

CSR Procurement Guidelines

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Procurement Department
Procurement & Logistics Division
MinebeaMitsumi Inc.

Introduction

What is becoming increasingly important for business enterprises is to proactively address corporate social responsibility (CSR), which is to fulfill their social responsibilities through business activities as a member of society, including compliance with the law.

MinebeaMitsumi Inc. and its Group companies see CSR activities as one of their most important business policies, and aim to make themselves the enterprises welcomed in local society.

In addition, in order to respond to growing interest in social responsibility for the whole of their business processes, business enterprises are also required not only to drive forward CSR in their own activities but also to give consideration to their suppliers' CSR. That is, all business enterprises participating in the whole of their supply chain need to meet social requests, thereby enabling to realize mutual prosperity of the whole of the supply chain.

We ask our suppliers to understand how we consider about CSR procurement and address the content of the Guidelines. Also, we would like our suppliers to do the same request to their suppliers. We sincerely ask for understanding and cooperation.

Basic Material Procurement Policy

1. Compliance with Laws and Regulations

We shall comply with the spirit of various laws and regulations regarding business transactions and conduct procurement activities pursuant to laws and regulations.

2. Open Door Policy

We shall conduct the best transactions under the principle of free competition in Japan and/or abroad.

3. Equity and Fairness

While selecting suppliers, we shall give comprehensive consideration to the quality, price advantage, delivery assuredness, after-sales service, reliability and technological capabilities that they can offer, under the principle of fair competition.

4. Green Procurement

To deploy environmentally-friendly business activities, we shall actively address the procurement of materials that gives consideration to the global environment.

5. Maintaining Confidentiality

We shall strictly control any trade and technical confidential information that has become aware in the course of purchasing transactions, and shall not disclose any such information

to outside parties without the supplier's permission.

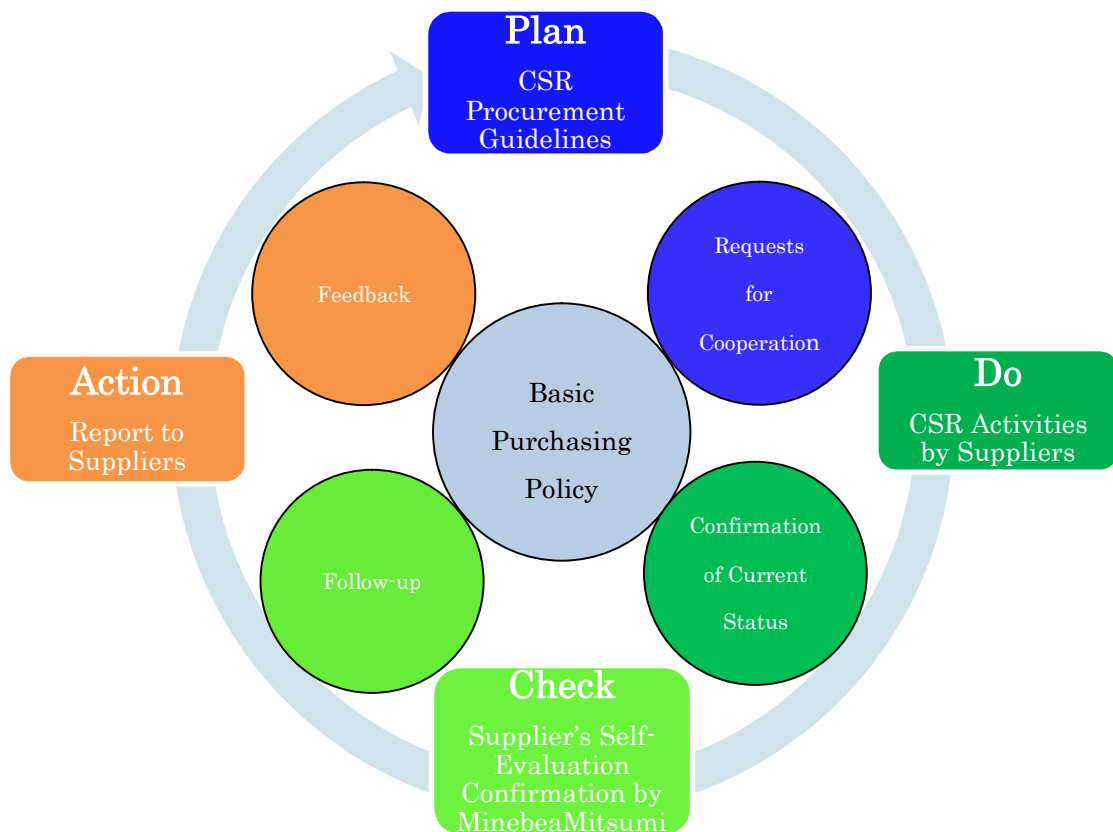
6. CSR Procurement

We shall drive CSR Procurement, which has laid down human rights, labor, safety and health, environmental preservation, and ethical management.

Regarding the Operation of the CSR Procurement

In the future, we will set up CSR activities in our entire supply chain by ascertaining the implementation status of our suppliers' CSR activities and feeding back the results to the suppliers.

CSR Procurement PDCA Cycle



To do business with our suppliers, we confirm

- if we can do business continuously
- if they can agree and cooperate with us on our CSR procurement
- if they can comply with our green procurement

After confirmation, we conclude Basic Transaction Agreement and aim to improve CSR activities with our suppliers.

To cooperate among whole supply chain, we ask our suppliers to demand the same to their supply chain and confirm the situation appropriately.

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CSR Procurement Guidelines

1. Human Rights• Labor

Human rights of employees shall be upheld, and treat employees with dignity and respect. Regarding use of labor, the following standards shall be abided by:

(1) Freely Chosen Employment

Forced, bonded, indentured, or involuntary and inhuman prison labor shall not be used. All work shall be voluntary, and employees shall be free to leave upon reasonable notice in compliance with applicable law, regulation of the country where business is being done, and contractual agreement. Employees shall not be required to hand over government-issued identification, passports, or work permits as a condition of employment.

(2) No Child Labor

Child labor shall not be used in any stage of manufacturing. The term "child" refers to any person employed under the age of 15 (or 14 where the law of the country permits), or under the age for completing compulsory education, or under the minimum age for employment in the country, whichever is greatest. Support the use of legitimate workplace apprenticeship programs which comply with all laws and regulations of the country where business is being done. Employees under the age of 18 shall not perform hazardous work and may be restricted from night work with consideration given to educational needs.

(3) Discrimination

Workforce shall be free of harassment and discrimination. Shall never engage in discrimination based on race, color, age, gender, sexual orientation, ethnicity, disability, religion, political affiliation, union membership or marital status in hiring and employment practices such as promotions, rewards, and access to training. In addition, employees or potential employees should not be subjected to medical/pregnancy tests that could be used in a discriminatory way.

(4) Harsh or Inhumane Treatment

Shall not allow any harsh and inhumane treatment, including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of employees, nor shall the threat of any such treatment be allowed.

(5) Minimum Wages

Compensation paid to employees shall comply with all applicable wage laws of the country where business is being done, including those relating to minimum wages, overtime hours, and legally mandated benefits. Any disciplinary wage deductions are to conform to applicable law and regulation. The basis on which employees are paid shall be clearly communicated to them in a timely manner.

(6) Working Hours

Shall comply with maximum working hours set by applicable law and regulation of the country where business is being done. Not to mention that over work are not to exceed the maximum set, but also make an effort to minimize work hours.

Employees should be allowed to have holidays and paid holidays set by applicable law and regulation and have at least one day off per seven-day week.

(7) Freedom of Association

Respect the rights of its employees to associate freely, join labor unions, seek representation, join workers' councils, and or collective bargaining in accordance with applicable law and regulation of the country where business is being done. Employees shall be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation, or harassment.

2. Health and Safety

Recognize that the quality of its products and services, consistency of production, and employee morale are enhanced by a safe and healthy work environment. Shall adhere to the following standards regarding health and safety:

(1) Machine Safeguarding

Physical guards, interlocks and barriers for machinery used by employees shall be provided where appropriate, and shall be properly maintained.

(2) Industrial Hygiene

Employee exposure to chemical, biological and physical agents shall be identified, evaluated, and controlled. When hazards cannot be adequately controlled by engineering and administrative means, employees shall be provided with appropriate personal protective equipment.

(3) Safety

Employee exposure to workplace safety hazards shall be identified, evaluated, and controlled through proper design, engineering and administrative controls, preventative maintenance, and safe work procedures. Where hazards cannot be adequately controlled by these means, employees shall be provided with appropriate personal protective equipment.

(4) Emergency Preparedness and Response

Emergency situations and events shall be identified and assessed, and their impact minimized by implementing emergency response and recovery plans and procedures. Also, conduct emergency training appropriately

(5) Occupational Injury and Illness

Procedures and systems shall be implemented to manage, track and report occupational injury and illness, including provisions to:

- a) encourage worker reporting;
- b) classify and record injury and illness cases;
- c) provide necessary medical treatment;
- d) investigate cases and implement corrective actions to eliminate their causes; and,
- e) facilitate return of employees to work.

(6) Physically Demanding Work

Employee exposure to physically demanding tasks, including manual material handling and heavy lifting, prolonged standing, and highly repetitive or forceful assembly tasks shall be identified, evaluated and controlled. Employees shall be provided with appropriate equipment to perform such tasks.

(7) Dormitory and Canteen

Workers shall be provided with clean toilet facilities, access to potable water and sanitary food preparation and storage facilities. Worker dormitories shall be clean, safe, and provide emergency egress, adequate heat and ventilation, and reasonable personal space.

3. Environment

Recognize that environmental responsibility is integral to producing world class products. Adverse effects on the environment and natural resources arising from operations shall be minimized while safeguarding the health and safety of the public. All companies shall adhere to the following standards regarding the environment:

(1) Product Content Restrictions

All products shall adhere to applicable laws, regulations, and customer requirements regarding prohibition or restriction of specific substances, including labeling laws and regulations for recycling and disposal.

(2) Chemical and Hazardous Materials

Chemical and other materials posing a hazard if released to the environment shall be identified and managed to ensure their safe handling, movement, storage, recycling or reuse, and disposal. Also reduction of such chemical and materials shall be planned.

(3) Wastewater and Solid Waste

Wastewater and solid waste generated from operations, industrial processes, and sanitation facilities shall be monitored, controlled, and treated as required by applicable law and regulation.

(4) Air Emissions

Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations shall be characterized, monitored, controlled, and treated as required by applicable law and regulation. Also reduction of such chemical and materials shall be planned.

(5) Environmental Permits and Reporting

All environmental permits and registrations required by applicable law and regulation shall be obtained, maintained, and kept current. The operational and reporting requirements of all permits and registrations shall be followed.

(6) Pollution Prevention and Resource Reduction

Waste of all types, including water and energy, are to be reduced or eliminated to the extent practicable at the source or by practices such as modifying production, maintenance, and facility processes, materials substitution, conservation, recycling, and or re-using materials.

4. Ethics and Business Practice

To meet social responsibilities and to increase corporate value, uphold the highest standards of ethics including:

(1) No Corruption, Extortion, or Embezzlement

The highest standards of integrity shall be maintained in all business interactions. Any and all forms of corruption, extortion and embezzlement are strictly prohibited. Any such conduct may result in termination and legal action.

(2) Disclosure of Information

Information regarding business activities, structure, financial situation and performance is to be disclosed in accordance with applicable regulations and prevailing industry practices.

(3) No Improper Advantage

Bribes or other means of obtaining undue shall not be offered or accepted.

(4) Fair Business, Advertising, and Competition

Standards of fair business, advertising, and competition are to be upheld. Customer information shall be safeguarded.

(5) Community Engagement and International Operation

Community engagement is encouraged to help foster social and economic development. In overseas business activities, contributes to the development of the community where the business is operated by not only complying with the laws and rules of each country, but also by respecting its history, culture and customs.

(6) Protection of Intellectual Property

Respect intellectual property rights and implement proper measures to protect others' intellectual rights. To protect those rights, also pay full attention to transferring and handling its own or others' technologies or know-how.

(7) Fair Stock Trading

In accordance with applicable laws, regulations, and internal corporate rules, no insider information obtained in the course of work is to be used or leaked for improper advantage in stock trading.

(8) Import/Export

Compliance with not only the laws and rules of each country but also all applicable international rules, regulations, and trade agreements shall be maintained when trading products or materials with, or providing technological assistance to, foreign countries. Appropriate management systems and procedures shall be maintained to assure compliance.

(9) Response to Antisocial Forces

Have no relations with any antisocial forces that may or will pose a threat to the public order and/or safety. At the same time, regarding unreasonable demands, if any, from such forces, without making compromises, shall cooperate with external specialized institutions, including police and lawyers, and deal with such demands in a resolute attitude.

(10) Responsible Minerals Procurement

Promote initiatives toward the non-use of tantalum, tin, tungsten, and gold and other minerals such as cobalt that are originated in conflict-affected areas and high-risk areas where instability of political situation, collapse of social infrastructure, and/or violence have been widespread (hereinafter collectively referred to as the "Region") and that are involved in or affecting/affected by conflicts and CSR risks.

The conflicts and CSR risks refer to:

- human rights violations associated with mining, transporting, and dealing of minerals (e.g. forced labor, child labor, human trafficking, abuses, and other inhumane acts);
- direct or indirect support to armed groups;
- illegal activities conducted by public or private security forces (e.g. illegal imposition of taxes and extortion of money in their jurisdictions); and
- bribery, false statement about where minerals are sourced from, money laundering, and unpaid taxes, charges, and mining royalties.

-History of revision-

- : 30th March 2012 established
- : 11th December 2012 2nd revision
 - Added the way to respond against conflict minerals to No.10 of Article 4. Ethics and Business Practice.
- : 27th January 2017 3rd revision
 - Along with the integration of Minebea and Mitsumi, erased company name from the title, and amended the contents of “Introduction”.
- : 1ST January 2021 4th revision
 - Made some additions to “Regarding the Operation of the CSR Procurement”.
 - Amended the Article 1.(6) Working Hours
 - Changed the title of the article 4 (10) ; ”Conflict Minerals” to “Responsible Minerals Procurement ”, and indicated our policy
 - Reviewed the wording of whole sentences.