



November 1, 2024
SEGA SAMMY HOLDINGS INC.
Sustainability Division

Regarding the Revision of the Sega Sammy Group: Supply-Chain CSR Deployment Guidebook

The SEGA SAMMY Group defines its mission as “Constantly Creating, Forever Captivating - Making Life More Colorful -.” The Group has also announced its Sustainability Vision, aiming to improve its corporate value by engaging in sustainability-conscious management in order to contribute to the realization of a prosperous society and the creation of culture.

In consideration of our stakeholders and to further strengthen our initiatives for sustainability, we have changed the name of the Sega Sammy Group: Supply-Chain CSR Deployment Guidebook, established in 2014, to the SEGA SAMMY Group Sustainable Procurement Guidelines. We have also revised the content of the Guidelines in light of the Sustainability Vision and ongoing international trends.

We ask our suppliers to understand the Sustainability at the SEGA SAMMY Group and cooperate with our procurement activities in accordance with the SEGA SAMMY Sustainable Procurement Guidelines.



SEGA SAMMY Group Sustainable Procurement Guidelines

(Former Sega Sammy Group: Supply-Chain CSR Deployment
Guidebook)

[1st Edition]

Established on November 1, 2024

Introduction

The SEGA SAMMY Group (the “Group”) has established a Sustainability Vision to realize a sustainable society based on its mission of “Constantly Creating, Forever Captivating - Making Life More Colorful -.” We also have in place the SEGA SAMMY Group Human Rights Policy as a policy to respect human rights. In order to realize a sustainable society, we need to promote initiatives throughout the supply chain that are friendly to people, society, and the environment. To this end, we have created the SEGA SAMMY Group Sustainable Procurement Guidelines (the “Guidelines”), which outline the terms for which we seek our suppliers’ cooperation.

We ask our suppliers to understand our promotion of sustainable activities throughout the supply chain and to comply with the Guidelines. We may periodically check with you regarding your compliance with the Guidelines. In addition, we would like you to understand that these terms are addressed not only to you but also to upstream suppliers.

We hope that we will be able to share a common understanding with you with regard to sustainable procurement through the Guidelines. We will continue to develop good partnerships with our suppliers to maintain and enhance mutual understanding and trust. Your cooperation is greatly appreciated.

Please note that the Guidelines are subject to review and revision as required by the changing international community and do not cover all requests from the Group to our suppliers.¹

November 2024
SEGA SAMMY HOLDINGS INC.

¹ The Guidelines refer to the Responsible Business Alliance Code of Conduct Ver. 8.0 (2024) and the Responsible Business Conduct Guidelines Ver. 1.1 (2023), JEITA (Japan Electronics and Information Technology Industries Association).

SEGA SAMMY Group Sustainable Procurement Guidelines

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I. Compliance with Laws and Respect for International Standards

Suppliers are requested to comply with applicable laws and regulations in their own countries as well as in countries or regions where they operate, and to respect international standards both internally and through their supply chains.

International standards refer to expectations for socially responsible organizational behavior derived from customary international law, generally accepted principles of international law, and universally or nearly universally accepted intergovernmental agreements.

II. Human Rights and Labor

(II-1) Prohibition of Forced Labor

In supply chains, suppliers are requested to ensure that their employees are employed at their free will, and to not cause their employees to engage in forced labor.

Forced labor refers to all non-voluntary labor, including labor brought about due to violence, threats, confinement, and other undue mental or physical constraints. The prohibition of voluntary job separation and the obligation to deposit identification cards/passports/work permit cards with employers also constitute forced labor. The following are some examples of factors of forced labor:

- (1) Exploitation of vulnerability
- (2) Deception
- (3) Isolation
- (4) Threats and intimidation
- (5) Retention of salary
- (6) Debt bondage
- (7) Excessive overtime
- (8) Prohibition of movement
- (9) Physical or psychological abuse
- (10) Retention of original ID documents
- (11) Execution of contracts in languages that employees do not understand
- (12) Charging workers for employment placement fees and other employment-related fees

(II-2) Prohibition of Child Labor and Protection of Young Workers

In supply chains, suppliers are requested not to employ children who are under the minimum age for employment and not to assign jobs that may impair the development of children or young workers.

Child labor refers to the employment of persons who are under the minimum age for employment as defined by national laws and the conventions and/or recommendations of the International Labour Organization (ILO). There are also certain types of work in which young workers are not allowed to engage (see ILO Convention No. 138). Night work and hazardous work are restricted by law and regulations because they may be detrimental to the health, safety, and morals of young workers.

(II-3) Working Hours

Suppliers are requested to appropriately manage their employees' working hours/holidays/vacations so as to meet the requirements of the applicable laws, regulations, etc., of the countries or areas in which they operate.

The following are examples of appropriate management:

- (1) Scheduled working days per year do not exceed the legal ceiling;
- (2) Working hours per week, including overtime hours (provided that cases of disaster or other unavoidable emergency situations are excluded), do not exceed the legal ceiling;
- (3) Employees are provided with holidays that each continue at least 24 hours;
- (4) Employees are granted rights to annual vacation leave, maternity leave, and childcare leave as specified by laws and regulations;
- (5) Employees are provided with a break time as specified by laws and regulations;
- (6) Physical and mental health examinations are conducted for employees to protect their health

(II-4) Appropriate Wages

Suppliers are requested to pay their employees at least the statutory minimum wage and to not unreasonably reduce wages.

Minimum wage refers to the lowest wage specified in each country's wage-related laws.

In this item, payment of other allowances, including overtime compensation and statutory benefits, is included.

Unreasonable wage reduction refers to a wage reduction in violation of labor-related laws and regulations.

When suppliers pay compensation to employees, they shall provide wage statements that contain sufficient information to verify that accurate compensation has been paid.

(II-5) Prohibition of Inhumane Treatment

Suppliers are requested to respect the human rights of their employees and to prohibit oppressive and inhumane treatment such as abuse and/or various forms of harassment.

Inhumane treatment includes abuse (psychological and physical), physical punishment, sexual harassment, power harassment (i.e., harassment in the form of verbal abuse and intimidation) and maternity harassment.

(II-6) Prohibition of Discrimination

Suppliers are requested to respect diversity, prohibit discrimination during the recruitment, training, and evaluation process, and strive to attain equal opportunity and fairness of treatment.

Discrimination refers to creating differences in opportunities and/or treatment in areas such as recruitment, promotion, compensation, and participation in training, based on factors other than rational factors such as one's ability, competence, and level of achievement.

Typical factors of discrimination include a person's race, creed, gender, age, social status, family origin, nationality, ethnicity, religion, birthplace, skin color, sexual orientation, gender identity, disability, pregnancy, political opinion, union membership, marital status, and so on.

If any of these matters are reported, suppliers shall exercise appropriate care so as not to cause disadvantages to the informant.

(II-7) Employees' Right to Freedom of Association

Suppliers are requested to respect the right of employees to freedom of association, as a means to realize labor and management discussions over working conditions and/or wage level, etc.

Respecting the right of employees to freedom of association includes giving consideration to, for example, the following:

- (1) Freedom of association without being subjected to retaliation, threats, or harassment;
- (2) Freedom to participate or not to participate in labor unions in accordance with laws and regulations;
- (3) Freedom to protest;
- (4) Freedom to participate in workers' councils

III. Health and Safety

(III-1) Workplace Safety

Suppliers are requested to evaluate their workplace safety risks and to ensure safety in the workplace through appropriate design, technology, and management measures. In particular, reasonable consideration shall be given to pregnant women and nursing mothers.

Safety risk in the workplace refers to the potential risk of accidents and health problems occurring during working hours, such as electric shocks or other energy-related accidents, fires, vehicular accidents, floor surfaces that are slippery or prone to tripping, and falling objects.

Examples of appropriate design, technology and management measures include monitoring hazardous areas with sensors, blocking access to power sources for machinery and equipment by locking the same (lock out), placing a tag/notice that specifies the prohibition of operating an energy-blocking device while the power source is blocked (tag out), and provision of protective equipment, such as protective goggles, helmets and gloves. Reasonable consideration for pregnant women and nursing mothers includes that in relation to lifting/moving heavy loads, exposure to infectious diseases, working in a strained or burdensome position, or working long hours.

(III-2) Emergency Response

Suppliers are requested to prepare emergency response measures for possible disasters and accidents in order to protect the life and limb of each individual employee, and to make sure everyone knows the measures in the workplace.

Emergency response measures may include, for example, prompt reporting during an emergency, notification to employees, clarification of evacuation procedures, installation of evacuation facilities, securing of evacuation routes, storing of emergency medical products, installation of a fire detection system, installation of a fire containment device, securing external means of communication, and development of a recovery plan.

The methods to ensure awareness within the workplace may include provision of emergency response education to employees (including evacuation drill) and storing or posting emergency response procedures within the workplace in areas easily accessible to employees.

(III-3) Occupational Injuries and Illnesses

Suppliers are requested to understand the situation regarding occupational injuries and illnesses in the workplace, and to take appropriate measures.

Appropriate measures include rules and programs that facilitate employee reporting, classification and recording of injuries and illnesses, provision of medical treatment as needed, investigation of injuries and illnesses, implementation of corrective measures to eliminate the causes, encouraging employees to return to work, and not forcing them to return until their condition has eased (including enrolling in workers' compensation insurance and performing the necessary administrative procedures, as required by law).

(III-4) Workplace Hygiene

Suppliers are requested to understand the conditions in the workplace in relation to chemical substances, noises, and foul odors, which are harmful to the human body, and to take appropriate measures.

Chemical substances that are harmful to the human body include soot and smoke, steam, mist, dust, poisonous materials, nuclear radiation, and substances that cause chronic diseases (such as lead and asbestos). Furthermore, noises and foul odors are also among those that may be harmful to the human body in extreme cases.

Appropriate measures may include identification and assessment of the possibility of direct exposure to such harmful elements, establishment and operation of management criteria, appropriate education for employees on hygiene issues, and provision of protective devices to employees.

(III-5) Consideration for Physically Demanding Work

Suppliers are requested to identify any physically demanding work and to appropriately control such work so that no related injuries and illnesses occur.

Operations that require physically demanding work may include heavy labor such as manually carrying heavy objects as well as repetitive and continuous work performed over long periods, such as assembly work and data entry work.

Appropriate control includes periodic breaks, the provision of assistive devices, and burden sharing and cooperation among multiple workers.

(III-6) Machine Safeguarding

Suppliers are requested to take appropriate safety measures in relation to the machinery, equipment, etc., used in their company.

Appropriate safety measures refer to management to prevent accidents and health problems from

occurring during working hours, including the following examples:

- (1) Adoption of fail-safe, foolproof, or inter-lock safety mechanisms;
- (2) Installation of safety devices and protective barriers;
- (3) Periodic inspection and maintenance of machinery and equipment

(III-7) Health and Safety at Facilities

Suppliers are requested to appropriately maintain health and safety in all company facilities provided for employees.

The facilities provided for employees' living purposes include those provided in the workplace for employees (such as cafeterias, restrooms, and locker rooms) as well as any facilities provided for employees outside of the workplace (such as dormitories).

Examples of securing safety and hygiene include maintaining cleanliness and sanitation, securing safe drinking water, fire prevention measures, air ventilation, temperature control, emergency escape routes (exits), safe storage of personal belongings, and adequate space.

(III-8) Employees Health Management

Suppliers are requested to provide appropriate health management for all employees.

Appropriate health management refers to the prevention and early detection of employee diseases by providing medical checkups at least in accordance with the minimum standards stipulated by law. In addition, careful consideration shall be paid to the prevention of health problems caused by overwork and care for mental health issues.

(III-9) Health and Safety Communication

Suppliers are requested to provide appropriate health and safety information, education and training on workplace hazards for employees and to ensure a mechanism for employees to raise safety concerns.

Hazards in the workplace include, but are not limited to, mechanical, electrical, chemical, fire, and physical hazards.

Health and safety information as well as education and training shall be provided in a language that employees understand and in a location that is accessible to them.

Examples of education and training include proper use of personal protective equipment, emergency response, safe operation of machinery, and preparation for entering harmful environments. Education and training shall be provided prior to the start of work and on a regular

basis.

IV. Environment

(IV-1) Government Permits and Licenses

Suppliers are requested to obtain government permits and approvals as appropriate and to submit necessary control reports to the government without fail, in accordance with the laws and regulations of the relevant country.

In Japan, businesses are required to assign managers who have obtained certain qualifications stipulated by laws and regulations. Such managers include: specially controlled industrial waste control supervisors, as provided in the Act on Waste Management and Public Cleaning; qualified energy managers for factories using over a certain level of energy, as provided in the Act on the Rational Use of Energy; and pollution control managers for factories that emit chemical substances, dust, and soot, as provided in the Air Pollution Control Act and other acts.

Suppliers are also required to assign managers in charge of poisons, poisonous materials, specified chemical substances, and hazardous materials, depending on the chemical substances used in their business.

Government permits or approvals concerning environmental impact assessment and hazardous materials handling facilities may be needed, depending on the details of the business and the location of the factory.

(IV-2) Energy Efficiency and Resource Management

Suppliers are requested to make effective use of resources and promote resource- and energy-saving activities in order to contribute to a decarbonized society. In addition, they are requested to comply with laws and regulations concerning proper treatment and recycling of waste, and to promote activities to reduce the volume of final waste generated in the manufacturing process of products.

Contribution to a decarbonized society refers to working to improve energy efficiency and engaging in activities to continuously reduce energy consumption and greenhouse gas emissions. Resource saving refers to the effective utilization of resources. Means to achieve this include reducing material use and waste in relation to products and promoting the use of recycled resources and parts.

Energy saving refers to rationalization of the use of thermal and electric energy. Promotion of the active use of renewable energy can realize further reduction of environmental impact.

Proper treatment of waste refers to the proper disposal of waste generated in the course of business activities, such as development and manufacturing processes and distribution processes, at the responsibility of the business operator.

Final waste refers to final waste generated by landfill or incineration.

(IV-3) Minimization of Environmental Impacts (Wastewater, Sludge, and Air Emission)

Suppliers are requested to comply with local laws and regulations regarding drainage, sludge and air emissions, and to promote activities for the prevention of air, soil, and groundwater pollution.

In addition to preventing the occurrence of pollution, activities for further improvement may include improvement of methods to monitor, control, or process drainage, sludge, or exhaust and reduction of the volume thereof.

(IV-4) Management of Chemical Substances Used in Manufacturing **In their manufacturing processes, suppliers are requested to manage chemical substances that are designated by the laws and regulations of the relevant country.**

The management of chemical substances in manufacturing processes refers to not only the control of chemical substances that are prohibited from being contained in the products but also making efforts to reduce the volume of chemical substances released into the external environment by, for example, monitoring their release or reporting to the administrative authorities.

(IV-5) Management of Chemical Substances Contained in Products **For all of their products, suppliers are requested to manage chemical substances that are designated by laws and regulations.**

The management of chemical substances contained in products refers to not only the exclusion of those chemical substances that are prohibited from being contained in the products by laws and regulations, but also compliance with the required labeling obligations and performance of required testing and evaluations.

V. Fair Trading and Ethics

(V-1) Anti-corruption

Suppliers are requested not to engage in bribery, corruption, extortion, or embezzlement of any kind, to maintain a sound and normal relationship with politicians and administrative authorities, and to refrain from bribing any public officials or making illegal political contributions.

Engaging in bribery refers to any act of offering money, entertainment, gifts, or other benefits or facilities to any politicians, public servants, foreign public officials, or other persons prohibited by domestic or foreign laws and regulations, or equivalent persons (collectively “public officials”), in the pursuit of receiving some sort of business advantage in return, such as an approval or license, the acquisition or maintenance of business, or access to non-disclosed information.

Bribery also includes the provision of entertainment or gifts that goes beyond social norms to public officials even if no business advantage is sought in return.

Making illegal political contributions refers to any act of contributing political donations in return for some sort of business advantage, including approvals or licenses, the acquisition or maintenance of business, or access to non-disclosed information; or making political contributions without going through the normal procedures.

(V-2) Prohibition of the Offering and Receiving of Inappropriate Profit and Advantage

In relation to stakeholders, suppliers are requested not to offer or receive inappropriate benefits, and to eliminate any relationship with antisocial forces.

Acts of inappropriate benefit offering/receipt include, for example:

- (1) Acts considered to constitute bribery, such as offering to or receiving from a customer a gift, award, prize money, etc., beyond the limits stipulated by laws and regulations, or providing or receiving money or valuables or entertainment beyond the limits of social norms;
- (2) Providing inappropriate benefits to any antisocial forces (i.e., crime syndicates and their members, criminal organizations, terrorist organizations, etc.) that adversely affect social order and sound activities;
- (3) Engaging in insider trading by trading the shares of a company based on material non-disclosed information relating to the business of customers

(V-3) Provision and Disclosure of Information

Suppliers are requested to actively provide or disclose company information to stakeholders, irrespective of whether such suppliers are obliged to publish such information under laws and regulations.

The information to be provided or disclosed to stakeholders includes details of business activities, financial status, business performance, risk and incident information (e.g., damage due to a large-scale disaster, any occurrence of an adverse effect on the environment and society, discovery of a material violation of laws or regulations), and ESG (environment, social, and governance) information.

(V-4) Respect for Intellectual Property

Suppliers are requested not to infringe the intellectual property rights (IPRs) of other parties.

Intellectual properties (IPs) include patent rights, utility model rights, design rights, trademark rights, copyrights, and trade secrets.

Prior to the development, production, sale, and/or provision of a product/service, a preliminary survey of third party IPs shall be sufficiently conducted. Without the prior consent of the other party, no suppliers shall engage in any act that would allow them to obtain confidential information. Confidentiality obligations and the ownership of IPs shall be specified in the contract. Unless there are any justifiable reasons, the unauthorized use of any third party's IP will constitute infringement of such party's IPR. For example, the following acts constitute IPR infringement:

- (1) Illegal duplication of computer software and other copyrighted works;
- (2) Acquisition and use of any third party's business secrets by illegal means;
- (3) Coercing the provision of free technical information, manufacture of prototypes, and transfer of IPRs.
- (4) Unauthorized use of IP and know-how

(V-5) Prohibition of Abuse of a Superior Position

Suppliers are requested not to cause a disadvantage to their suppliers by abusing a superior position.

Abusing a superior position refers to unilaterally determining or changing the terms of a transaction with suppliers and others or imposing unreasonable requests or obligations on suppliers and others, by exploiting one's position as a purchaser or outsourcer.

Procurement deals shall be fairly and faithfully conducted based on contracts without abusing a superior position. In countries with legislation relating to abuse of a superior position, the relevant laws and regulations shall be observed (e.g., the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Anti-Monopoly Act) and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act)).

(V-6) Prohibition of Impediments to Free Competition

Suppliers are requested not to impede fair, transparent and free competition.

Acts that impede competition refer to reaching agreements regarding product/service prices, quantities, sales areas, etc. (cartels) with other companies in the same industry, or making prior arrangements with other bidders about the winning bidder and successful tender price (collusive bidding).

Furthermore, obtaining and utilizing the trade secrets of other companies in an illegal manner, making false representations regarding other companies' products and making misleading representations to consumers also constitute acts of unfair competition.

(V-7) Provision of Accurate Information on Products and Services

Suppliers are requested to provide accurate information on products and services to consumers and customers.

Accurate information means, for example:

- (1) The specifications, quality, and handling procedures for the products/services are accurate.
- (2) The information on the substances contained in the materials and the components used in the products is accurate.
- (3) Expressions that are contrary to fact or expressions that may cause a misunderstanding among consumers or customers are not used in any brochure labels and advertisements/promotions, etc., relating to the products and services, and content that constitutes slander, defamation, or infringement of the rights, etc., of other companies or individuals is not included therein.

(V-8) Prevention and Early Detection of Improper Acts

Suppliers are requested to perform activities to prevent any improper act, and to establish a system that enables the early detection of improper acts and prompt responses thereto.

Preventing improper acts refers to training and awareness raising for employees as well as creating a work environment in which free and open communication/discussions can take place.

A system for the early detection and response to improper acts may, for example, include the establishment of internal and external contact points for reporting improper acts so that management can detect improper acts at an early stage. In such cases, it is necessary to ensure the confidentiality and anonymity of whistleblowers and to protect them from retaliation or other disadvantageous treatment.

(V-9) Responsible Sourcing of Minerals

Suppliers are requested to promote self-assessments to ensure that minerals such as tantalum, tin, tungsten, and gold contained in the products they manufacture do not cause or contribute to serious human rights abuses, environmental degradation, corruption, or conflict in Conflict-Affected and High-Risk Areas, and to verify the same at their sourcing locations.

(V-10) Appropriate Export and Import Control

Suppliers are requested to establish a clear control system for the import and export of technologies and goods regulated by laws and regulations and to carry out appropriate import and export procedures.

Technologies and goods regulated by laws and regulations include parts, products, technologies, equipment, software, and other items whose import or export is regulated by laws and regulations based on international treaties/agreements (such as the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies).

Exporting or importing may require specific procedures such as acquiring permission from the regulatory authorities.

(V-11) Respect for Privacy

Suppliers are requested to respect the privacy of customers, third parties, and their employees.

Privacy refers to the right to have one's personal and family affairs, private life, and personal secrets not interfered with or infringed upon by others or the right to control one's own information.

Respecting the privacy of customers and appropriately managing and protecting personal information are strongly demanded in the international community as a social responsibility of companies.

VI. Quality and Safety

(VI-1) Ensuring Product Safety

In designing products at their own responsibility, suppliers are requested to ensure

that their products will satisfy the safety standards defined by the laws and regulations of each relevant country.

In the product design phase, suppliers shall design products in a manner that can sufficiently ensure product safety, and shall sell products by taking their responsibilities as a manufacturer into consideration. With regard to product safety, legal compliance as well as the level of safety that should normally be maintained must be taken into consideration.

The laws and regulations relating to product safety in Japan include the Electrical Appliances and Materials Safety Act, the Consumer Product Safety Act, and the Household Goods Quality Labeling Act. Safety standards are defined in detailed rules set forth in laws, the JIS, etc. Foreign safety standards include UL, BSI, and CSA.

(VI-2) Quality Control

Suppliers are requested to comply with all applicable laws and regulations regarding the quality of their products and services as well as their own quality standards and customer requirements.

VII. Information Security

(VII-1) Defense Against Cyber Attacks

Suppliers are requested to take defensive measures against threats from cyber attacks and to perform appropriate management to prevent damage to themselves and others.

Cyber attacks include acts of leaking trade secrets such as personal information, customer information, business partner information, or confidential information, or causing damage such as the encryption of important files, for example, by way of malware infection through targeted emails or being directed to malicious sites.

It is important to have a plan in place for rapid recovery in the event of a cyber attack. Such measures may include adding information leak detection, backing up critical data, and duplicating servers and data centers.

(VII-2) Prevention of Leakage of Personal Information and Confidential Information

Suppliers are requested to appropriately manage and protect the personal

information of customers, third parties, and their employees as well as confidential information received from not only within their own company but also customers and third parties.

Personal information means information concerning living individuals that can identify a specific person by name, date of birth, and other descriptions contained in the information (including information that can be easily compared with other information to identify a specific person).

Confidential information generally refers to information disclosed in documents agreed to be confidential (including electromagnetically or optically recorded data information) or information orally disclosed after giving notice of the confidential nature of the information.

Appropriate management refers to the establishment and operation of a general management scheme for personal information that is compliant with relevant laws and regulations, and includes the implementation of access control and information security measures, preparation of regulations and guidelines to be observed by employees, development of plans in accordance therewith, implementation of such plans and measures, and conducting internal audits and reviews.

Appropriate protection refers to not unreasonably or improperly obtaining, utilizing, disclosing or leaking personal information.