far and are committed to further promoting these activities with the cooperation of our suppliers. We believe the only way to realize growth of the entire supply chain is to meet the needs of the society with concerted efforts of all companies which participate in a series of business processes ranging from development, production, sales to services.

We would like you to review and understand the Guideline and promote proactive CSR activities. Please note that when you do not agree to these activities, we have no choice but to reconsider doing business with you.

## Revision of the Guideline

To fulfill social responsibilities throughout the entire supply chain, we formulated “KYOCERA Document Solutions Supply Chain CSR Promotion Guideline” in 2008 and asked for cooperation of our suppliers.

However, as requests of the society as well as our customers for CSR have changed over time, we decided to review the Guideline and changed its name to “KYOCERA Document Solutions Supply Chain CSR Procurement Guideline”.

We would like our suppliers to understand the intent of this revision, and ask for continued cooperation.

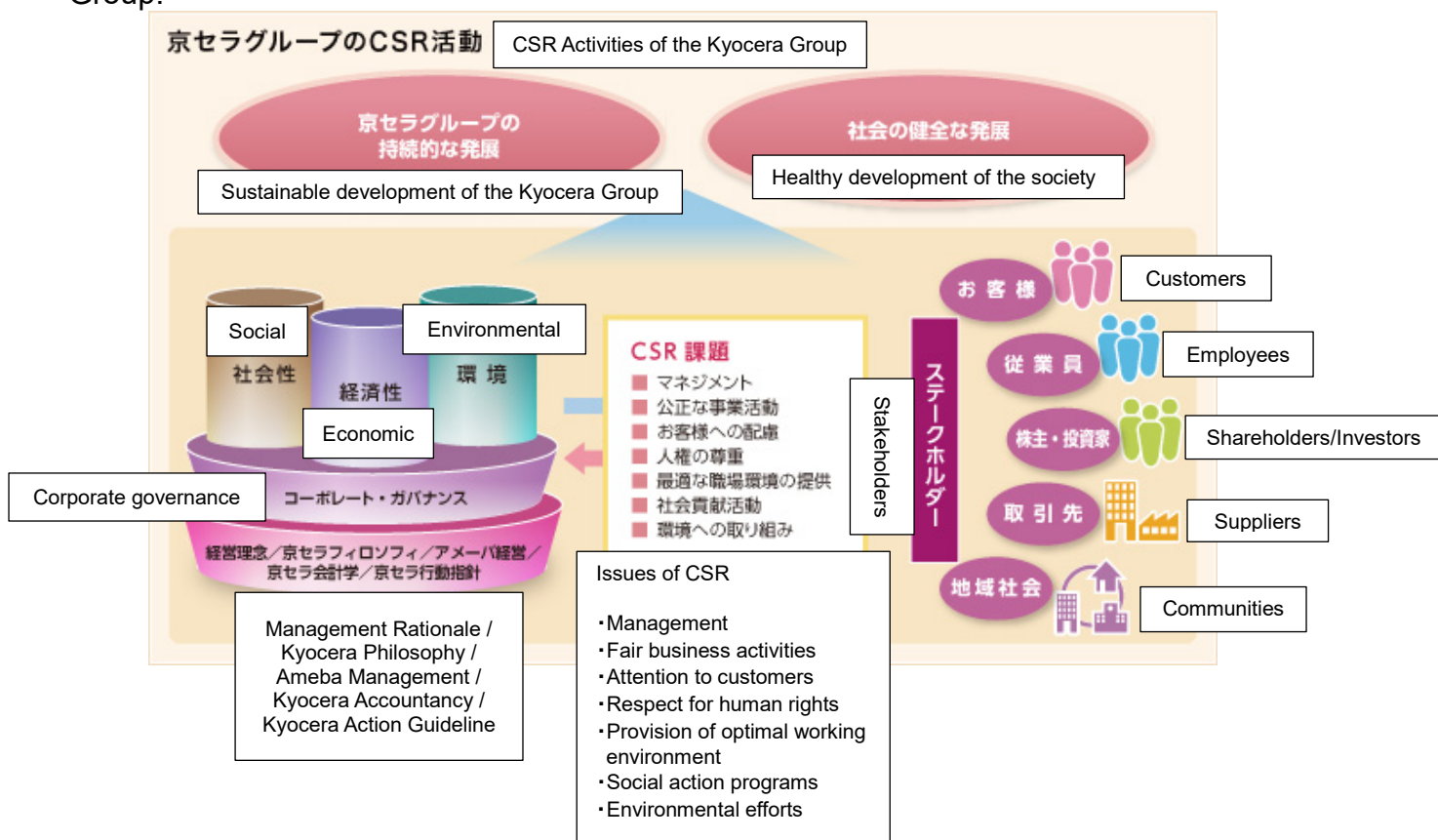
We would also ask you to communicate this revision to your business partners.

## Fundamental Policy for Purchasing

1. We will place emphasis on fairness, and work on building and developing partnerships with suppliers based on the spirit of “benefit to improve oneself for the benefit of others” and a relationship of trust.
2. In purchasing activities, we will abide by the laws of each country, and fulfil our social responsibilities such as preserving the global environment and protecting resources.
3. We will provide fair opportunities to all companies, both inside and outside Japan, and carry out purchasing activities based on fair evaluation criteria.
4. To supply the products which customers are satisfied with, we will continue to work hard with our suppliers to pursue the quality and price, and ensure stable supply.

## CSR of the Kyocera Group

At Kyocera, with “To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind” as our management rationale, we have managed our company according to “Kyocera Philosophy” which stipulates decision-making based on what is right as a person since its foundation. This Philosophy serves as the foundation of CSR activities of the Kyocera Group. We are committed to solving issues of CSR through implementing “Kyocera Philosophy” and contributing to healthy development of the society while building mutual trust with stakeholders and pursuing sustainable development of the Kyocera Group.



**Table of Contents**

<b>I. LABOR</b> .....	5
1) Freely Chosen Employment.....	5
2) Young Workers.....	5
3) Working Hours.....	5
4) Wages and Benefits.....	5
5) Humane Treatment.....	5
6) Non-Discrimination.....	5
7) Freedom of Association.....	5
<b>II. HEALTH and SAFETY</b> .....	6
1) Occupational Safety.....	6
2) Emergency Preparedness.....	6
3) Occupational Injury and Illness.....	6
4) Industrial Hygiene.....	6
5) Physically Demanding Work.....	6
6) Machine Safeguarding.....	6
7) Sanitation, Food, and Housing.....	6
8) Health and Safety Communication.....	6
<b>III. ENVIRONMENTAL</b> .....	7
1) Environmental Permits and Reporting.....	7
2) Pollution Prevention and Resource Reduction.....	7
3) Hazardous Substances.....	7
4) Wastewater and Solid Waste.....	7
5) Air Emissions.....	7
6) Materials Restrictions.....	7
7) Storm Water Management.....	7
8) Energy Consumption and Greenhouse Gas Emissions.....	7
9) Biodiversity-conscious business activities.....	7
<b>IV. ETHICS</b> .....	8
1) Business Integrity.....	8
2) No Improper Advantage.....	8
3) Disclosure of Information.....	8
4) Intellectual Property.....	8
5) Fair Business, Advertising and Competition.....	8
6) Protection of Identity and Non-Retaliation.....	8
7) Privacy.....	8
<b>V. Conflict Minerals</b> .....	9
<b>VI. BCP (BUSINESS CONTINUITY PLAN)</b> .....	9
<b>VII. MANAGEMENT SYSTEM</b> .....	10
1) Company Commitment.....	10
2) Management Accountability and Responsibility.....	10
3) Legal and Customer Requirements.....	10
4) Risk Assessment and Risk Management.....	10
5) Improvement Objectives.....	10
6) Training.....	10
7) Communication.....	10
8) Employee Feedback and Participation.....	10
9) Audits and Assessments.....	10
10) Corrective Action Process.....	10
11) Documentation and Records.....	10
12) Supplier Responsibility.....	10
<REFERENCES>.....	11

## I. LABOR

- 1) Freely Chosen Employment
  - Employers are not to use forced labor, slave labor, bonded labor or labor by trafficking of persons.
  - Employers are to confirm the intention of employees by signing an employment agreement in writing with them or exchanging a statutory document.
  - All labor is to be provided voluntarily, and employees shall be free to leave work.
  - Employers are not to require employees to submit their identification, passport or work permit as part of conditions of employment.
  - Employers are not to require employees to pay recruitment fees to them or agents.
- 2) Young Workers
  - Employers are not to use child labor. Child refers to any person under the age of 15, or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest.
  - Employers are not to make employees under the age of 18 work night shifts or perform work that is likely to jeopardize their health or safety.
  - When hiring student workers and interns, employers are to protect their rights and properly manage them. Employers are to pay wages to those workers and interns at the same rate as entry-level workers who perform equal or similar tasks.
- 3) Working Hours
  - Employers are to follow rules for regular work hours and overtime work hours set force by law.
  - Employers are to follow rules for holidays set force by law.
- 4) Wages and Benefits
  - Employers are to pay above the legally mandated minimum wage to employees.
  - Employers are to pay extra wage for overtime work based on law.
  - Employers are to observe all laws according to the wage including allowances in relation to legally mandated benefits.
  - Employers are not to cut wages as punishment.
  - Employers are to provide employees with comprehensible wage statements in a timely manner.
- 5) Humane Treatment
  - There is to be no sexual harassment, sexual abuse, corporal punishment or verbal abuse. Employers are to have a policy and procedures in place for disciplinary actions to be taken for the abovementioned inhumane treatment and communicate them to employees.
- 6) Non-Discrimination
  - Employers are not to engage in discrimination based on race, color, age, gender, sexual orientation, gender identity and expression, national origin (ethnicity), disability, pregnancy, religion, political affiliation, union membership or marital status.
  - Employers are to provide employees with reasonable accommodation for religious practices.
  - Employers are not to perform medical tests or physical exams on employees that could be used in a discriminatory way.
- 7) Freedom of Association
  - Employers are to respect employees' rights to form and join trade unions in conformance with local laws.
  - Employers are to provide employees with opportunities to openly communicate with management regarding working conditions.

## II. HEALTH and SAFETY

- 1) Occupational Safety
  - To ensure employees' safety, employers are to adopt an appropriate work method, install safety devices and provide training in a continuous manner to control risks (electricity, other energy sources, fire, vehicle and fall hazards).
  - Employers are to provide employees with properly managed personal protective equipment as required.
  - Employers are to encourage employees to raise safety concerns.
- 2) Emergency Preparedness
  - Employers are to identify and assess potential emergency situations, install equipment to minimize their impact (emergency exit, emergency stairs and fire extinguisher), develop response procedures and conduct a regular drill.
- 3) Occupational Injury and Illness
  - Employers are to have procedures and a system in place to prevent, manage and report occupational injury and illness.
- 4) Industrial Hygiene
  - Employers are to identify and evaluate employee exposure to harmful substances, and control it by measures to reduce exposure.
- 5) Physically Demanding Work
  - Employers are to identify, evaluate and manage the risk of physically demanding work performed by employees.
- 6) Machine Safeguarding
  - Employers are to evaluate safety hazards of production equipment and other equipment and install and properly manage interlocks and barriers as required.
- 7) Sanitation, Food, and Housing
  - Employers are to provide employees with ready access to clean toilet and sanitary potable water. When there is a cafeteria, food provided and related facilities are to be clean and sanitary.
  - A company dormitory is to be clean and safe and equipped with emergency exit, bathing facilities/shower and other necessary facilities.
- 8) Health and Safety Communication
  - Employers are to provide health and safety training to employees in a language they can understand and post information on health and safety in the facility in a clear manner.

### III. ENVIRONMENTAL

- 1) Environmental Permits and Reporting
  - Employers are to obtain and maintain environmental permits and licenses required by law and keep them current and make a required report.
- 2) Pollution Prevention and Resource Reduction
  - Employers are to reduce the amount of materials used in business activities as well as the amount of waste generated by changing a production process, recycling or reuse.
- 3) Hazardous Substances
  - Employers are to identify chemicals which affect the environment and manage safe handling, movement, storage, use, recycling or reuse and disposal thereof.
- 4) Wastewater and Solid Waste
  - Employers are to have and enforce a system to properly identify, manage, reduce and dispose of waste.
  - Employers are to implement measures to reduce generation of wastewater and conduct routine monitoring of wastewater treatment systems to properly handle wastewater.
- 5) Air Emissions
  - Employers are to properly handle and conduct routine monitoring of air pollutants generated by business activities.
- 6) Materials Restrictions
  - Employers are to adhere to laws, regulations and customer requirements regarding prohibition of use or restriction of specific substances in products and manufacturing.
- 7) Storm Water Management
  - Employers are to have a system in place to prevent pollutants from entering storm water drainage.
- 8) Energy Consumption and Greenhouse Gas Emissions
  - Employers are to track and document energy consumption and greenhouse gas emissions, set up a voluntary target for reduction and continue to work on reducing them.
- 9) Biodiversity-conscious business activities
  - Suppliers are requested to consider reducing a direct impact on biodiversity in conducting business activities,,
  - Suppliers are requested to procure biodiversity-conscious raw materials
  - Suppliers are requested not to transport and spread alien species according to the transportation of raw materials and products
  - Suppliers are requested to maintain green space on the premises in order to contribute to biodiversity conservation of the surrounding areas
  - Suppliers are requested to utilize water efficiently and consider the life of inhabitants and ecosystem around its business sites

## IV. ETHICS

- 1) Business Integrity
  - Employers are to have a zero tolerance policy to prohibit bribery, corruption, extortion and embezzlement.
  - All business dealings are to be transparent and accurately reflected on employers' business books and records.
  - Employers are to implement monitoring and enforcement procedures to ensure compliance with anti-corruption laws.
- 2) No Improper Advantage
  - Employers are not to promise, offer, authorize, give or accept bribes or other means of obtaining undue or improper advantage.
- 3) Disclosure of Information
  - Employers are to disclose information regarding labor, health and safety, environmental activities, business activities, organization, financial situation and performance in accordance with law.
- 4) Intellectual Property
  - Employers are to protect intellectual property rights in transferring technology and knowhow.
- 5) Fair Business, Advertising and Competition
  - Employers are to establish standards of fair business, advertising and competition.
  - Employers are to safeguard customer information.
- 6) Protection of Identity and Non-Retaliation
  - Employers are to have a system in place to report an ethical issue in confidence and protect a whistle-blower from retaliation.
- 7) Privacy
  - Employers are to comply with privacy and information security laws and regulations when they collect, store, process, transmit and share personal information.



## **V. Conflict Minerals**

- Employers are to make efforts based on OECD Due Diligence Guidance.
- Employers are to conduct investigations in accordance with the Responsible Minerals Initiative (RMI) program.
- Employers are to have a policy for efforts regarding procurement of conflict minerals.
- Employers are to disclose such policy on their HP and by other means.
- Employers are to require procured parts to be conflict-free.
- Employers are to collect information on refining companies by CMRT (Conflict Minerals Reporting Template).
- Employers are to exercise due diligence on the information they collected.
- Employers are to have and operate a system to manage conflict minerals including corrective actions.
- Employers are to disclose the process as well as results of these activities based on customer requests.

## **VI. BCP (BUSINESS CONTINUITY PLAN)**

- Social responsibilities for BCP (Business Continuity Plan) are to be included in the company-wide policy and the code of conduct.
- Employers are to disclose such company-wide policy and code of conduct on their HP and by other means.
- Employers are to identify and assess underlying risks and important management resources (personnel, equipment, parts and information) and set a target time to recovery.
- To achieve a target time to recovery, employers are to formulate and implement measures for important management resources (personnel, equipment, parts and information) which will pose a problem (bottleneck).
- Employers are to specify an organizational structure and response procedures from initial reaction to recovery to be adopted when a disaster strikes.
- Employers are to conduct a drill on a regular basis according to response procedures to be performed when a disaster strikes.

## VII. MANAGEMENT SYSTEM

- 1) Company Commitment
  - Employers are to have a policy for corporate social and environmental responsibilities endorsed by executive management.
- 2) Management Accountability and Responsibility
  - Employers are to appoint senior executive responsible for implementing management systems and associated programs for labor, health and safety, environment, ethics and conflict minerals and BCP (hereinafter called “CSR-related items”).
  - Senior management is to review the status of the management system of CSR-related items on a regular basis.
- 3) Legal and Customer Requirements
  - Employers are to have a system in place to identify, monitor and understand applicable laws, regulations and customer requests regarding CSR-related items.
- 4) Risk Assessment and Risk Management
  - Employers are to have a system in place to identify risks associated with CSR-related items, and properly manage identified risks.
- 5) Improvement Objectives
  - Employers are to have objectives and an execution plan in writing to improve social and environmental responsibilities.
- 6) Training
  - Employers are to have a training program to achieve a corporate policy, procedures and improvement objectives and ensure compliance regarding CSR-related items.
- 7) Communication
  - Employers are to have a system in place to clearly and accurately communicate information about their policies and performance to employees, suppliers and customers.
- 8) Employee Feedback and Participation
  - Employers are to have a system in place to assess employees’ understanding of and obtain feedback on corporate policies for CSR-related items and to foster continuous improvement.
- 9) Audits and Assessments
  - Employers are to regularly conduct an internal audit to check compliance with laws and regulations and customer requests regarding CSR-related items.
- 10) Corrective Action Process
  - Employers are to have a system in place to correct non-conformity regarding CSR-related items identified during internal or external audit.
- 11) Documentation and Records
  - Employers are to create and maintain documents and records to ensure legal compliance regarding CSR-related items, meet customer requirements and protect personal information.
- 12) Supplier Responsibility
  - Employers are to have a system in place to communicate their codes to suppliers and to monitor compliance with such codes.

<REFERENCES>

We used the following standards in preparing the Guideline.

- ◆ Universal Declaration of Human Rights  
<http://www.un.org/en/universal-declaration-human-rights/>
- ◆ ILO\*<sup>1</sup> International Labor Standards  
<http://www.ilo.org/declaration/lang--en/index.htm>
- ◆ United Nations Global Compact  
<https://www.unglobalcompact.org/what-is-gc/mission/principles>
- ◆ RBA\*<sup>2</sup> (Former EICC\*<sup>3</sup>) Code of Conduct  
<http://www.responsiblebusiness.org/standards/code-of-conduct/>
- ◆ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High Risk Areas  
<http://www.oecd.org/corporate/mne/mining.htm>
- ◆ Responsible Minerals Initiative  
<http://www.responsiblemineralsinitiative.org/>

\*1 International Labour Organization

\*2 Responsible Business Alliance

\*3 Electronic Industry Citizenship Coalition

<DOCUMENT HISTORY>

December 2008, Version 1

September 2016, Version 2

September 2019, Version 3

April 2021, Version 4