

Kyocera International, Inc.

Supply Chain
Corporate Social Responsibility
Procurement Guideline

December 01, 2021



Introduction

“Corporate Social Responsibility (CSR)” has been receiving significantly increased 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” (from Japan 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 using a management structure and methodology built on ethics. Kyocera International, Inc. (KII) has continuously operated with this in mind since the beginning of our business.

KII, with strong support and cooperation from Kyocera Corporation, has developed a framework for CSR within our business and our supply chain. We are in the process of implementing various policies in support of our continuing CSR efforts and we are committed to further promoting these activities with the vigorous support of our suppliers. We believe the only way to realize continuous improvements in CSR activity is through the engagement of our entire supply chain, so that together, we can meet the needs of society.

At KII and Kyocera Corporation, our management rationale has always been “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.” Since our foundation, we have also managed our company according to “Kyocera Philosophy” which stipulates decision-making must be based on doing what is right as a human being. This Philosophy serves as the foundation of CSR activities of the Kyocera Group and KII. We are committed to solving issues of CSR through implementing “Kyocera Philosophy” and contributing to healthy development of society while building mutual trust with stakeholders and pursuing sustainable development of the Kyocera Group.

KII has posted our [KII Supply Chain CSR Procurement Guideline](https://americas.kyocera.com/other/supplier-information/) on the supplier’s portion of our website at: <https://americas.kyocera.com/other/supplier-information/>. KII had previously published a Supplier Code of Conduct on this same website and it still remains there. KII’s Supplier Code of Conduct and this CSR Procurement Guideline are aligned with each other and are complimentary to each other, with the Supplier Code of Conduct providing specifics as to how to comply with the Ethics part of the Procurement Guideline.

We would like you to review and understand this set of Guidelines and proactively promote CSR activities within your own business and your own supply chain. Adherence to the principles established by this Guideline is a requirement for conducting business with Kyocera International, Inc. (KII) and we will work with our suppliers to achieve compliance as quickly as possible. We thank you for your continuous support and look forward to continually working together to support and improve the conditions within our society.

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I. LABOR

- 1) Freely Chosen Employment
 - Suppliers are not to use forced labor, slave labor, bonded labor or labor by trafficking of persons.
 - Suppliers 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.
 - Suppliers, agents and sub-agents may not destroy, conceal or confiscate identity or immigration documents such as government-issued identification, passports or work permits. Suppliers can only hold such documentation if required by law.
 - Suppliers are not to require employees to pay recruitment fees to them or agents.
- 2) Young Workers
 - Suppliers 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.
 - Suppliers 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, suppliers are to protect their rights and properly manage them. Suppliers 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
 - Suppliers are to follow rules for regular work hours and overtime work hours set force by law.
 - Suppliers are to follow rules for holidays set force by law.
- 4) Wages and Benefits
 - Suppliers are to pay extra wage for overtime work based on law.
 - Suppliers are not to cut wages as punishment.
 - Suppliers 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. Suppliers 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
 - Suppliers 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.
 - Suppliers are to provide employees with reasonable accommodation for religious practices.
 - Suppliers are not to perform medical tests or physical exams on employees that could be used in a discriminatory way.
- 7) Freedom of Association
 - Suppliers are to respect employees' rights to form and join trade unions in conformance with local laws.
 - Suppliers 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, suppliers 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).
 - Suppliers are to provide employees with properly managed personal protective equipment as required.
 - Suppliers are to encourage employees to raise safety concerns.
- 2) Emergency Preparedness
 - Suppliers 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
 - Suppliers are to have procedures and a system in place to prevent, manage and report occupational injury and illness.
- 4) Industrial Hygiene
 - Suppliers are to identify and evaluate employee exposure to harmful substances, and control it by measures to reduce exposure.
- 5) Physically Demanding Work
 - Suppliers are to identify, evaluate and manage the risk of physically demanding work performed by employees.
- 6) Machine Safeguarding
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers are to have and enforce a system to properly identify, manage, reduce and dispose of waste.
 - Suppliers are to implement measures to reduce generation of wastewater and conduct routine monitoring of wastewater treatment systems to properly handle wastewater.
- 5) Air Emissions
 - Suppliers are to properly handle and conduct routine monitoring of air pollutants generated by business activities.
- 6) Materials Restrictions
 - Suppliers 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
 - Suppliers are to have a system in place to prevent pollutants from entering storm water drainage.
- 8) Energy Consumption and Greenhouse Gas Emissions
 - Suppliers 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.

IV. ETHICS

- 1) Business Integrity
 - Suppliers 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 suppliers' business books and records.
 - Suppliers are to implement monitoring and enforcement procedures to ensure compliance with anti-corruption laws.
- 2) No Improper Advantage
 - Suppliers are not to promise, offer, authorize, give or accept bribes or other means of obtaining undue or improper advantage.
- 3) Disclosure of Information
 - Suppliers 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
 - Suppliers are to protect intellectual property rights in transferring technology and knowhow.
- 5) Fair Business, Advertising and Competition
 - Suppliers are to establish standards of fair business, advertising and competition.
 - Suppliers are to safeguard customer information.
- 6) Protection of Identity and Non-Retaliation
 - Suppliers are to have a system in place to report an ethical issue in confidence and protect a whistle-blower from retaliation.
- 7) Privacy
 - Suppliers are to comply with privacy and information security laws and regulations when they collect, store, process, transmit and share personal information.

V. Conflict Minerals

- Suppliers are to make efforts based on OECD Due Diligence Guidance.
- Suppliers are to conduct investigations in accordance with the Responsible Minerals Initiative (RMI) program.
- Suppliers are to have a policy for efforts regarding procurement of conflict minerals.
- Suppliers are to disclose such policy on their Home Page and by other means.
- Suppliers are to require procured parts to be conflict-free.
- Suppliers are to collect information on refining companies by CMRT (Conflict Minerals Reporting Template).
- Suppliers are to exercise due diligence on the information they collect.
- Suppliers are to have and operate a system to manage conflict minerals including corrective actions.
- Suppliers 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.
- Suppliers are to disclose such company-wide policy and code of conduct on their Home Page and by other means.
- Suppliers 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, suppliers are to formulate and implement measures for important management resources (personnel, equipment, parts and information) which will pose a problem (bottleneck).
- Suppliers are to specify an organizational structure and response procedures from initial reaction to recovery to be adopted when a disaster strikes.
- Suppliers 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
 - Suppliers are to have a policy for corporate social and environmental responsibilities endorsed by executive management.
- 2) Management Accountability and Responsibility
 - Suppliers 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
 - Suppliers 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
 - Suppliers are to have a system in place to identify risks associated with CSR-related items, and properly manage identified risks.
- 5) Improvement Objectives
 - Suppliers are to have objectives and an execution plan in writing to improve social and environmental responsibilities.
- 6) Training
 - Suppliers are to have a training program to achieve a corporate policy, procedures and improvement objectives and ensure compliance regarding CSR-related items.
- 7) Communication
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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
 - Suppliers 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^{*1} 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^{*2} (Former EICC^{*3}) 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>

Kyocera International, Inc. Supply Chain Corporate Responsibility Procurement Guideline
– Initial Document – December 1, 2021