

GOSHI

GOSHI
Sustainability Guidelines

December 20, 2018

GOSHI GIKEN Co., Ltd.

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I. Introduction

Recently the environment surrounding business enterprises has diversified more and more due to escalation of climate change, energy conversion, changes in the industrial structure affected by evolution of AI & IoT and others. Under such situation including environmental changes, it is required for business enterprises to contribute to the creation of sustainable societies through creation of new values (Sustainability activities^{*1}) by undertaking tasks of solving various types of social challenges including environmental tasks and human-rights issues.

Meanwhile, along with global business development, stakeholders^{*2} have become multinational / diversified. Therefore, it is required to operate the businesses considering culture, history and others of each country concerned.

Under the Company Principles, GOSHI has put effort into activities in various areas including environmental and safety ones for fulfilling our social responsibility (CSR^{*3}).

With socially raised expectations for sustainability activities in the future, it is considered essential that GOSHI and its important business partners including its associates, group companies and customers are to promote sustainability activities together, sharing "GOSHI: Concept of Sustainability). Accordingly, we revised these Guidelines by adding the latest socially demanded items.

Through the Guidelines, we think that GOSHI, together with its associates, group companies and business partners, will cope with the expectations of the society and grow further by way of sharing common perceptions of sustainability and deploy sustainability activities on a continuous basis.

GOSHI GIKEN Co., Ltd.

President _____

*1: Sustainability: Social / economic sustainability.

*2: The term "stakeholders" means people concerned, such as customers, vendors, business partners, associates, shareholders and regional / social stakeholders.

*3: CSR is an abbreviation of Corporate Social Responsibility.

II. GOSHI: Company Principles & Sustainability

Company Principles of GOSHI consist of Mission Statement and Basic Policy, which are the foundation of each and every business activity of GOSHI and its group. The Company principles are considered to be the mindset which should be applied not only to our group members, but also to our corporate activities and to our relations with our business partners and their staff.

GOSHI wishes that we will fulfill our corporate social responsibility with the confidence of society on a basis of this philosophy.

GOSHI: COMPANY PRINCIPLES

MISSION STATEMENT

“We meet the needs of the customers, to manufacture superior products that adapt to the changing times.”

BASIC POLICY

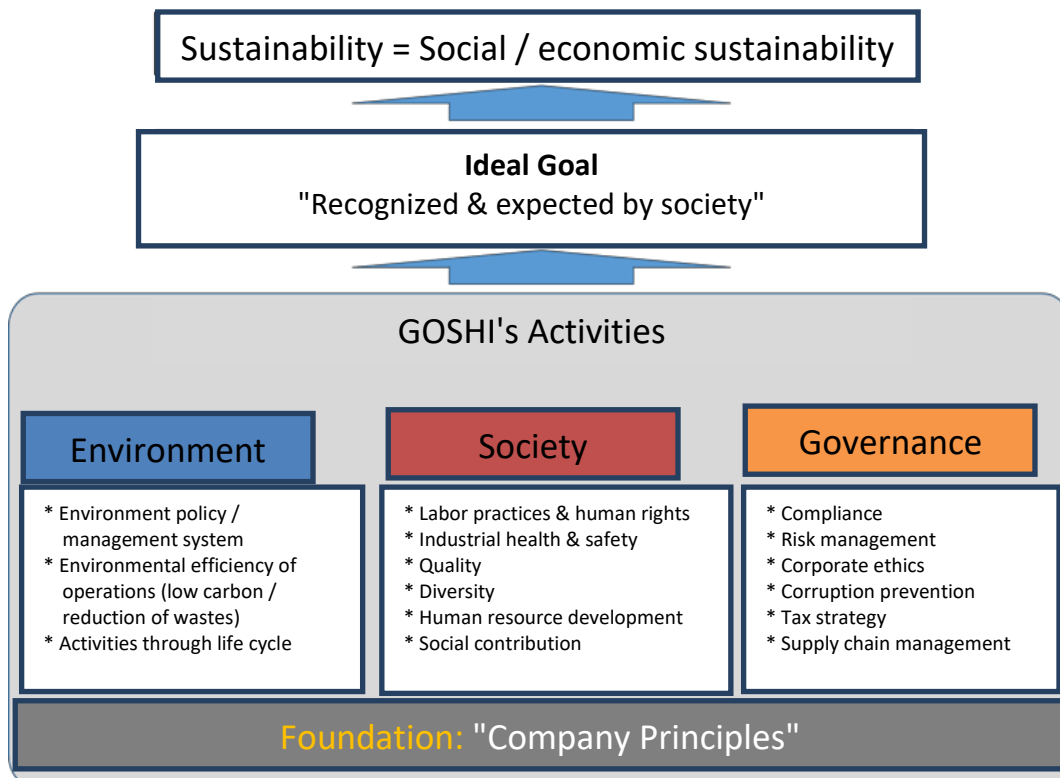
1. Respect human nature, create a constantly cheerful and satisfying working environment.
2. Aim to be a company that overflows with vigor and maintains youthfulness and dreams.
3. Value theories and time, pursue having your own techniques.
4. Always be imaginative and creative in pursuing better quality and lower cost.
5. Contribute to society through corporate activities.

III. GOSHI: Concept of Sustainability

GOSHI has played an active role since its establishment in fulfilling its corporate social responsibility in each and every field for sustainability (social and economic sustainability), defining corporate social responsibility as “being a corporate enterprise that shares joys with society by executing / sending out socially expected activities based on the global policy / goals, and then becoming a corporate enterprise that co-exists with society”.

As for sustainability activities of GOSHI, it is required to undertake the tasks of three major activities consisting of three concepts “Environment”, “Society” and “Governance”, on the basis of the above-stated GOSHI Company Principles, and then GOSHI aims to be a “socially recognized and expected company” along with trends in the 21st century.

In addition, GOSHI has made efforts to fulfil its responsibility for various types of stakeholders in its corporate activities, sharing joys with society.



IV. Specific Guidelines

1. The purpose for issuing the guidelines

These Guidelines show the expected fundamentals so that GOSHI and its group companies and business partners can understand “Concept of Sustainability” and then promote it together, aiming for being a trusted company. People concerned in GOSHI, its group companies and business partners are expected to follow these guidelines and reflect them into their own entire supply chain.

* These guidelines are compiled, incorporating our Company Principles, on the basis of Honda’s “Supplier Sustainability Guidelines”.

Basic Policy of GOSHI regarding for each item

1) Quality / Safety

GOSHI makes efforts to produce high-quality products in each and every process throughout development, production and distribution, aiming “to overcome any and all difficulties so as to deliver 120 percent quality products, so that we can achieve customer satisfaction to establish trust with customers without exception.”

2) Human rights / labor

GOSHI respects the intention and human rights of every associate of GOSHI and its group companies and parties concerned including business partners, and deals with them fairly. In addition, for industrial health and safety, GOSHI protects the work environment and safety & health from the viewpoint of “No Safety, No Production.”

3) Environment * For more information, see Honda’s Green Procurement Guidelines.

GOSHI aims to reduce environmental load throughout the life cycle from product development through production to disposal, considering “global environmental conservation” as a key point of Company Policy. For more effective implementation of such activities, GOSHI makes efforts to purchase

environmentally conscious products as well as to reduce environmental load. GOSHI also aims to preserve biodiversity throughout its corporate activities.

4) Compliance

GOSHI complies with laws & regulations in good faith as a member of society for the purpose of being a law-abiding company and conducts itself moralistically based on social common sense.

5) Information Disclosure

GOSHI makes efforts to disclose information quickly and appropriately for more transparency for the purpose of establishing trust with and receiving empathy from society.

2. Applicable fields / items

1. Safety / Quality

- 1) Supply products / services meeting the needs of consumers / customers.
It is required to develop / deliver socially useful products (*), understanding the needs of consumers / customers.
* Socially useful products: e.g. access-friendly for every person regardless of age, sex or handicap, etc. Or, earth-friendly products such as energy saving, resource saving and eco-friendly ones.
- 2) Get across safety / quality governance of products / services.
It is required to produce / deliver products / services meeting safety / quality regulations, etc. specified in each country / region concerned.
- 3) Ensure safety / quality of products / services.
It is required to build / operate the company-wide mechanism for ensuring safety / quality.

2. Human rights / Labor

1) Affirmative action (to eliminate discrimination)

GOSHI doesn't discriminate in all employment environments * due to any reason including race, ethnic, nationality, religion, sex and others.

* This applies to each process / stage such as application for employment, employment acceptance, promotion, wages, dismissal, retirement, assignment, discipline, etc.

2) Respect for human rights

Any type of harassment in the workplace due to race / ethics, nationality / religion, sex, etc. shall be prohibited.

3) Prohibition of child labor

Children who have not yet reached working age according to the applicable laws & regulations in each country / region concerned shall not be employed.

4) Prohibition of forced labor

Voluntary work is essential. It is assured that associates may leave their job without restriction, and forced labor, slave labor and trafficking in persons shall be prohibited.

5) Wages

For benefits including minimum wage, overtime work, payroll

deduction, piece wage and others, applicable laws & regulations in each country / region concerned shall be observed.

6) Work hours

Regarding decision on work hours (including overtime work) and non-working day, paid annual leave and others for associates, applicable laws & regulations in each country / region concerned shall be observed.

7) Communication with associates

GOSHI consults or communicates with representative(s) of associates or associate(s) concerned in good faith.

Freedom of association and protection of the rights to organize or not to organize shall be admitted according to applicable laws & regulations in each country / region concerned.

8) Safe / healthy labor environment

GOSHI makes efforts to prevent work-related accidents / disaster, giving first priority to occupational safety / health of associates.

9) How to deal with conflict minerals

Regarding procurement of mineral resources contained in products, GOSHI makes efforts to adopt conflict free smelters / refiners who use conflict free materials.

3. Environment

1) Environment management

GOSHI builds the company-wide management system for the purpose of promoting a wide range of environmental activities, and then operates / improves it on a continuous basis while complying with applicable laws & regulations in each country / region concerned.

2) Reduction of greenhouse gas (GHG) emissions

GOSHI manages greenhouse gas (GHG) emissions resulting from its business activities and promotes emission reduction activities in order to contribute to prevention of global warming. Also, GOSHI makes efforts to deal with more efficient energy use.

3) Environment conservation of air / water / soils, etc.

GOSHI monitors and reduces contaminated substances continuously for environment conservation while complying with laws & regulations regarding environmental conservation including air, water, soil and others in each country / region concerned.

4) Resource saving / waste reduction

GOSHI makes efforts to reduce final disposal volume of industrial wastes by way of efficient use of resources while complying with laws & regulations regarding proper disposal / recycling of industrial waste, and others in each country / region concerned.

5) Chemical management

GOSHI manages chemical substances safely that may contaminate environments. Products should not contain such chemical substances banned by applicable laws & regulations in each country / region concerned. GOSHI does not use banned chemical substances in the manufacturing process, and grasps emission volume of chemical substances specified by applicable laws & regulations in each country / region concerned, and reports it to administrative agency concerned

according to law.

4. Compliance

1) Legal compliance

GOSHI complies with applicable laws & regulations in each country / region concerned. Therefore, GOSHI establishes and implements policies, systems and mechanisms for strict compliance, including action guideline / reporting system / education and others.

2) Observance of competition laws

GOSHI complies with applicable competition laws in each country / region concerned, and avoids actions such as private monopoly, unjust restriction on trade (cartel, collusive bidding, etc.), unfair trade, abuse of dominant bargaining position and others.

3) Corruption prevention

Political contribution, donation and others shall be made according to laws & regulations in each country / region concerned, and GOSHI makes efforts to maintain a clear and fair relationship with politics / public administration. It is prohibited to entertain business partners, give gifts to them, offer / receive a monetary payment with business partners for the purpose of receiving or maintaining unfair profit / preferential treatment.

4) Prohibition of conflict-of-interest

It is prohibited to perform actions against one's own company for the benefit of oneself, business partner(s) or any other third party.

5) Management / protection of confidential information

GOSHI uses personal information of customers / any third party / associates of its own company and confidential information of customers / any third party appropriately within the limits and protects it as well as obtains it in a legitimate manner.

6) Protection of informer

GOSHI protects the whistleblowers who are employees or business associates so that they will not be subjected to unfair treatment such as dismissal, threats, harassing behavior, etc.

7) Export transaction management

GOSHI conducts and manages proper formalities for export regarding export of technology / articles, etc. regulated by applicable laws & regulations in each country / region concerned.

8) Protection of intellectual properties

GOSHI shall not obtain or use intellectual properties of any third party

illegally, and shall not infringe on someone's right while protecting intellectual properties that are in the possession of GOSHI or belong to GOSHI. In addition, GOSHI also establishes and manages an effective detection process for the purpose of minimizing risks that goods from suppliers should not get mixed in with fake parts or fake materials.

5. Information disclosure

1) Information disclosure to stakeholders

GOSHI makes efforts to promote mutual understanding and maintain / develop a trusting relationship with stakeholders through open and fair communication with them as well as to disclose information about financial status / business performance, business description and others to stakeholders appropriately in a timely manner.

3. To GOSHI group and its business partners

GOSHI hopes that GOSHI, GOSHI group and its business partners will share common recognition and facilitate sustainability activities proactively through the Guidelines, so that we are to be a socially expected and ever-growing entity.

1) Compliance with the Guidelines

GOSHI hopes that you will follow the Guidelines as well as the Basic Agreement for Parts Transaction concluded between GOSHI and its business partners.

2) Establishment of the system

GOSHI hopes that you will establish an internal system and operate / improve it continuously for the purpose of promoting sustainability activities on the basis of the Guidelines.

3) To be widely disseminated to supply-chains

GOSHI hopes that the Guidelines shall be informed and disseminated widely to suppliers and the entire supply chain of business partners concerned as well as GOSHI group.

4) Countermeasures against compliance violation, if any

In case of compliance violations in the business activities of GOSHI group or any business partners, it is required to report it to GOSHI without delay, and to investigate the cause of it and report the result(s), and then submit proposed measures to prevent recurrence.

Issued by

Management Conference

GOSHI GIKEN Co., Ltd.

Any Inquiry may be sent to:

General Affairs Section, Administration Division

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GOSHI

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