

Human Rights

We operate a management system based on our Basic Policy on Labor and Human Rights, and strive to observe legislation, international norms, and code of conduct such as that provided by the EICC.



Human Rights

Basic Policy on Labor and Human Rights

We at Nissha have in place and adhere to a basic policy on labor and human rights toward realizing our Mission. The 10 principles of the United Nations Global Compact and the electronics and automotive industries' code of conduct provided by the Responsible Business Alliance (RBA) were used as reference in formulating the policy. In addition to Japanese, English, Chinese, Korean and Malay, which we already had, this policy has been translated into Spanish and German in 2018, and widely distributed to the Nissha Group.

Basic Policy on Labor and Human Rights

The Nissha Group will observe the international norms, laws and ordinances related to human rights and labor standards and will make efforts to continually improve human rights and labor standards.

1. Child labor: We will prohibit child labor and also implement relief measures.
2. Forced labor: We will eliminate all forms of forced labor, including bonded labor.
3. Health and safety: We will secure the health and safety of our employees and provide a hygienic workplace environment.
4. Freedom of association and the right to collective bargaining: We will guarantee the right to organize and the right to collective bargaining.
5. Discrimination: We will not discriminate based on a person's age, disability, ethnic group, gender, marital status, nationality, political support, race, religion, sexual orientation, pregnancy or membership in a union. We will also not be party to this.
6. Punishment: We will not perform physical punishment or mental or physical coercion and we will not engage in verbal abuse.
7. Working hours: We will observe the laws, ordinances and labor agreements related to working hours, rest breaks and holidays.
8. Remuneration: We will observe the laws and ordinances related to the payment of appropriate wages.

June 1, 2018

Junya Suzuki
Chairman of the Board
President and CEO
Nissha Co., Ltd

In April 2012, we joined the United Nations Global Compact, thereby declaring that we support and will make continuous efforts to practice the initiative's 10 principles in the areas of human rights, labor, the environment, and anti-corruption. We include the 10 principles in our Corporate Ethics and Code of Conduct Manual, citing "respect for human rights" as a key item. The manual is produced in the Japanese, English, and Chinese languages and distributed through regular study sessions targeting all employees. After each training session, we collect signatures from our employees confirming that they understand and will base their conduct on the contents of the manual.

Building and Operation of a Management System

We adhere to international norms and laws on human rights and labor standards, and strive for continuous improvements in the content of our activities.

The Labor and Human Rights Subcommittee of our CSR Committee is currently promoting the establishment of a compliance system for the Responsible Business Alliance (RBA) code of conduct at all major Nissha Group bases and important suppliers in Japan. In the fiscal year ended March 2016, it built and started to operate a labor and human rights management system. And in the fiscal year ended December 2017, it followed this up with internal audits of major Nissha Group companies. There were audit findings such as the lack of knowledge regarding the existence of the Harassment Help Desk, but this was corrected through the use of e-learning for employees.

In the fiscal year ending December 2019, we have been engaging in human rights risk assessment at our overseas production bases and training foreign technical interns in order to deal with the material topic of respect for the human rights of employees and the strategic topic of understanding and reducing human rights risks. In addition, we are promoting compliance with work style reforms, measures to encourage flexible work styles and relaxing lifestyles. We are also providing in-house training on harassment.

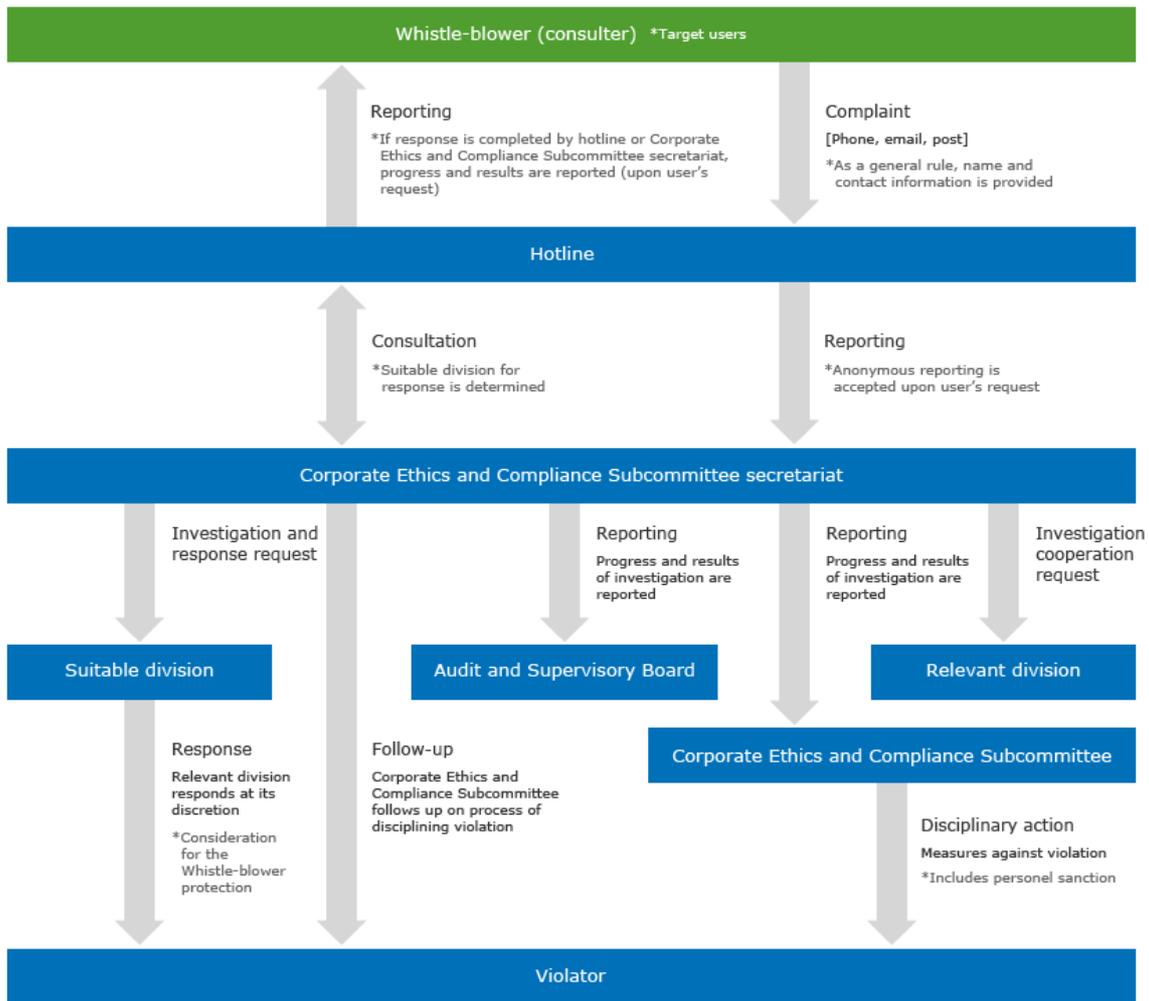
Hotline

Nissha has installed a hotline for the Nissha Group in Japan as well as selected overseas bases, and created an internal regulation (Internal Reporting Code) based on the Whistleblower Protection Act. The purpose is to quickly grasp the facts, about illegal, unfair or unethical conduct by an organization or individual, minimize the risk associated with a crisis, promote ethical and legal compliance, and ultimately enhance our corporate value. In the interest of neutrality and fairness, the hotline reaches a third party served by an outside attorney's office.

Our Internal Reporting Code protects whistle-blowers from any unfavorable treatment by either the company or other employees on account of their complaints, and obligates the acceptance of anonymous reporting. In fiscal year ended December 2018, the hotline was used 22 times. The complaints concerned workplace environment and interpersonal relationships, and requests to improve workflows at production bases. All complaints received are relayed from the hotline to the Corporate Ethics and Compliance Subcommittee secretariat, which as a rule coordinates with relevant divisions to carry out an investigation and fact-checking while protecting the whistle-blower. The contents are reported and discussed as needed at the Corporate Ethics and Compliance Subcommittee, and then measures are taken according to the investigation and deliberation results.

We are working to create an environment where employees feel comfortable about discussing even minor matters to make corporate ethics and compliance a familiar presence for all employees. And to enhance employee awareness of the hotline through the Corporate Ethics and Code of Conduct Manual, the Nissha intranet, and in-house training toward further reinforcing corporate ethics and compliance.

Hotline Organizational Chart



Preventing Harassment

With the aim of preventing and resolving problems in the workplace, including sexual and power harassment, on April 1, 2015, we began establishing help desks both in our offices and externally specializing in harassment.

We give every employee, including dispatch employees, a wallet-sized card that shows them who can discuss their problems. Consultations at the help desks involve interviews with the counselee, the actor, and related parties, investigating any factual relationships, making a judgment, and solving the problem. In the fiscal year ended December 2018 the help desks were used nine times (internal help desk: seven times/external help desk: two times), and all issues were dealt with. In addition, we hold training sessions for harassment help desk staff every year. These are led by external instructors, and targeted at staff in charge of in-house help desks. The training is designed to give staff the basic readiness to be a consultant, inform them of what to be aware of, and so on.

In April 2018, we carried out e-learning for our managerial staff using a video seminar focused on giving leadership that does not become power harassment, and in July we held a compulsory e-learning seminar on preventing harassment for all employees. This training is designed to deepen our employees' understanding of preventing harassment and create a workplace environment with a positive, open, relaxed atmosphere that does not permit harassment. We intend to plan and carry out timely training as needed in the future.

Fair Evaluation and Treatment

We at the Nissha Group view evaluation systems as a mechanism for ensuring consistency between the company's strategy and individuals' goals, and for determining treatment accordingly. To this end, we conduct a personnel evaluation of all full-time Nissha Group employees twice a year. The evaluations cover the level of achievement of employees' goals, accountability and responsibility, and the results of which are reflected in bonuses, pay raises, and promotions. By organizing interviews at the time the goals are set and the results are evaluated, we strive for evaluation and treatment that are fair and convincing.

We revised our managerial personnel system in October 2014, our general personnel system in April 2015, and, in January 2018, the managerial personnel system at our subsidiary, Nissha Printing Communications, Inc. (NCI). Through these activities, we aim to realize a highly convincing evaluation system in which employees are rewarded for producing results.

Wage Management

The Nissha Group appropriately determines wages paid in exchange for labor in accordance with the wage regulations of each company, based on the laws of the relevant country. Our regulations do not allow for different wage levels by age or gender.

Once a year, Human Resources leads internal audits of Nissha Group companies in Japan in the areas of labor and human rights to check that prefectural requirements concerning minimum wages and work times are correctly reflected.

Freedom of Association and Collective Bargaining

Our Basic Policy on Labor and Human Rights contains the provision, "4. Freedom of association and the right to collective bargaining: We will guarantee the right to organize and the right to collective bargaining."

We have engaged in dialogue with the labor union toward expanding women's participation in business and otherwise creating workplace environments where employees can live up to their full potential. As a result, we formulated a set of Private Day Care Expense Coverage Regulations and introduced a program for preventing delays in the reinstatement of women employees after childbirth because they could not enroll their child in a non-authorized nursery (in Japan, these are significantly costlier than those certified by local authorities, which have years-long waiting lists).

With the change in fiscal year end date from March to December at Nissha Group companies in Japan, in the fiscal year ended December 2018, we held discussions toward reviewing employment regulations. As a result, we introduced a program that allows two company-owned houses for employees transferring to a location away from their family when a gap emerges between the timing of the transfer and the start of a new school year (April in Japan). We also introduced a career resumption program for re-hiring employees who have once had to retire due to reasons such as childbirth, child-rearing, and family care, and started operating this in January 2018.

In the fiscal year ending December 2019, we intend to carry out discussions with the labor union, with a view to incorporating time acquisition for annual paid leave systems and expansion of working from home, in order to respond to work style reforms, aiming for more flexible work styles and relaxed lifestyle.

Relationship with Labor Union

The Nissha Group has three labor unions: the Nissha Labor Union (organized in March 1946)^{*1}, the Nitec Industries Labor Union (March 2012)^{*2}, and the Nissha Printing Communications Labor Union (October 2015)^{*3}. In January 2016, these three unions formed the Nissha Group Labor Union. While one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management, we recognize that regular exchange of information and coordinated action

between labor unions is necessary to resolve common challenges within the Nissha Group. Based on this understanding, we at the Nissha Group have solid relationships and hold regular negotiations and discussions with our labor unions.

Nissha Co., Ltd. holds regular Management Council meetings with the Nissha Labor Union, joined by employees excluding managerial staff, to negotiate and discuss employees' labor conditions and share information about the Nissha Group's business operations. Although no minimum period is set for notifying the union of significant changes in labor conditions, the company exchanges dialogue with the union on a daily basis with the aim of reaching an agreement satisfactory to both. Furthermore, we organize monthly Work System Committee meetings primarily to share information about work times and prevent large amounts of overtime work.

The labor contract confirms, "the Company and the Union shall respect one another's position and maintain a peaceful relationship between labor and management as well as strive for the maintenance and improvement of labor conditions and the growth of the Company," and stipulates, "the Company shall respect the Union's right to organize, right to collective bargaining, and right to act as a group," thereby guaranteeing basic labor rights for union members.

Affiliated companies Nitec Industries, Inc. (NII) and Nissha Printing Communications, Inc. (NCI) also hold negotiations and discussions about employees' labor conditions with their respective labor unions. The Workplace Improvement Committee, established by both labor and management at Nitec Precision and Technologies, Inc. (NPT), works to promote improvements in the workplace environment and in welfare benefits.

In fiscal year ended December 2017, the Nissha Group had no report either of a strike or lockout or of a situation that infringed on our employees' freedom of association. We will continue to respect the mutual positions of both company and union, and build a sound relationship between labor and management.

*1. As of the end of December 2018, the Nissha Labor Union has a membership of 765.

*2. As of the end of December 2018, the Nitec Industries Labor Union has a membership of 436.

*3. As of the end of December 2018, the Nissha Printing Communications Labor Union has a membership of 185.

Voice of the Labor Unions

At the Nissha Group Labor Union, one union per company is our basic approach to promoting well-disciplined organization and building sound relationships between labor and management. Each union offers suggestions, negotiates between labor and management, and performs checks true to the characteristics of the company. We emphasize autonomy, such as providing guidance for Management Council meetings between the union and management at each company. In addition, the Nissha Group Labor Union holds discussions between labor and management and determines the introduction of new regulations, or revisions to existing regulations, for issues that are common to all, such as the various systems, regulations, and so on. Nissha Group employees are becoming increasingly diverse as our business globalizes. To ensure we can become a company where all these employees can pool their strengths, wield their individual strengths, and grow together, the Nissha Group Labor Union promotes the utilization of future-oriented human resources who are richly imaginative and not bound by past habits and forms.



Takashi Yoshioka
Executive Labor Leader
Nissha Group Labor Union