

The IBIDEN Group's CSR Management

IBIDEN WAY

The power that has enabled IBIDEN “to overcome many adversities with all our employees and to continue to exist,” and “the wisdom and vitality that have achieved dramatic growth in recent years” - these have persisted throughout IBIDEN's long history. The systematization that carries this on, transcending borders, is the “IBIDEN WAY.”



MISSION

It is the fundamental perspective of the existence value and purpose of this company.

We contribute to the progression of society through innovative technology, with respect for both individuals and the global environment.

SPIRIT

We share our spirits with all staffs globally. And through accomplishing these, “Corporate Philosophy” will be realized.

- Trust through Integrity
- “Wa” Teamwork and Synergy
- Challenge with Passion
- IBI-TECHNO Innovation

Consolidated medium-term management plan “Challenge IBI-TECHNO 105 Plan”

We reinforce our capacities for total productive management, management of technology, management of business and management capability in order to establish a robust corporate culture resilient to any market changes.

Consolidated medium-term management plan “Challenge IBI-TECHNO 105 Plan”
Period FY2013 to FY2017 [5 year term]
Pillar of the strategy 1. Reconstruct and enhance competitiveness of core operations 2. Work on the creation of new business 3. Develop and promote CSR management globally

Today's business environment surrounding IBIDEN Group is extremely volatile, faced by the fierce competition between companies seeking global survival.

In April 2013, we launched our consolidated medium-term management plan, “Challenge IBI-TECHNO 105 Plan,” envisioning next 100 years ahead of us. By redefining and strengthening our management of business, management of technology, total productive management, and management capability, we will solidify and restructure our core business competitiveness. By emphasizing the global implementation of TPM activities, we boost our onsite capabilities, while at the same time engaging in the creation of innovative technologies in the fields of materials, facilities, and production processes.

Also, based on our core technologies nurtured through the company's distinguished history, we will set up specific goals and engage ourselves in the development of new electronic and ceramic products, as well as product development and business implementation in new business areas.

Furthermore, in our effort to successfully run our CSR management, we put our emphasis on “human resource management” to nurture people who can thrive globally.

Through the steady implementation of the consolidated medium-term management plan, we will further reinforce our revenue base, and everyone in the Group will actively take up new challenges to realize a new level of growth.

CSR Policy and Promotional structure

All CSR activities at the IBIDEN Group are based on our MISSION of “We contribute to the progression of society through innovation technology, with respect for both individuals and the global environment.” We pursue activities that enhance the reliability and transparency of management through business so that we will be able to build a relationship based on trust with society, as well as strive to flourish as a going concern and contribute to social advancement.

The direction and the ideal of our CSR activities are shared throughout the entire Group and presented as the IBIDEN Group Charter of Behavior (hereinafter called “Group Charter of Behavior”), which takes into account our role as a global corporation and reflects requests and demands from our stakeholders including our major customers around the world.

IBIDEN Group Charter of Behavior (July. 2011)

Article 1: Compliance with laws, regulations, and ethics

We comply with laws, regulations and ethical requirements of the countries and regions where its business operations are based. We work against corruption in all its forms, and carry out open and fair corporate activities with the intention of becoming a company that enjoys the confidence of the international community. We also protect and properly manage personal and customer data and other types of information.

Article 2: Development together with stakeholders

We develop together with our stakeholders, so we enhance the transparency of management and build a trustworthy relationship through communication. We also actively engage in community-based activities that contribute to society as a good corporate citizen.

Article 3: Providing customer delight

We provide customer delight, so we have a good understanding of social trends, future needs and develop. We provide safe and secure products and services to maximize our customer’s satisfaction by growing IBI-Techno.

Article 4: Management based on global standards

We manage our group based on global standards. We respect human rights and other international norms of behavior. Also, we respect culture and customs in each country or region concerned when carrying out our corporate activity.

Article 5: Harmony with nature

We harmonize with nature in all areas of our corporate activities. We manage to develop technologies to achieve good balance between the environment and business, and we provide environmentally friendly products and services by promoting energy and resource conservation activities.

Article 6: Attractive and vibrant company

We aim to become an attractive and vibrant company on the basis of fair, equitable and result oriented employee evaluation personnel system. We aim to have a safe and comfortable working environment. We create a rewarding corporate culture that the employee can respect for each diversity, and fully exercise their skills and abilities.

The Basic Policy of CSR Management

The Group strives to contribute to social advancement while achieving continuing existence by implementing CSR management. The vision of the Group’s CSR management has been developed along four themes in our mid-term plan based on corporate philosophy and charter of behavior: internal control, human resource management, environment management, and social contribution. We believe that working from these four viewpoints will allow us to build on our relationship based on trust with our stakeholders by further expanding activities in a wide range of areas.

<CSR Policy>

We aim to enhance our corporate value

- By raising awareness of the need for IBIDEN to act responsibly and honestly in the interest of sustainable operations
- By fulfilling our responsibilities in a well-balanced manner from an economic, environmental and social standpoint
- By working in partnership with all of our stakeholders.



<Conceptual diagram of CSR management>

IBIDEN Group Charter of Behavior and Corporate Governance

We recognize that the entire Company including the management must participate in the effort if we are to fully realize the spirit of the IBIDEN Group Charter of Behavior. The management also understands that it should lead by example to ensure that these efforts take place thoroughly throughout the Company as well as among our Group companies, and to encourage our suppliers to participate. Furthermore, we pay continuous attention to the voices of people both inside and outside the Company and have put in place an effective corporate structure. Should an incident occur that violates the Group Charter of Behavior, the management will have in place a system to solve problems, which will communicate its position, investigate the cause and implement a prevention of recurrence. Moreover, we will communicate accurately and in a timely manner the information regarding the incident including accountability. Finally, after authority and responsibility are clarified, severe consequences will be imposed.

Framework for CSR Promotion

The Company set up the CSR Promotion Division in April 2006 as the organization responsible for the promotion of CSR activities. The CSR policy and activities of the entire Group are advanced by the CSR Promotion Division by sharing the direction and the ideal form of activities and cooperating with each plant and group company. We appoint a management person in charge of CSR promotion in each division and domestic affiliated company and he or she performs duties such as promoting CSR activities and compliance, supervising the implementation of compliance, hosting educational sessions and training for the members of the divisions or company, and reporting improvements to compliance risks within the division or company. We convened a conference for management persons responsible for CSR promotion twice in fiscal year 2016. During the conference, participants confirm the company-wide promotion items and their progress while sharing anecdotal examples of promotional activities at each plant or within each group company. Overseas group companies hold a regular meeting with the CSR Promotion Division to share the CSR Policy of the entire Group and push forward with CSR activities according to the characteristics of the region and issues faced by each company.

Managing Activities Related to the IBIDEN Group Charter of Behavior

The IBIDEN Group Charter of Behavior was established to reflect the international movement as well as requests of external stakeholders in implementing CSR management, in accordance with the Company's corporate philosophy, the IBIDEN WAY. As an international common understanding, we value and reflect the ISO26000 Guidance, responsibilities required of a company by the UN Global Compact and the code of conduct stipulated by EICC®, the electronics industry association, (though the Company is not a member) in the Charter of Behavior as part of the supply chain. Moreover, we also assess and reflect items emphasized by domestic initiatives such as the Charter of Corporate Code of the Japan Business Federation (Keidanren) the Company is affiliated with in the Charter of Behavior.

In order to develop these ideas into specific activities, we implement activities in three phases (responses as the Company, individual's activities and expansion of activities to suppliers) based on global standards and requests from and assessment items of outside organizations.

We have compiled items that should be managed by IBIDEN as a company in the IBIDEN Social Responsibility Management Standards (hereinafter called "SR Management Standards"). We have created IBIDEN Standards for Employee Behavior (hereinafter called "Standards for Employee Behavior") for each employee as standards for specific activities.

The Standards for Employee Behavior serve as compliance behavioral guidelines for each employee, based on which IBIDEN Group companies have established their own standards for employee behavior. We have also established IBIDEN Group Supplier CSR Guidelines (hereinafter called "CSR Guidelines") for our suppliers, and provide guidance on compliance with CSR Guidelines through explanations about standards, fact-finding surveys, and audits.

In drawing up these three standards and guidelines, the division in charge of promoting CSR prepared drafts, which were issued after discussions by the Management Council with participation by top management. We have broken them down into specific practical procedures, including internal rules and guidelines, in the IBIDEN Management System (hereinafter called "IMS") and operate them to constantly improve systems and activity levels.



IBIDEN Social Responsibility Management Standards (July, 2015, second edition)



For more information on each of the activities, please refer to the following page.
 SR Management Standards, Standards for Employee Behavior P13 "Compliance"
 CSR Guidelines P17 "CSR Management in the Supply Chain"

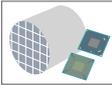
Dialogue and Cooperation with Stakeholders

Since its operations began as a hydroelectric power generation business that provided electricity to the community, the IBIDEN Group has won the support of all residents in the community as well as many other people.

We continue to look for opportunities to communicate with our stakeholders to thoroughly understand the expectations and demands that they have concerning the Group.

We believe it is important for building a trustworthy relationship with all stakeholders and sustainable development to continue working on expectations and request items obtained as a result of communication throughout the supply chain led by the Company.

■ Example of Communication (As of March 31, 2017)

Stakeholders		Example of Communication		Responsible division
Employees 	Employees at our 33 Group companies (consolidated), both in Japan and abroad, number 13,961. Grounded in the basic principle of respect for individuals, we value the creativity and varied characteristics of each and every employee.	Labor and Management Committee, Training and development, Appraisal interview Health and Safety Committee, Compliance counter	P22~26 P28 P15	HR & GA Division Environment & Safety Division CSR Promotion Division
Customers 	We contribute to the lives of our customers, grounded in innovation technology, by offering diverse, high quality products, from electronic components to ceramic and building materials	Improvement of customer satisfaction, Provision of CSR information Code of conduct audit	P55 P6	Business Administration Division (Each Operation) CSR Promotion Division
Suppliers 	The IBIDEN Group operates businesses in Japan and abroad, and conducts procurement from numerous suppliers	CSR briefing for suppliers Safety & Health Promotion Meeting Implementation of CSR survey and audit, Compliance counter for supplier	P18 P29~31 P18	Global Purchasing Division Environment & Safety Division CSR Promotion Division
Local communities 	IBIDEN has major facilities in 18 countries around the world, and conducts global corporate citizen activities that suit the culture and climate of each country and region.	Regular exchanges with community associations, Social contribution activities	P34 P50~54	Each plant HR & GA Division
Shareholders / Investors 	IBIDEN has about 140 million issued shares, with a total of 27,770 shareholders (as of the end of March 2017)	General meetings of shareholders Investor briefings, Response to research and evaluation organizations	P10 P6	HR & GA Division Strategic Corporate Planning Division CSR Promotion Division

Assessment by Third-Party Organizations and Our Actions

Corporate Evaluation by External Organizations

In recent years, increasing attention has been paid to socially responsible investment (SRI), referring to corporate investment from a social perspective, taking into account considerations such as the environment and social contribution rather than concentrating exclusively on profitability and other corporate and financial targets. The Company conducts gap analyses between targets and results of external corporate evaluations such as SRI evaluation organizations, and identifies elements that are lacking within the Company. The CSR Promotion Division is responsible for analyses. For items which can be improved during the following fiscal year, the relevant departments develop improvement strategies within the action policy.

In 2016, IBIDEN was named a constituent of the FTSE4Good Index Series, a world-leading socially responsible investment (SRI) indicator, and was awarded "Prime" status in the CSR rating of oekom research AG, a German-based CSR rating agency (as of June 2017).

CSR-Related Audits

We respond to observance of the code of conduct of the industry and CSR-related audits conducted by third-party organizations based on customer requirement. During audits, a gap analysis is conducted on the difference between industry standards and the Company's current efforts, and issues that need to be addressed are identified. We take seriously the issues pointed out during these audits and make improvements by analyzing the causes and implementing corrective actions as well as preventive measures. Furthermore, we are working toward creating a system that meets industry standards by improving upon these issues.

In fiscal year 2016, we had in-house inspections and internal audits carried out by certified internal auditors who are well versed in the audit standards of industry associations and a specialized division. Accordingly, we underwent official audits of industry standards at the managerial side on labor, human rights, health and safety, environment, and ethics at Ogaki Central Plant in Japan, and there were no findings. To maintain an excellent compliance rate, we will continue to conduct inspections on a routine basis and implement a cycle of operational improvement at each workplace. In addition, we will undertake external CSR audits on a regular basis to verify the effectiveness of internal audits and enhance the credibility of our CSR activities.

