

**Fujikura Group**

**Corporate Social Responsibility**

**Guidelines for Suppliers**

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**Fujikura Ltd.**  
Corporate Procurement Division  
CSR Promotion Division

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## A Request to Our Suppliers

In recent years, the information society has globalized and matured, leading to diversification and major changes in the environment in which businesses function. While the business sector has received intense criticism as a result of frequent scandals and deceptive business practices, interest has also grown in business initiatives working toward building a sustainable society.

As a consequence, businesses are expected to meet their basic regulatory compliance responsibilities and, beyond that, to meet their social responsibilities as members of society. In other words, they are expected to proactively demonstrate their corporate social responsibility (CSR).

At Fujikura, we have put policies in place, such as the “Fujikura Group Purchasing Policies” and the “Fujikura Group Purchasing Department Code of Conduct,” to exercise strict governance over our own behavior in order to build strong relationships of trust with our suppliers through equitable, fair, and honest purchasing practices. We also continue focusing on purchasing-related compliance by, for example, holding regular training sessions for all the group’s companies on the *Shitauke-hō*, the Japanese “Act Against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.”

In this increasingly global business environment, questions regarding social responsibility concern not only one’s own company but also the entire supply chain. We have already asked all of you, our suppliers, to abide by requirements based on the Electronics Industry Citizen Coalition<sup>®</sup> (EICC<sup>®</sup>) Code of Conduct implemented through supply chain management surveys and disseminated through meetings with you. However, we would like to further strengthen our system of cooperation in this regard. Therefore, we have summarized our requirements in this document.

While every company should, as a matter of course, undertake CSR as they see fit, we hope that when you look at our CSR requirements for suppliers, you will take a proactive approach and use this guidebook as a reference.

## I. Fujikura Group Purchasing Policies

### 1. Fair and equitable trade

We look for excellence in our global suppliers based on the principle of fair and equitable competition. Our selection of suppliers is based on impartial evaluations from perspectives such as price, quality, delivery dates, stability of supply capacity, technical skills, and reliability.

### 2. Cooperative relationships founded on mutual trust

We follow the principles of fairness, equitability, and honesty and try to build mutually cooperative relationships with our suppliers based on the ideal of coexistence for mutual prosperity. Further, we do not disclose information obtained in the course of business to third parties without permission.

### 3. Compliance with laws and social norms

We comply with the laws of every country and undertake transactions in accordance with corporate ethics and social norms.

### 4. Consideration for the environment

To contribute to the protection of the environment and the realization of a sustainable society, we engage with our suppliers in environmental management to reduce the burden on the environment.

## II. CSR Guidelines for Suppliers

### 1. Human Rights and Labor Practices

#### (1 – ①) Prohibiting child labor and respecting limitations on the employment of young workers

**Do not employ minors below the minimum age for employment or employ young workers in ways detrimental to their development.**

Child labor generally refers to the employment of children under the minimum age for employment, as determined by the International Labour Organization's (ILO's) convention/recommendation, and ignoring the legal protections for younger workers. For example, in Japan, hiring a minor below the age of 15 or violating laws that protect young workers is prohibited as child labor. Regulations restricting the employment of young workers for night shifts or hazardous jobs are to protect them from risks to their health, safety, or morality. Overseas, hiring children below the country's legally determined minimum employment age and violations of the obligation to protect children are also considered child labor.

In the absence of local law, violations of the ILO's minimum employment age are considered child labor. (ILO Convention No. 138 sets the minimum employment age at 15.)

#### (1 – ②) Prohibiting forced labor

**All employees are to be hired of their own free will, and employees cannot be forced to work.**

Forced labor refers to all involuntary work and may include the following examples:

- Labor that a person is employed to do against their will.
- Indentured labor in which a person's freedom to terminate their employment is restricted in order to pay off a loan or other debt.
- Slavery-like work resulting from human trafficking.
- Prison labor in inhumane environments.

In addition, work under the following conditions can be considered forced labor:

- Not having the freedom to terminate employment.
- Having to surrender identity documents, passports, or work permits for holding by the employer.

### **( 1 – ③ ) Eliminating discrimination**

**Eliminate discrimination in recruiting and hiring and strive to provide employees with equal opportunity and fairness of treatment.**

Discrimination is the use of factors other than ones objectively related to a person's ability to perform a job, such as a person's competencies, qualifications, or accomplishments, to determine differences in opportunities and treatment, such as employment, promotions, remuneration, and educational opportunities.

Examples of discriminatory factors are race, ethnicity, citizenship, birthplace, skin color, age, gender, sexual orientation, disability, religion, political views, union membership, or marital status.

In addition, health examinations and pregnancy tests can be considered discriminatory if they result in the loss of equal opportunity or fairness of treatment.

### **( 1 – ④ ) Prohibiting corporal punishment, abuse, and harassment**

**Respect the human rights of employees and prohibit cruel and inhumane treatment such as abuse and any kind of harassment.**

Inhumane treatment refers to abuse, corporal punishment, sexual harassment, and bullying (verbal harassment or coercion).

### **( 1 – ⑤ ) Managing working hours appropriately**

**Manage employee working hours, holidays, and days off so that working hours do not exceed the legal maximum.**

Appropriate management of working hours refers to the following:

- Ensuring that the number of days worked annually does not exceed the legal maximum.
- Ensuring that the number of days worked weekly, including overtime (but excluding emergencies and times of crisis), does not exceed the legal maximum.
- Ensuring that a minimum of one day off is given per week.
- Ensuring that the right to the legally required amount of paid vacation is given.

**( 1 – ⑥ ) Providing a safe and healthy work environment and promoting wellness**

**Make the work environment comfortable and ensure worker health and safety in the workplace by improving working conditions.**

- Machine safeguarding — Adopt safety measures suitable to the types of machinery used at your company.
- Workplace safety — Implement workplace safety risk assessments and use appropriate design, technology, or management tools to ensure safety.
- Workplace hygiene — Assess the workplace conditions in which individuals come into contact with harmful organisms and chemical substances, as well as noise and odors, and adopt appropriate countermeasures.
- Occupational injury and illness — Track and analyze occupational injuries and illnesses and adopt appropriate countermeasures.
- Physically demanding work — Appropriately manage physically demanding work to prevent it from leading to significant occupational injuries or illnesses.
- Employee facility safety and cleanliness — Ensure that employee facilities (dormitories, cafeterias, toilets) are appropriately safe and sanitary.
- Employee health promotion — Take appropriate measures to promote the physical and mental health of all employees.



**( 1 – ⑦ ) Preparing for emergencies**

**To protect lives and prevent injury, identify potential emergencies including disasters and accidents, prepare emergency response measures, and thoroughly disseminate that information throughout the workplace.**

Emergency response measures refer to, for example, reporting emergencies, notifying employees, clarifying evacuation procedures, setting up evacuation facilities, preparing emergency stores of medical supplies, installing fire detection and suppression systems, ensuring means for external communication, and preparing recovery plans.

To ensure thorough dissemination of these measures throughout the workplace, emergency response training (including evacuation drills) can be implemented and documentation (such as emergency response procedures) can be stored or posted in easily accessible locations in the workplace.

**( 1 – ⑧ ) Providing fair and equitable remuneration**

**Pay employees at least the legal minimum wage and do not take unjust wage deductions.**

The minimum wage is the lowest wage set by a country's labor laws. This guideline also includes the payment of other allowances, such as overtime pay and other legal payments.

Unjust wage deductions refer to those that are in violation of labor laws.

**( 1 – ⑨ ) Respecting worker rights**

**Respect employees' rights to organize as a means to bargain collectively with management regarding their work environment, wage levels, and other issues.**

Respecting employees' rights to organize refers to giving consideration to their freedom to associate without fear of reprisal, intimidation, or harassment; their freedom to lawfully join a union; their freedom to protest; and their freedom to join a workers' council.

## 2. Environmental

### (2 – ①) Managing chemical substances used in products

**Manage chemical substances used in all products as designated by laws and regulations.**

Managing chemical substances used in products refers to preventing the inclusion of legally prohibited chemical substances in products and complying with labeling and testing requirements.

### (2 – ②) Managing chemical substances used in the manufacturing process

**Manage chemical substances used in the manufacturing process as designated by the local laws.**

Management of chemical substances used in the manufacturing process, as well as chemical substances not to be used in products, refers to identifying and reporting any amount of prohibited chemical substances released into the external environment to the relevant authorities and trying to reduce the discharge of those substances.

### (2 – ③) Utilizing an environmental management system

**Create and utilize a system for environmental management.**

An environmental management system is the overall management structure for promoting environmental activities, including its organization; planned activities; and division of responsibilities, practices, procedures, processes, and resources. Environmental activities are the development, implementation, achievement, and review of results and maintenance of environmental policies, meaning that approaches to protecting the environment are continually improved through iterations of the Plan-Do-Check-Act (PDCA) Cycle.

An exemplary environmental management system is ISO 14001, for which third-party certification is possible.

## **(2 – ④) Minimizing environmental impact (air, water, soil pollution)**

**Comply with the local laws regarding air, water, and soil pollution and, when necessary, use voluntary standards to further reduce the burden on the environment.**

Voluntary standards have the objective of reducing the burden on the environment beyond legally determined standards. Activities to make further improvements in pollution prevention would be, for example, improving techniques for monitoring, controlling, and disposing air, water, and soil pollutants to reduce the flow of pollutants into the environment.

## **(2 – ⑤) Legal and regulatory compliance**

**Comply with the local laws and regulations, obtain necessary permission from the authorities, and submit required administrative reports without fail.**

Suppliers in Japan are obligated by various laws to appoint administrators with specific qualifications. For example, the Waste Disposal & Public Cleaning Law requires the appointment of a special administrator responsible for industrial waste; the Law Concerning the Rational Use of Energy requires the appointment of a supervisor for energy saving in factories using more than a certain level of energy; and, the Air Pollution Control Law requires the appointment of a pollution prevention manager in factories that emit chemical substances, dust particles or soot, and smoke.

Further, businesses are obligated to appoint persons responsible for the management of toxins or deleterious substances, specific chemical substances, and hazardous materials from chemicals used in the course of business.

In some cases, depending on the type of business or factory location, permission from the local government is necessary, including performing environmental impact assessments or handling hazardous materials.

## **( 2 – ⑥ ) Effective resource and energy use**

**Set voluntary goals for resource and energy savings and find ongoing ways to use them more effectively.**

Resource savings are the result of improving the effectiveness of resource use. Ways to achieve more effective use include encouraging the reduction of the quantities of materials used or wasted during production, recycling resources, and reusing parts. Energy savings are the result of more efficient heat and electricity use. Using less energy enables more effective use of fuel energy sources, such as oil, natural gas, coal, and coke.

## **( 2 – ⑦ ) Reducing greenhouse gas emissions**

**Set voluntary targets for reducing greenhouse gas emissions and find ways to make those reductions ongoing.**

There are various kinds of greenhouse gases, but we are referring to the six gases targeted in the Kyoto Protocol: carbon dioxide, methane, nitrous oxide, HFC, PFC, and SF<sub>6</sub>.

Achieving ongoing reductions in these six greenhouse gases could entail setting voluntary reduction targets, drafting plans, and ensuring successful implementation.

## **( 2 – ⑧ ) Reducing waste**

**Set voluntary targets for reducing final waste and find ways to make those reductions ongoing.**

Final waste refers to waste that needs to be buried or incinerated.

Achieving ongoing reductions in waste could entail setting voluntary reduction targets, drafting plans, and ensuring successful implementation.

## **(2 – ⑨) Disclosure of environmental protection initiative status**

**Disclose the results of environmental activities as required.**

Results of environmental activities refers to measures taken to protect the environment; pollutants released into the air, water, and soil; the amount of natural resources used; the amount of waste produced; and any harmful impact on the environment caused by the business.

To compile results, a person responsible for the business's environmental protection activities can track management targets, the extent those targets are achieved, and any other important matters.

Publishing an environmental report and providing it to interested parties is a possible method for disclosing these results.

## **3. Fair Trade and Ethics**

### **(3 – ①) Prohibiting corruption and bribery**

**Maintain healthy and acceptable relationships with government officials and politicians. Do not pay bribes or give illegal political donations.**

Bribery is the provision of money, entertainment, gifts, or other benefits or convenience to public officials or the equivalent (herein referred to as "public officials") in expectation of an official favor in return. Such favors include acquiring or retaining an authorization or business and obtaining insider information. Bribery also includes entertainment and gifts provided to public officials even if there is no expectation of an official favor in return, if the value exceeds what would be considered appropriate for social courtesy.

Illegal political donations are political donations given with the expectation of an official favor in return, as described above, and donations given without going through the proper procedures.

### **(3 – ②) Prohibiting buyers from taking improper advantage of suppliers**

**Do not use your advantageous position as a buyer to inflict losses on suppliers.**

Taking improper advantage of suppliers refers to using one's position as a buyer or agent to unilaterally decide or change the terms of business or to place unreasonable demands or obligations on a supplier. Purchasing transactions are to be contract-based, honest, equitable, and fair. Nothing is to be done that could be construed as misuse of one's advantage as a buyer. In countries with laws related to taking improper advantage of suppliers, those laws are to be complied with (e.g., Japan's *Shitauke-hō*, a law that protects subcontractors).

### **(3 – ③) Prohibiting giving or accepting illegal payoffs**

**Do not give or accept illegal payoffs in stakeholder relationships.**

Giving or accepting illegal payoffs consists of the following kinds of acts:

- Acts that may be construed as bribery, such as offering to or receiving from a client things like gifts, prizes, or prize money in excess of a legally determined range or money, goods, or entertainment beyond what is appropriate as a social courtesy.
- The act of giving an illegal payoff to an anti-social force that has a negative effect on social order and healthy social life (such as a criminal or terrorist organization).
- The disclosure of important inside information related to a client's business activities for the purpose of insider trading, for example, in the stock of related companies.

### **(3 – ④) Prohibiting acts that inhibit competition**

**Do not engage in acts that inhibit fair, transparent, and free competition.**

Acts that inhibit competition are collusion among rival companies regarding the prices of goods and services, their quantities, or sales territories (cartels) or collusion among bidders to predetermine the winning bidder and price (bid rigging).

Further, illegally obtaining or using the trade secrets of other companies, falsely representing other companies' products, or misleading clients are examples of acts of unfair competition.

### **(3 – ⑤) Providing accurate product and service information**

**Provide accurate information to consumers and clients about products and services.**

Information that needs to be accurate includes:

- Information related to the specifications, quality, and handling of a product or service.
- Information about the materials contained in components and parts used in a product.
- Representations in catalogs regarding products and services and representations in advertising that do not differ from reality or mislead clients and consumers. Further, these can include no content that slanders or infringes on the rights of other companies or individuals.

### **(3 – ⑥) Prohibiting intellectual property infringement**

**Do not infringe upon the intellectual property rights of others.**

Intellectual property includes patent rights, utility model rights, design rights, trademark rights, copyrights, and trade secrets.

Before the development, manufacture, sale, or supply of a product or service, a thorough preliminary survey of third-party intellectual property is to be performed.

The following are considered infringements on intellectual property rights:

- Using third-party intellectual property without permission, unless there is a legitimate reason.
- Illegal reproduction of computer software and other copyrighted works.
- Illegally obtaining and utilizing third-party trade secrets.

### **(3 – ⑦) Managing exports appropriately**

**Create a well-defined management system to take care of the appropriate application procedures for the export of legally restricted goods or technologies.**

Legally restricted goods and technologies are parts, products, technologies, equipment, and software for which the export is legally restricted by international agreements (e.g., the Wassenaar Arrangement).

To export restricted goods and technologies, it may be necessary to apply to the appropriate supervisory authority for authorization.

### **(3 – ⑧) Responsible minerals sourcing**

**Aim at nonuse of minerals assisting human rights violation**

From a humanitarian perspective, minerals produced by armed group's inhumane acts such as the violation of human rights, forced labor, child labor, etc., in the Democratic Republic of the Congo and its neighboring countries, shall not be adopted as raw material.

And any cooperations towards conflict minerals investigations can be conducted if customers requested be.

### **(3 – ⑨) Information disclosure**

**Proactively provide/disclose information to stakeholders regardless of whether making the information public is legally required.**

Informational content to provide/disclose to stakeholders includes details on business activities, the company's financial condition, business results, and risk information (e.g., damage sustained from a major disaster, negative social or environmental impacts, and major regulatory violations). Further, along with publicly announcing information about major risks as they occur, sending that information to clients would be a good example of proactive information provision.



### **(3 – ⑩) Prevention and early detection of corruption**

**Take action to prevent corruption and put in place a system to quickly detect and address corrupt activity.**

Actions to take to prevent corruption consist of educating employees and raising their awareness about corruption and creating an open atmosphere in the workplace.

The following features are typical of a system for the early detection of and response to corruption:

Internal and external channels are made available for reporting corruption in an effort to enable managers to uncover corrupt activity in its early stages.

Whistleblowers' identities are kept confidential and suitable efforts are made to protect them from retaliation.

Corrupt activity is quickly addressed, and the whistleblower is appropriately informed of the results of the actions taken.

## **4. Product Quality and Safety**

### **(4 – ①) Ensuring product safety**

**When the supplier designs the product, ensure that the product meets the safety standards of all countries.**

When designing a product, the design process should ensure the adequacy of the product's safety and take into consideration the manufacturer's responsibility at the time of sale. Further, in addition to legally complying with product safety requirements, consideration should also be given to potential product liability.

Japan has product safety laws such as the Electrical Appliances and Materials Safety Act, the Consumer Products Safety Act, and the Household Goods Labeling Act, and safety standards are generally set in detailed regulations or in the Japanese Industrial Standards (JIS). Examples of standards used overseas are the UL Standards, BS Standards, and CSA Group Standards.

Product safety assurance should include tracking the histories of materials, parts, and processes (traceability) as well as swiftly addressing problems that arise.

#### **(4 – ②) Utilizing a quality management system**

**Create and utilize a quality management system.**

A quality management system is the overall management structure for promoting quality assurance activity, including its organization; planned activities; and division of responsibilities, practices, procedures, processes, and resources. Quality assurance activity refers to the development of a quality policy, implementation of program based on that policy, achievement and review of results, and program maintenance. Quality assurance activity is continually improved through iterations of the PDCA Cycle.

Exemplary environmental management systems are the ISO 9000 family, ISO/TS 16949, and ISO 13485.

### **5. Information Security**

#### **(5 – ①) Safeguarding against computer network threats**

**Take security measures against computer network threats to prevent harm to your company and other companies.**

Computer network threats refer to, for example, computer viruses, worms, and spyware. When a PC connected to the Internet is contaminated by a virus, there is a risk of client data or confidential information being stolen. In addition, attacks on other companies' computers could cause major losses through business slow-downs and loss of credibility. Therefore, it is important that measures be taken against computer network threats to prevent internal as well as external impact.

### **( 5 – ② ) Safeguarding personal information**

**Appropriately manage and safeguard the personal information of clients, third parties, and your employees.**

Personal information is data about a living person, such as name, date of birth, or other description that can be used to identify them. (This includes data that can easily be used to identify a specific person by comparing it with other data.)

Appropriate management refers to the creation and utilization of a structure for the overall management of personal information, including developing policies and standards to be observed by employees and others, drafting plans based on those policies, implementing measures, performing audits, and revising procedures.

Appropriate safeguarding will prevent the illegal or wrongful obtaining, use, disclosure, or leakage of personal information.

### **( 5 – ③ ) Safeguarding client and third-party confidential information**

**Appropriately manage and safeguard confidential information received from clients and third parties.**

Confidential information generally refers to information disclosed in documentation (including documents in electronic format) with the agreement that it would be kept confidential and to verbal information that was confidentially disclosed.

Appropriate management refers to the creation and utilization of a structure for the overall management of confidential information, including developing policies and standards to be observed by employees and others, drafting plans based on those policies, implementing measures, performing audits, and revising procedures.

Appropriate safeguarding will prevent the illegal or wrongful obtaining, use, disclosure, or leakage of confidential information.

## 6. Contributing to Society

### (6 – ①) Contributing to foreign and local societies

**Engage in voluntary activities that contribute to the development of the foreign or local community.**

Activities that contribute to the development of the foreign or local community refer to the company finding ways to use its resources to support the community. In general, this includes the following types of efforts:

- Contributing to the community by leveraging the company's core business and technical skills.
- Non-monetary donations to the community of the use of the company's facilities and personnel.
- Monetary donations to the community.

To give a specific example, when a disaster occurs, you can collaborate with the community, provide support in the form of employee volunteers, provide support for organizations such as NPOs and NGOs, gather donations, or communicate various kinds of information to the community. Each company should decide how it can best contribute and proactively engage in those charitable activities.

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