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Mikuni Corporation

News Release

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## **Notice Regarding "Supplier CSR Guidelines"**

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Mikuni Corporation (hereinafter referred to as "the Company") believes that it is important to report on its social responsibilities to its shareholders and other stakeholders, and in 2020, the Company compiled a CSR Report. The CSR Report is a report that organizes qualitative information on our relationship with society, which we have had few opportunities to report.

We believe that social responsibility is fulfilled throughout the entire supply chain, and we conduct our activities with a strong awareness that we are a member of a global industry. In order to share these ideas and awareness with our suppliers, we have disclosed the "Mikuni Supplier CSR Guidelines" to our suppliers.

We are pleased to announce that we have decided to make the "Mikuni Supplier CSR Guidelines" available again on our website. We will continue to work together with our suppliers to become a sustainable company that is needed by society.



# Mikuni Supplier CSR Guidelines

July - 2020

Mikuni Corporation

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# I. Foreword

Dear Suppliers,

Thanks to your continuous support, Mikuni will celebrate its 100th anniversary in 2023.

Under our medium-term management plan, "Vision 2023," which will conclude in the fiscal year 2023. Mikuni is working on a group-wide theme of "Breakthrough and Pride," which consists of "Breakthrough" to open up the future and surpass the past, and "Pride" to express our confidence, resolve, and spirit. Today, there are concerns about the impact of the global spread of a novel coronavirus, but we continue to base all of our activities on "safety and quality," "compliance," "education and health," and our corporate philosophy of "With a global perspective, Mikuni will contribute to the realization of an affluent society by making full use of our human resources and technology."

In recent years, as the impact of corporate activities on society has increased, corporate social responsibility (CSR) has been in the spotlight as the impact of corporate activities on society has increased. In the automotive parts industry, the Japan Auto Parts Industries Association (JAPIA) published the CSR Guidebook in 2008, which has deepened its understanding of CSR and expanded CSR awareness throughout the industry.

Internationally, the Sustainable Development Goals (SDGs) were unanimously adopted by all UN member states in 2015 with the aim of achieving a sustainable, diverse and inclusive society where no one is left behind. In the same year, countries agreed to the Paris Agreement, which stipulates that they must limit the pre-industrial temperature increase to less than 2 degrees Celsius and make continuous efforts to limit it to 1.5 degrees Celsius, and society's expectations of companies have become even clearer.

Society's expectations are not limited to one company but the entire supply chain. We have reached a point where a company's scandals - with which we have no direct capital relationship and with which we have no direct business relationship - could affect our global customers' business because such a company was part of our supply chain.

Recognizing that Mikuni is a member of the global corporate supply chain, we have promoted our CSR philosophy. We have recently compiled the Mikuni Supplier CSR Guidelines, which outline the CSR philosophy and practices shared with our suppliers.

We would like to ask our suppliers to understand the purpose of this initiative and to work together with us to meet the expectations of society, based on the concept of CSR.

Let's work together to become a "sustainable company needed by society."

July, 2020

**Koji NAKAMURA**  
Executive Officer  
In charge of Purchasing  
Supply Chain Division  
Mikuni Corporation



## II. Mikuni's CSR

Based on our corporate philosophy, "Safety and Quality," "Compliance," "Health and Education," are the foundation of all our activities, and Mikuni is promoting our business activities intending to become a sustainable, highly profitable company needed by society.

Mikuni recognizes its responsibility as a global company to its present and future stakeholders, and in order to fulfill this responsibility, Mikuni has established various policies, such as the Compliance Code of Conduct and Action Guidelines, Basic Quality Policy, Basic Environmental Philosophy and Environmental Policy, Basic Safety Philosophy and Health and Safety Policy, and Basic Information Security Policy and Guidelines for Action, etc., and each and every employee of the Mikuni Group works "diligently" to fulfill this responsibility.

### [ Corporate Philosophy ]

*With a global perspective,  
Mikuni will contribute to the realization of an affluent society  
by making full use of our human resources and technology.*

### [ Management Policies ]

- Management that learns from the market, whether internal or external, with "our customers first" in mind.
- Management for manufacturing and service with the highest priority to Quality, with due consideration to both safety and protecting and improving the environment.
- Management that aims at "providing a company that adds value to the lives of our employees."
- Management that abides by the laws, values individual initiative and mutual trust, and treats other parties with dignity and respect.
- Management that pursues dreams, promotes increased effort for self-improvement and meets challenge of ambitious goals.

### [ Guidelines for Action ]

- Always keep in mind our commitment to our customer satisfaction.
- Always strive to improve, set challenges, and be creative.
- Always think in a positive manner.
- Always maintain high ethical standards and put oneself in another's place.
- Always set specific and lofty goals.

## III. Mikuni's Procurement Policy

Mikuni is working on "Sustainable Procurement" activities based on the following policies and guidelines based on our corporate philosophy: "With a global perspective, Mikuni will contribute to the realization of an affluent society by making full use of our human resources and technology. "

### 1. Open procurement

We will select excellent suppliers based on our own indicators to assess such areas as technological development capabilities, overseas expansion, and business management capabilities, in addition to Q, C, and D (Quality, Cost and Delivery).

### 2. Promotion of cost reduction through mutual efforts

To improve quality and reduce costs, we will adopt positive improvement proposals offered by suppliers from the product development stage.

### 3. Promotion of optimal global procurement

We are expanding our local production in response to customer requirements.

We are promoting optimal global procurement activities with the prospect of procurement from suppliers' overseas bases and direct supply to our overseas production bases.

### 4. Compliance

- We will comply with international laws, regulations, and social codes, and conduct fair procurement operations.
- To prevent the violation of laws and regulations and similar acts as well as strive for early detection and rectification, we are operating an internal reporting system (Mikuni Helpline) by designating an outside law firm and our in-house Compliance Committee Office as points of contact. This system is also available to Mikuni's suppliers.  
( <https://www.mikuni.co.jp/esg/purchase/> )

### 5. Green procurement

- We will promote green procurement activities in accordance with our environmental policy.

### 6. Initiatives to comply with the conflict minerals regulations

- We are conducting supply chain surveys required by the conflict minerals provision of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act.  
( [http://www.jama.or.jp/c\\_minerals/index\\_e.html](http://www.jama.or.jp/c_minerals/index_e.html) )

## IV. Supplier CSR Guidelines

We expect each of our suppliers to act in accordance with the following Supplier CSR Guidelines.

### 1. Product Safety and Quality

- 1) Provide products and services that respond to the needs of consumers and customers
  - Develop and provide "socially-beneficial products and services" based on consumers' and customers' needs.
    - \* "Socially-beneficial products and services" include products and services which are easily used by everyone regardless of age, gender, or disability or which are eco-friendly such as energy-saving, resource-saving, and environmental protection.
  
- 2) Provide pertinent information on products and services
  - Provide customers with pertinent information\* on your products and services.
    - \* "Pertinent information" includes information on products and services, how to handle them, and information on accidents and malfunctions.
  
- 3) Ensure the quality of products and services
  - Establish and operate the company-wide quality management system.
  
- 4) Ensure the safety of products and services
  - Produce and provide products and services that comply with the safety laws and regulations in each country and region.

## 2. Human Rights and Working Conditions

### 1) Elimination of discrimination

- Do not discriminate based on race, ethnicity, nationality, religion, gender, and others in all employment situations (\*).

\* "In all employment situations" is applications, hiring, promotions, wages, terminations, retirements, work assignments, discipline, and others.

### 2) Respect for human rights

- Do not allow any form of harassment in the workplace based upon personal characteristics, as protected by local applicable laws and regulations, such as race, ethnic and national origin, religion, gender, etc.

### 3) Elimination of child labor

- Do not allow to work children who have not reached the legal working age (\*) according to the laws and regulations of their country or region.

\* "Working-age" is generally defined as the age specified in the International Labor Organization (ILO) Conventions and Recommendations (ILO Convention No. 138: In principle, 15 years old).

### 4) Elimination of forced labor

- Ensure that all labor is voluntary and that employees are free to leave their jobs and will not engage in forced labor, slave labor, or human trafficking.

### 5) Wages

- Pay wages in compliance with local applicable laws and regulations, including those relating to minimum wages, overtime hours, deductions, piece work rates, and other compensation elements.

### 6) Working hours

- Comply with applicable local laws and regulations governing employees' working hours, including overtime work, holidays, annual paid days off, and others.

### 7) Dialogue and consultation with employees

- Sincerely communicate and consult with employees or their representatives.
- Recognize employees' right to freely associate or not to associate by the laws and regulations of their country or region.

### 8) Safe and healthy working environment

- Place the highest priority on safety/health programs and policies at the workplace so that each employee can work without undue concerns and strive to prevent accidents and injuries from occurring at the workplace.



### 3. Environment

#### 1) Environmental management

- To promote a wide range of environmental activities, comply with the laws and regulations of each country and region and establish a company-wide management system to operate and improve it continuously.

#### 2) Reduce greenhouse gas emissions

- To contribute to global warming prevention, manage greenhouse gas emissions from our business activities and promote activities to reduce them. At the same time, we will make effective use of energy.

#### 3) Prevention of environmental pollution of air, water, soil, and others

- Comply with the laws and regulations of each country and region relating to the prevention of air, water, soil, and other forms of pollution, and shall prevent environmental pollution through continuous monitoring and reduction of pollutants.

#### 4) Save resources and reduce waste

- Comply with national and regional laws and regulations on proper waste disposal and recycling, and strive to reduce final waste disposal and water consumption through effective use of resources.

#### 5) Chemical substance management

- Identify and safely control chemical substances that may cause environmental pollution or severely impact human health.
- Do not contain chemical substances banned by the laws and regulations of each country or region in your products.
- Do not use banned chemical substances in the manufacturing process. Concerning the chemical substances designated by the laws and regulations of each country or region, monitor the number of emissions and report to the government by the laws and regulations.
- Manage chemical substances specified in "Mikuni's Green Procurement Guidelines."

## 4. Compliance (Business Ethics)

### 1) Compliance with laws and regulations

- Comply with the laws and regulations of each country and region.
- Establish and implement company-wide policies and systems, action guidelines, whistleblower systems, education, and other mechanisms to ensure compliance.

### 2) Compliance with competition laws

- Comply with the competition laws of each country and region. And not engage in practices such as private monopolies, unfair trade restrictions (cartels, collusive bidding, and others), unfair trade practices, or abuse of our dominant position.

### 3) Anti-Corruption

- Make political contributions and donations by the laws and regulations of each country and region, and strive to create transparent and fair relationships with politics and government.
- Do not provide entertainment, gifts, or money to or from business partners to obtain or maintain unfair benefits or preferential treatment.

### 4) Export controls

- Perform proper export procedures and controls for exports of technology, goods, etc. that are regulated by national or regional laws and regulations.

### 5) Eliminate anti-social forces

- Eliminate anti-social forces and resolutely cut off relations with them.

### 6) Management of confidential information

- Obtain personal information of our customers, third parties and employees, and confidential information of customers and third parties in a legitimate manner, and strictly control, use and protect such information to an appropriate extent.

### 7) Management of Intellectual Property

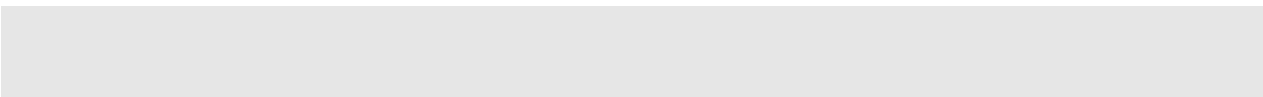
- Protect your intellectual property rights that are owned by or belong to you and do not illegally obtain or use third parties' intellectual property or infringe upon their rights.

## 5. Responsible Raw Material Procurement

### 1) Avoid using raw materials that may cause social problems

- Strive to avoid the use of raw materials (e.g., conflict minerals from the Congo\*) that could cause social problems in the procurement of mineral resources contained in products.

\* Conflict minerals from the Democratic Republic of the Congo and surrounding countries that finance armed groups' activities in the region (gold, tantalum, tungsten, tin, and others.)



## 6. Risk Management (Business Continuity)

### 1) Risk management system

- Analyze the risks associated with business activities and establish and operate a company-wide management system.

### 2) Development of BCP

- Develop a Business Continuity Plan (BCP) for early recovery in response to a disaster, accident, or other emergencies.

## V. Requests to Suppliers

Mikuni is committed to CSR activities in order to meet the expectations of our customers and the international community. We ask all of our suppliers to understand this Supplier CSR Guideline and to make it well informed, not only within their own companies, but also to their suppliers.

### 1) Raise CSR awareness in your company

- To promote CSR activities based on these guidelines, we ask you to raise CSR awareness within your company.
- In particular, we ask that you promote the creation of a corporate culture in which violations do not occur, especially concerning compliance.

### 2) Spread CSR awareness to your suppliers

- We ask that you also work to understand your suppliers' CSR activities' actual status and, if necessary, raise awareness of and provide support to them to spread and permeate the CSR initiatives of your suppliers.

### 3) Measures to be taken in the event of non-compliance with laws and regulations

- In the unlikely event that you or your suppliers should experience a breach of compliance that may impact Mikuni or customers or have the potential to have a social impact, we request that you immediately report to Mikuni the cause of the breach and the results of the investigation. At the same time, we also ask that you submit measures to prevent a recurrence.
- Mikuni will report the report's details to the relevant customer, and, depending on the circumstances, may stop requesting you for new quotations or claim for financial damages.



