



SUPPLIER CODE OF CONDUCT

ISSUED	May 8, 2003
REVISED	Aug 21, 2006
REVISED	March 1, 2010

AEON Co.,Ltd.

TOPVALU Suppliers,

Enactment of “AEON Supplier Code of Conduct”

Dear Business Partners,

Coincident with changing our corporate name to AEON Co. Ltd. (formerly Jusco Co. Ltd) on August 21, 2001, we renamed AEON Group as AEON. Ever since, our entire group is aimed at embodying AEON's unchanged corporate philosophy of "Customer satisfaction, as the leading principle of our emphasis on the 'pursuit of peace', a deep 'respect for human dignity', and the 'contribution to local community'". We have since endeavored to achieve all of these by paying special attention to the daily implementation of an “ethical behavior”.

We believe that we have to be “truthful” to all the people related to AEON both, by fulfilling ethical behavior as well as complying with laws and regulations. Moreover, we believe that our continuous challenge, as a 21st Century retailing pioneer, will contribute to the whole society by bringing innovation and improving life standards. If we were faced to make a choice between maintaining the current situation and venturing to innovation, we would certainly choose innovation without hesitation.

In this regard, we are pleased to announce the enactment of “AEON Supplier Code of Conduct” (CoC), our standards for suppliers. This CoC is original to AEON and covers 13 areas including the prohibition of child labor and forced labor, assurance of appropriate working hours and fair compensation, prevention of environmental pollution, ban on exchanging gifts, and etc. All suppliers of AEON are required to follow these standards. As globalization of corporate production activities gains pace, actions such as abusing employees' human rights or ignoring environmental protection should not be permitted. AEON, together with its suppliers, will commit not only to the improvement of product quality, but also to conform to ethical standards of business in the overall process of production, and to comply with the legal requirements regarding the working environment.

AEON will face all the necessary changes with courage to ensure “a future of limitless promise”, and to keep innovating to better respond to our customer expectations and trust. We highly appreciate your understanding and continued cooperation.

May 2003

Motoya Okada
President
AEON Co., Ltd

Table of Contents

AEON Declaration

I . AEON Supplier Code of Conduct(CoC) Guideline

1. Objective of CoC	p.1
2. What are the Expectations in CoC?	p.1
3. Suggestions for Fulfilling CoC Requirements & Sustainable Development	p.9
4. Documentation	p.9
5. Pre-assessment	p.10
6. Audit and Auditor Checklist	p.10
7. Audit Report (Non-conformities, Corrective Action Plans)	p.11
8. Performance Report	p.11
9. Evaluation Scheme	p.11
10. Certification	p.11
11. Monitoring	p.11
12. Complaint Procedure for Employee	p.12

II . Definition of Terms

p.13

III . Compliance Requirement and Implementation

1. Child Labor (Minimum Age & Young Workers)	p.19
2. Forced Labour	p.21
3. Health & Safety	p.23
4. Freedom of Association & Collective Bargaining	p.29
5. Discrimination	p.31
6. Disciplinary Practices	p.32
7. Working Hours	p.34
8. Wages & Benefits	p.36
9. Management Responsibility	p.39
10. Environment	p.41
11. Trade	p.44
12. Certificate, Audit, Monitoring and Renewal	p.46
13. Ban on Gifts	p.47

I . AEON Supplier Code of Conduct (CoC) Guideline

1. Objective of CoC

In current global trading and sourcing, various codes of conduct on social and environment standards have become part of the business conditions between buyers and the manufacturers.

Manufacturers are now obliged to accept and follow the requirement of codes of conduct, and it is important to get the confidence and sense of security from stakeholders to consumers.

The objective behind codes of conduct is to fulfil social standards in order to improve the social conditions of human workforce involved in manufacturing and selling of the products, and to fulfil environmental standards to preserve and improve our environment

The demands of social and environment standards are forced basically from media, consumer organizations, trade & labour unions, NGOs.

This is appreciating and admirable that business entities have taken over the responsibility of social standards toward their employees for their working conditions. All those employees and workers who manufacture products which are sold and distributed in national and international market, shall be assured of adequate wages and working conditions worthy of human being.

CoC are formulated and structured for in positive development towards humanitarian, ethical and environmental friendly business in the international arena. In CoC lies the benefit to all interested parties of the global business and trade. First of all, the employees and workers receive their ethical respect, good working & living conditions, adequate wages. They are the most integral units of any business. If they are satisfied, the efficacy of business goes better and faster. This is a beneficial point to manufacturers also.

The manufacturers can provide a security to your buyers about the compliance to social and environment standards, which in turn, will retain your existing business in the market and promote your business further. The buyers can protect the damage of the corporate image, and finally reduce their financial damage.

2. What are the expectations in CoC?

Top management shall consider requirements of CoC as part of the company's policy.

All the staff of the company, including executives, responsibilities, employees and workers shall be informed about the objectives and contents of CoC.

The organization shall define a person or group of persons who shall be responsible to disseminate and explain the contents of CoC to the staff. The person shall also be responsible for fulfilment of requirements listed in CoC, audit procedure, corrective action plan, if required.

The defined person/persons shall also be responsible for arranging, managing and updating the documents required for all matters related to CoC.

The organization shall comply with social standards and environmental standards legally stipulated in the country or region (hereinafter collectively referred to as "**the host country**") of production and/or purchase.

• **COMPLIANCE**

REQUIREMENTS

Conformity with the laws and regulations of the host country

Conformity with the industry's standards in the host country

• **CHILD LABOUR(Minimum Age & Young Workers)**

REQUIREMENTS

Illegal child labour is not permissible.

EXPECTATIONS

Illegal child labour is not permissible.

Illegal child labour is defined as:

1. Use of child less than permissible age for employment of use by the host country law
2. Use of child less than the age of 14 regardless of the host country law (ILO138)

The organization shall also meet the host country requirements pertaining to documentation and job placement of restricted age workers.

Children and young workers shall not be exposed to situation in or outside the workplace that are hazardous, unsafe and unhealthy.

Worst forms of child labour are prohibited, particularly those forms of labour which are exploitative and damaging to the children's health and slave labour.

Communicate the requirements regarding child labour to your subcontractors and ensure that they comply with these requirements.

• **FORCED LABOUR**

REQUIREMENTS

Forced/prison/bonded labour is not allowed.

EXPECTATIONS

Forced, prison or bonded labour is prohibited.

The organization shall not engage in or support these types of labour.

There shall be no restriction on free movement of employees to work in another company, if desired and necessary.

There shall be no withholding of original ID papers, involuntary employee “deposits”, or other practices that would be restrictive to workers.

Communicate the requirements regarding forced labour to your subcontractors and ensure that they comply with these requirements.

• **HEALTH & SAFETY**

REQUIREMENTS

The organization shall provide a safe and healthy workplace to its employees and workers.

If living facilities (accommodations) are provided, the applicable safety and health requirements shall be provided as in the workplace.

EXPECTATIONS

The organization shall meet all host country laws and regulations on factory’s health and safety to workers.

If the accommodation facilities are provided to the employees and workers by the organization, applicable health and safety regulations are also applied.

In absence of, or in addition to host country standards, following health and safety standards are expected:

1. Medical facilities: adequate medical facilities (e.g., first aid supplies) available.
2. Equipment safety and accident prevention: workplace, machinery, equipment, production processes and the materials used, must not pose safety or health hazards for the employees and workers.

- a. Protective equipment and protective clothing to protect against accidents and health hazards
 - b. Measures for the safe and accident free handling, storage of chemicals/ substances/materials
 - c. No use of hazardous materials which are prohibited to use by the laws and regulations in the host country
3. Sanitation: sanitary installations (toilets and washrooms) must be available to the employees and workers and these shall be regularly cleaned
 4. Exits: All exits must be clearly marked. The emergency exit must be unblocked, clearly marked and be in a position of rapid opening.
 5. Fire: Adequate and functional fire extinguishers or hoses must be available with valid inspection dates.
 6. Light and air: Light and ventilation must be provided.
 7. Drinking water: Potable water shall be available.
 8. Cleanliness: Working facilities must be clean and free from infestation.
 9. Where accommodation facilities are provided to employees and workers, the applicable health and safety standards also apply accordingly.

• **FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING**

REQUIREMENTS

The organization shall respect the human rights of employees to exercise their free associations.

EXPECTATIONS

The organization must respect employees wishing to exercise their legal rights of free association to form or join unions/associations of their choice and to bargain collectively, if not banned by the laws and regulations.

• **DISCRIMINATION**

REQUIREMENTS

The organization shall employ on the basis of their ability to perform a needed function and not on the basis of personal characteristics or beliefs.

EXPECTATIONS

The organization shall not engage in or support discrimination in hiring, compensation access to training, promotion, termination or retirement based on gender, race, caste, national origin, religion, age, disability, sexual orientation, union membership, or political affiliation.

• DISCIPLINARY PRACTICES

REQUIREMENTS

The organization shall not engage or support any type of harsh disciplinary practices to their employees and workers.

EXPECTATIONS

Any harassment, abuse, corporal, mental or physical punishment of employees and workers is prohibited.

Yelling at workers is considered as a form of verbal abuse.

Unreasonable monetary deductions as disciplinary practices are not allowed.

• WORKING HOURS

REQUIREMENTS

The organization must apply with the laws and regulations of working hours of country of production and/or purchase.

Any hour worked over the legal standard of maximum working hours must be paid at the prescribed overtime rate and be worked voluntarily.

Workers must be provided time off from their duties to rest.

EXPECTATIONS

The organization shall respect the host country laws pertaining to maximum working hours. If exemptions are allowed by law, the company must have official documentation approving exemption.

Overtime must be voluntary, meaning employees must agree to hours they work, within legal limits, to meet production schedules. The working hours shall be reviewed and discussed with employees and signed employee acceptance shall be made.

Where the company is party to a collective bargaining agreement freely negotiated with worker organizations (as defined by the ILO) representing a significant portion of its workforce, it may require overtime work in accordance with such agreement to meet short-term business demand.

If the law of the host country has allowed one day in a week as a rest day, the organization shall provide one day off to workers.

The organization shall have systematic time records to establish employee's working hours.

• **WAGES & BENEFITS**

REQUIREMENTS

The organization must apply with the country laws and regulations of wage structures and benefits of country of production and/or purchase.

EXPECTATIONS

The organization must comply with wage/benefit laws of the host country.

Pay at least minimum legal wage for all employees, including piece workers, for all hours worked.

Pay wages for all hours worked.

Hours worked in excess of host country standard must be paid at legal overtime premium.

Pay wages in cash or by wire.

The organization shall ensure that wages and benefits deductions are not made for disciplinary purposes, and shall ensure that wages and benefits are clearly and regularly documented.

Communicate the requirements regarding wages and benefits to your subcontractors and ensure that they comply with the requirements.

• **MANAGEMENT RESPONSIBILITY**

REQUIREMENTS

The top management shall declare CoC as policy of the organization.

EXPECTATIONS

The top management shall ensure

To conform all the requirements of CoC to which the organization is obliged.

To comply with national and international laws (if applied) pertaining to CoC.

To improve social conditions of the employees and workers continuously.

• ENVIRONMENT

REQUIREMENTS

The organization shall comply the environment protection on national/ local environment pollution law and regulation in connection with production and/or purchase.

EXPECTATIONS

The organization shall define the environmental protection-policy by top management.

The organization must comply with legal environmental standards (exhaust air, sewage and waste) of the host country.

The organization shall comply the noise pollution on local regulation.

The organization shall comply the defined management rule of used chemical materials.

Save consumption of energy (electricity, water, gas, oil, coal and wood etc.).

The organization shall define the environment protection for reduce , reuse and recycle of material.

Comply with the Washington Convention (CITES-Convention on International Trade in Endangered Species of Wild Fauna and Flora) as far as it applies to your products and production processes.

Comply with the Montreal Convention regarding the protection of the ozone layer as far as it applies to your products and production processes.

Use the woods in the organization which have been harvested in accordance with the environmental criteria of the Forest Stewardship Council, if possible.

• TRADE

REQUIREMENTS

The organization shall comply with the trade laws and regulations of export and/or import countries of product and its components.

The organization shall not trade products infringing the third party's intellectual properties (copyright, patent, trademark, design and new design for practical use, etc.).

EXPECTATIONS

The organization shall comply with the trade laws and regulations of export and/or import countries and district of product and its components.

The organization shall comply with the trade laws and regulations of destination and/or transshipment countries and district of product and its components.

The organization shall not infringe the third party's intellectual properties and shall not violate the unfair competition prevention law, etc.

• CERTIFICATE, AUDIT, MONITORING AND RENEWAL

REQUIREMENTS

To be issued a certificate fulfilling the requirements of CoC

To accept an audit and monitoring on conformities to CoC

The CoC certificate shall be basically renewed every year by the audit.

• BAN ON GIFTS

REQUIREMENTS

The organization shall not offer or accept any form of gift or gratuity to AEON or AEON's employee.

EXPECTATIONS

The organization shall not offer or accept any seasonal gifts to AEON or AEON's employee.

The organization shall not offer or accept any personal gifts to AEON's employee.

The organization shall not offer or accept any corruption.

The organization shall also communicate requirements, objective and merits of CoC to subcontractors. These requirements can be extended to sub-suppliers in the supply chain of the organization, but this is optional and depends on demands from retailers and buyers.

If the subcontractors and/or suppliers belong to the other country, the laws and regulations on social responsibilities of their own country apply.

3. Suggestions for fulfilling CoC Requirements & Sustainable Development

There is always a question raised by manufacturers about how to fulfil the requirements, what shall they do to comply with. That means the manufacturers require a clear-cut suggestions through which they can be able to fulfil the requirements of CoC.

Therefore, AEON has given suggestions for fulfilment of the requirements in proper and practicable and pragmatic ways.

These suggestions have been formulated in a way that the manufacturers can fulfil the requirements on sustainable pattern giving them chance of continuous improvements.

This AEON document is also useful to auditors. These suggestions will give precise information to auditors of what to verify.

4. Documentation

Documentation is one of the important aspects of fulfilment of the requirements of CoC. With documentation, the organization can work systematically and can show to any third party for the verification of compliance check on CoC. Here, a proper and relevant documentation is suggested which means, which documents are required for fulfilling the requirements and how to document them.

• Documentation:

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name of the responsible person and location of storage

• Compile list of the laws and regulations of the country, region and district on

- worker's minimum age
- forced/prison/bonded labour
- health & safety standards
- safe of working and equipment
- freedom of associations and collective bargaining
- discrimination
- disciplinary measures
- working hours
- holiday and day-off
- legal wages (minimum wages and benefits)
- environment
- trade and customs regulations

- **Make any of the organization's documentations and file up the implementation records**

- the copy of ID or birth certificate
- the personal data of all staffs
- the document which shows the proof that no forced/bonded labour is practised in the organization.
- the organization's measures for health & safety
- the records of systematic instructions related to health & safety measures
- the records of practice of fire drill and participants
- the company policy statement on freedom of associations
- the documents on complaints and solution to discrimination
- the document related the disciplinary measures
(compile the book of organization's regulations and rules)
- the records of the complaints on matters
- the documents of employee's acceptance on overtime working hours
- the records of working hours of workers
- the records of day-off given to workers
- the payment records of employees and workers (e.g. extra payment for overtime work, deductions for social services and deductions by disciplinary measures)
- the confirmation records of compliance with environmental requirement
- the employment contracts of new employees and workers (employment date, wages, payment date, conditions after expiration of trial term, etc.),
- the records of training
- the records of the machinery/equipment and check/maintenance
- the labour agreements and collective bargaining agreement
- the assurance of no infringement to the third party intellectual property rights

This information is also useful to auditors of what documents, which have to verify.

5. Pre-assessment

Pre-assessment is aimed at conducting preliminary status analysis of the organization with regard to CoC's requirements and expectations. It may be that the organization has already been fulfilling the CoC's requirements, fully, or partially or not at all. With this pre-assessment, we will evaluate the current status of the organization regarding CoC.

6. Audit and Auditor Checklist

An audit is conducted by a local auditor of an independent auditing body, which will verify, whether the organization complies with the requirements listed in the CoC. The aim of opting independent auditor is to conduct a neutral audit without any biased interest of business-interested parties. AUDITOR CHECKLIST is a document provided to auditor for conducting an audit.

7. Audit Report

An auditor prepares a final report in the form of "audit report". In this report, a status of compliance to CoC by the organization is described in detail, and the corrective actions plan along with time schedules, are mentioned.

- **Non Conformities**

After an audit, if the organization has been found not complying with the requirements of CoC, and non-conformities are detected, these non-conformities will be described in audit report.

- **Corrective Action Plans**

After an audit, if the organization has been found not complying with the requirements of CoC, and non-conformities are detected, we will suggest corrective actions in order to make certain measures to rectify non-conformities. We will suggest the time plans for corrective actions as improvement phases.

8. Performance Report

We prepare "Performance Report in which an overview of CoC issues and compliance status, evaluation, improvement phases, corrective actions plan and performance rating is given in a matrix and graphical form.

9. Evaluation Scheme

We evaluate the performance of the company with respect to implementation and fulfilment of the requirements. Our evaluation scheme is based on well-known VDA scheme.

Marked: VDA is an evaluation scheme adopted by the Association of German Auto-mobile Industry

10. Certification

The producing companies fulfilling the requirements of CoC, will be issued a certificate in the form of a "Certificate".

11. Monitoring

Follow up activities of the manufacturers with respect to fulfillment of corrective actions on social and environment requirements with defined time frames and improvement phases will be monitored. When and how the manufacturers fulfill the requirements will be checked on

continuous basis. A help to the organization in fulfilling the requirements on continuous basis will be given.

12. Complaint Procedure for Employee

In our monitoring system, complaint facility has been provided for the workers and employees. If the workers realize the violation/non-fulfillment of the requirements of CoC (working hours, minimum wages etc), they can approach us directly for their complaints. We provide the complaint documents to all workers and are accessible to them by e-mail, fax and telephone.

We handle the complaint as strictly confidential, without harming any interested parties. The advantage of complaint procedure directly to us protects the workers from any counter attack by their employers.

We will prove the genuineness of the complaints and the genuine complaints will be treated as non-conformities. The instructions will be given to the organization to fulfill the non-conformities resulted from the complaints. Strong actions will be taken, if these non-conformities are not fulfilled (such as withdrawal of certificate).

Complaint procedure is continuous process and is part of our monitoring system.

II. Definition of terms

Audit

Systematic and objective activity to find out the status and extent to which the requirements of AEON code of conduct are fulfilled. One or more persons who are independent of that which is audited perform audit. Audit can be internal or external. The internal audit may be conducted by, or on behalf, of the organization itself. The external audit may be conducted by the customers of the organization or by a competent accredited certification body.

Bonded Labour

Any work and service which are exacted by the following means.

- a. Consent to penalty for possible breach of employment agreement
- b. Offset of wage against debt or advanced wage payment
- c. Forced monetary deposit or control of savings
- d. Unreasonable delay of wage payment
- e. Unreasonable withhold of issuance of employee's ID, etc.
- f. Unreasonable deposit of IDs and passports

Child Labour

Illegal child labour is defined as:

- a. Use of child less than permissible age for employment or use by the host country law
- b. Use of child less than the age of 14 regardless of the host country law (ILO138)

CoC

AEON Supplier Code of Conduct

Conformity (conformance)

Conformity is a fulfillment of a specified compliance requirement

Compliance

Meeting and fulfilling the requirements related to the AEON code of conduct

Corrective Action

Action taken to eliminate the cause(s) of the existing non-conformance or other undesirable situation. Corrective action is taken to prevent recurrence whereas preventive action is taken to prevent occurrence.

Document

Medium containing information. It may be in the form of a paper, magnetic, electronic or optical computer disc, photograph or master sample.

Documentation

A systematic description of all necessary information.

Ecology

Interactions and relations between plants and animals themselves and also of these populations with the physical settings in which they live. Ecology investigate equilibrium in ecosystems and also the mechanisms of restoration of disturbances.

Environment

Surroundings in which an organization operates, including air, water, land, natural resources, flora, fauna, humans, and their interaction. The environment in this context extends from within an organization to the global system.

Forced Labour

All work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Health & Safety

Consideration to health and safety of the workers at working places and of consumers arising from the production process and product.

Host Country

The country or region of production and/or purchase

Inspection

Conformity evaluation by observation and judgment accompanied by measurement, testing, if appropriate.

Interested party

Interested party can be an individual, or group of individuals having shared interests in performance and success of business practices with reference to compliance issues. For example, organizations, customers, owners, employees, shareholder and suppliers concerned governmental officials and society.

Legal regulations

Mandatory obligations and requirements for the business practices of the

organization. The legal regulations can be of local, regional, and national levels of the place of organization where it is implemented. Legal regulations can pertain to the AEON code of conduct.

Management

Coordinated activities to establish objectives and to achieve those objectives. The objectives should be measurable and achievable. The term management refers to people i.e., person or group of people with authority and responsibility for the conduct and control of an organization.

Management system

It is to establish objectives and to achieve those objectives. Management system of an organization may include compliance & supply chain management system, a financial management system, and an environmental management system.

Monitoring

Method and technique to measure and monitor the effectiveness and performance of the AEON Supplier code of conduct.

To check the fulfillment of the requirements, after an audit regarding the Aeon Supplier CoC if nonconformities with requirements have been detected and corrective actions are instructed,

To check whether AEON Supplier CoC system is maintained or not. This check will be carried out by the third parties within one year after the company has fulfilled the requirements and the certificate has been issued.

To check the fulfillment of the non-conformities resulted from the employees' complaints

Nonconformity (non-conformance)

It is a non-fulfillment of a specified compliance requirement. It is a deviation to achieve the satisfaction of specified legal, customer and community requirements.

Organization

The entirety of any organization or business entity responsible for implementing the requirements of the AEON code of conduct. The organization includes all personnel such as, directors, executives, management, supervisors, and non-management staff, whether directly employed, contracted or otherwise representing the organization. An organization can be company, corporation, firm, enterprise, institution, charity, association or parts or combination thereof.

Performance

Performance is doing all the right things and doing them correctly. It concerns to overall performance of an organization as well as performance of the AEON code of conduct in an organization.

Prison Labour

Any work or service exacted from any person as a consequence of a conviction in a court of law, provided that the said work or service is carried out under the supervision and control of a public authority and that the said person is not hired to or placed at the disposal of private individuals, companies or associations

Procedure

Procedure is a specified way to perform an activity. Procedures are normally documented. A written or documented procedure typically contains the purposes and scope of an activity. What shall be used and by whom, when and where. How it shall be done. What materials, equipment and documents shall be used and how it shall be managed, controlled and recorded.

Process

Process is a system of activities, which uses resources to transform inputs into outputs. In an organization, the processes are typically planned and carried out under controlled conditions, which add values. A person should be nominated to be responsible for the process.

Product

Product is defined as result of a system of processes, which uses resources to transform inputs into outputs. Examples of the product are service, hardware, software, and processed material. The product can be tangible or intangible. In AEON code of conduct the term "Product" is also used to denote "Service" as appropriate.

Productive equipment

Machines and associated facilities used for the production purposes.

Processed material

Tangible product generated by transforming raw material into a desired state (typically delivered in drums, bags, tanks, cylinders, cans, pipelines or rolls).

Protective equipment

Those necessary equipments, which are used for the protection of the personnel from any physical injury or health risks while working in an organization.

(Safety-cap, aseptic-wear, safety-wear, safety-glasses, mask, earplug, gloves, safety-shoes, oxygen mask and gas cylinder)

Quality

Totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs and expectations.

Requirement

Requirement is a stated or typically implied need or expectation. Specified requirement is a stated need or expectation.

Risk

Risk is a exposure to a negative consequence related mainly to:

- health and safety
- environmental/regulatory compliance
- contractual/legal
- technology/performance

Safety

Freedom from unacceptable risk.

Social accountability

Responsibilities of an enterprise with regard to labour rights of its personnel.

Supplier

A business entity which provides the organization with goods and/or services integral to and utilized in/for the production of the organization's goods and/or services. Examples of suppliers are producer, parts maker, distributor, retailer, provider of a service and assembler. The suppliers can be internal or external to the organization.

Supply chain

Supply chain is a system through which business enterprises produce and deliver the product to the consumer.

The supply chain begins with source supplier who provides basic ingredients, then it goes to organization (manufacturer) which goes to distribution, and from distribution to customer (retailer outlets) and then, finally to consumer. Supplier's supplier (sub-supplier) is also included in the supply chain.

Sub-supplier→Supplier→Organization→Distribution→Customer→ Consumer

Supply chain management

A methodology to examine all facets of the buying and actual purchased materials and services. A new business process designed to maximize the value of money spent on purchased materials and services (Source from Riggs and Robbins 1998).

Subcontractor

Business associates having clearly defined responsibilities and working on contract basis.

Business partner manufacturing on supplied material and accessory on contract basis.

Top management

Person, or group of persons conducting or controlling in the organization at the highest level.

Trade regulations

The trade regulations imposed by the government for trading purposes (export and import). Examples of trade regulations are: trade quota, transshipment, Certification of Origin (CO) etc.

Transparency

Visibility and knowledge to all components and characteristics of each stage of production processes as well as supply chain.

Verification

It is a confirmation by examination and provision of objective evidence that the specified requirements have been fulfilled.

Young worker

Persons who are more than the minimum age for admission to employment or work and less than 18 years (Japan)

III. Compliance Requirement and Implementation

1. Child Labor (Minimum Age & Young Workers)

REQUIREMENTS

Illegal child labour is not permissible

EXPECTATIONS

Illegal child labour is not permissible

Illegal child labour is defined as:

- a. Use of child less than permissible age for employment or use by the host country law
- b. Use of child less than the age of 14 regardless of the host country law (ILO138)

The organization shall also meet the host country requirements pertaining to documentation and job placement of restricted age workers.

Children and young workers shall not be exposed to situation in or outside the workplace that are hazardous, unsafe and unhealthy.

Worst forms of child labour are prohibited, particularly those forms of labour which are exploitative and damaging to the children's health and slave labour.

Communicate the requirements regarding child labour to your subcontractors and ensure that they comply with these requirements.

Suggestions

Collect the information and make the organization aware of national and regional laws on worker's minimum age (child labour) and document these laws and regulations.

Always take the age of the staff into consideration before employing them. Control the age of the existing staff and those to be employed in future.

Age can be controlled by any official documents issued by government or medical agency, such as birth certificate, Identity card, passport, election card, driving licence or any other official documents. School certificate can also be used as age indicator, if the age is mentioned in it.

Define a responsible person who collect and update the laws and regulations on Child Labour. The person in charge should assure the compliance to child labour laws and collect, document and file up the information on personal data including name, address, age, education, qualification, work experience, job

positions etc of the staff. ("Staff" includes executives, responsible personnel, employees and workers, both permanent and temporary.)

The organization shall inform to all staff about the laws and regulations on child labour. You can use the following means of information: personal communication, notice boards, circular letters, postings, memos, seminars, pamphlets etc.

Communicate the requirements regarding child labour to your subcontractors and ensure that they comply with these requirements. Recommend your suppliers to comply with these requirements.

Manage and update the records of personal data regularly and properly.

Issue an official statement from your organization and propagate (e.g., notice boards, circular letters, postings, memos, seminars, pamphlets) that no child below the permissible age of employment or use is employed in the organization.

Define a person who controls the labour conditions of the young workers. The responsible person shall collect and file the relevant laws and regulations and ensure the organization's compliance to these laws and regulations.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Compile and file up the copy of identity card or birth certificate or passport or election card, or driving license or school certificate indicating the age of whole staff. Make sure that the age of person is indicated in one of these documents.

Also file up other relevant documents on information of personal data of the staff. Arrange these documents in a systematic manner. Make sure that you have not filed up the original personal documents of the staff.

Make a list of all staff indicating the age, date of birth, date of entry, working description etc. List and record by all means of your convenient facility available.

Update these records and documents frequently as per outgoing/ incoming of the staff.

List the type of these documents, their location and store them at an appropriate place where they are protected from any danger of damage.

Document the name and the function of the person in charge.

2. FORCED LABOUR

REQUIREMENTS

Forced/prison/bonded labour is not allowed.

EXPECTATIONS

Forced, prison or bonded labour is prohibited. The organization shall not engage in or support these types of labour.

There shall be freedom for employees to work in another company, if desired and necessary.

There shall be no holding of original ID papers, money deposits, or other practices that give the impression of forced labour.

Communicate the requirements regarding forced labour to your subcontractors and ensure that they comply with these requirements.

Suggestions

Mention and document, if there are local/regional regulations on forced/prison/bonded labour applicable in the country of production and purchase (e.g., ILO or UN conventions).

Inform the employees and workers about the existing laws and regulations on forced/prison/bonded labour by e.g., notice boards, circular, seminars, pamphlets.

Define a person responsible for communicating, informing, documenting and putting into practice these regulations.

Issue an official company statement banning these forms of work by means of e.g. notice boards, circular letters, postings, memos, seminars and pamphlets.

Give employees and workers the possibility to leave the organization, if they need.

Do not ask workers to give monetary deposits to the company or unnecessarily delay payment in order to create an impression and ambience of forced/bonded labour.

Do not deposit and retain any original personal documents of the staff, with an intention of forced or bonded labour.

Communicate the requirements regarding forced labour to your subcontractors and ensure that they comply with these requirements. Recommend your suppliers to comply with these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Arrange and file up the official documents on local/regional laws and regulations on forced/prison/bonded labour.

Document the name of the defined person responsible for documenting and fulfilling these regulations.

File up the document of communication to subcontractors and suppliers (if applicable).

3. HEALTH & SAFETY

REQUIREMENTS

The organization shall provide a safe, healthy and sanitary workplace to its employees and workers.

If living facilities (accommodations) are provided, the applicable health and safety requirements shall be provided as in the workplace.

EXPECTATIONS

The organization shall meet all host country laws and regulations on factory's health and safety to workers.

If the accommodation facilities are provided to the employees and workers by the organization, applicable health and safety regulations are also applied.

In absence of, or in addition to host country standards, following health and safety standards are expected:

1. Medical facilities: Medical facilities (e.g. first aid supplies) available
2. Equipment safety and accident prevention: workplace, machinery, equipment, production processes and the materials used, must not pose safety or health hazards for the employees and workers
 - a. Protective equipment and protective clothing to protect against accidents and health hazards
 - b. Measures for the safe and accident free handling, storage of chemicals/ substances/materials
 - c. No use of hazardous materials which are prohibited to use by the laws and regulations in the host country
3. Sanitation: sanitary installations (toilets and washrooms) must be available to the employees and workers and these shall be regularly cleaned.
4. Exits: All exits must be clearly marked. The emergency exit must be unblocked, clearly marked and be prepared for emergency openings.
5. Fire: Adequate and functional fire extinguishers or hoses must be available with valid inspection dates.
6. Light and air: Light and ventilation must be provided.
7. Drinking water: Potable water shall be available.
8. Cleanliness: Working facilities must be clean and free from infestation.
9. Where accommodation facilities are provided to employees and workers, the applicable health and safety standards also apply accordingly.

Suggestions

• General suggestions

Collect and document all legal laws and regulations on health and safety standards of the country of production and purchase.

Communicate and inform all employees and workers about health and safety measures of workplace, by means of instructions, notice boards, notice circulars also training.

Define a person or group of persons taking the responsibility of collection, communication, documentation and putting the health and safety measures into practices.

Communicate to subcontractors of the organization the requirements on health and safety and help the subcontractors in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

• Medical facilities

Provide medical check up to all present employees and workers at regular frequency. It is advisable to conduct a medical check also for new employees and workers before the employment. This medical check shall be known as the health status of the new employee and if some problem is noticed, the organization shall help him/her/them.

Mention what type of the medical check up is conducted, for example, physical check up, blood test, blood pressure, urine test, X-ray test, psychological test etc.

Appoint, if possible, a company's medical doctor who can take care of the health of all employees and workers regularly. If a company's doctor is not feasible, appoint an external doctor visiting the company at regular frequency.

Provide the employees and workers with basic medical care facilities in adequate amount, e.g., first aid box and standard medicine. Note down what is given in first aid box. Check regularly whether the medicine available is valid and not expired.

If there is some medical insurance policy available to the workers, the organization should help and promote the workers for the medical insurance and participate in the scheme of insurance.

Establish a direct communication to a doctor and hospital available for major accidents. Display in the company hospital emergency telephone number. Provide telephone to employees and workers, in case of emergency.

Allow the employees and workers to take rest, if he/she/they fall sick (medical leave).

Define a person who shall take responsibility related to medical facilities and medical care of the workers.

Communicate and inform to all the employees and workers about the medical facilities available in the organization, and date and timings of doctor's visit.

File up all the documents related to medical check up, medical leave of the workers.

• **Equipment safety and accident prevention**

Collect and document national/regional laws and regulations on processes and equipment safety to employees and workers.

Communicate and publicize to employees and workers about the safety measures of process and equipment. Write clearly the safety instructions related to processes, equipments and workplace and paste or stick to relevant places.

Inform adequately the workers of potential dangers from equipment, machines or production processes through sign, posters, training and risk reduction measures.

Define a person responsible for informing to employees and workers of potential hazards from equipments, machine and production processes.

Provide regular worker safety training. Make this safety training compulsory, and document the execution and participation and frequency of safety training course.

Make working equipment testing compulsory. Certain equipments must be checked and tested before their initial use, after alterations, after repairs, at regular intervals to assure safety of operation.

Check and maintain machinery and equipment and maintain process parameter.

Protect all moving parts of machinery and equipments correctly and equip them with safety fittings. Maintain these safety fittings regularly. Define a person responsible for documentation of equipment, function and maintenance of safety devices.

If the materials and products are transferred into other containers, label new containers immediately with all appropriate safety information. Probably prohibit the use of foodstuff's containers for transfer from accidental consumption. Label all the pressurized containers and store them at appropriate places.

List up, label and handle all poisonous, dangerous and hazardous substances and chemicals and store them in separate storage areas and document them centrally. Update these documents, as per

the outgoing and incoming of the substances. Obtain and keep the MSDS for each substance. Define a person/ persons for labelling, handling, storing and documenting these substances.

Provide the workers with protective equipments appropriate to the production processes, for example: safety cap, goggle, safety shoes, mask, protective clothing and gloves for automatic cutters, etc. Provide the workers with hearing protection (e.g. ear plug) in the areas of high noise level and also indicate noise-warning signal.

Carry out regular investigations of potential dangers in the organization, for example: falling objects, storage leakage, equipment in need of maintenance, machinery elevator shafts etc.

The organization shall take measures to reduce the creation of dust. Provide the workers with dust caps for mouth and nose, if dust is produced in high quantity.

Provide ventilation to the workers. Provide heating system to the workers, if the workplace is under cold climatic conditions.

Provide the stairways with handrails, for the accident prevention. Pay attention to legal requirements of handrails, if any.

Post and hang all emergency telephone numbers (fire squad, emergency doctor, safety centre for hazardous materials and substance etc) at appropriate place (especially near telephones), easily visible and accessible to all workers. Provide telephone to employees and workers, in case of emergency.

• **Sanitary facilities**

Arrange sufficient number of washing rooms and toilets for the employees and workers.

Divide the washing rooms and toilets as per male and female.

Verify that these washing rooms and toilets can be locked during use.

Assign a person/ persons responsible for cleaning the toilets and washing rooms on regular basis.

• **Exits**

Mark all the exits of the organization with signboard and lighten these signboard, if feasible. Keep all these exits freely accessible. Do not put any material or stuff, which block the smooth way of these exits.

Mark out all emergency exits and keep them unblocked. Do not keep any material, container, or any other stuff which may block the path of emergency way. Doors of emergency exits shall be unlocked from the inside.

- **Fire Prevention**

Arrange sufficient number of fire extinguishers and verify that these are all functional.

Define a person responsible for the documentation, maintenance and enforcement of fire protection measures.

Fire fighting equipment shall be clearly marked and freely accessible.

Install a working fire alarm system in the premises of the organization.

Carry out the fire and evacuation drills at least once a year. The participation of these drills should be compulsory for all employees/workers.

Define a person in the company who is responsible for carrying out and documentation of the fire/evacuation drills.

- **Light**

Arrange and verify whether adequate light and ventilation is available to all employees and workers. Arrange functional emergency lightning.

Define a person who can be responsible in arranging and repairing of the light, if defected.

- **Drinking Water**

Make drinking water available to all employees and workers.

Define a person who shall be responsible for arranging the drinking water.

Test the quality of the drinking water regularly.

- **Accommodations**

Take applicable health and safety standards to accommodation areas accordingly, for example: Lodging divided by sex, availability of a sufficient number of washing rooms and toilets and their regular cleanliness etc.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

File up all the documents on legal laws and regulations on health and safety standards of the host country.

Document the name/s of defined person/persons responsible for health and safety measures taking into practice, also documenting these measures.

File up all the documents related to health and safety measures, instructions in a systematic way and store them at some centralized area with protection from damage.

Document the materials and medicine of first aid boxes. Also update these documents regularly.

Document the reports of medical check up of the employees and workers.

Document machinery and equipment and records of check and maintenance

Document the records of regular update of process parameter

Document all the health and safety requirements and instructions of the equipment, machinery, instruments of the organization. Update them according to incoming/outgoing of these equipments.

Document all the chemicals and hazardous substances used in the production or other purposes. List up these documents at one central place and update them regularly according to incoming and outgoing of these substances and chemicals. Obtain and keep the MSDS for each substance.

Document also the handling procedures of these chemicals and substance according to laws and regulations, if any.

Document the findings of the regular investigations of potential dangers, such as repair, removal of potential danger etc.

Document the number, and locations of fire extinguishers, proof of their functionality check.

Document the accident events (what types of accident, when, how, and what measures were taken etc) in the organization.

4. FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

REQUIREMENTS

The organization shall respect the human rights of employees to exercise their free associations.

EXPECTATIONS

The organization must respect employees wishing to exercise their legal rights of free association to form or join unions/associations of their choice and to bargain collectively, if not banned by the laws and regulations.

Suggestions

Collect and document the laws and regulations on freedom of association and collective bargaining.

Make the employees and workers aware of the legal rights to assemble, associate and form the unions. Inform the employees and workers about these regulations by e.g., notice boards, circular letters, memos, seminars and pamphlets.

Define a responsible person who shall collect the official documents on laws and regulations, file up the official documents and communicate them to workers and put these regulations into practice.

If the employees and workers intend to join a union or to form a union for the protection of their rights, the company management must respect it.

Issue an official company statement regarding company's policy on these regulations to employees, workers, other business interested parties by e.g., notice boards, circular letters, memos, seminars, pamphlets.

Establish a grievance system/complaint service for the employees and workers. This means to prepare a register, or questionnaire in suitable format, where the workers can give, write or express their complaints and problems. Define a responsible person who lists and register the complaints of the workers. The defined person, together with company management, shall take actions for the solutions of the grievances. Any positive attitude of company towards the workers regarding the solution of problems, will encourage the workers and will give them respectful feeling creating a good atmosphere for the work and finally the efficiency of the work will increase.

Assure that the person/worker who made a complaint will not face any kind of disadvantage for taking such action.

Document the grievance and solutions taken by the organization.

If the freedom of assembly is banned by the laws in the country of production and purchase, document also the official papers on these laws.

Communicate these requirements regarding the rights of freedom of association and collective bargaining to your subcontractors and help them in respecting and implementing these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Compile the official documents on laws and regulations on freedom of associations and collective bargaining in the host country.

Document the company policy statement on freedom of associations.

Document the complaint register and complaints of employees and solutions taken by the organization.

Document the person in charge for the complaint service.

5. DISCRIMINATION

REQUIREMENTS

The organization shall employ on the basis of their ability to perform a needed function and not on the basis of personal characteristics or beliefs.

EXPECTATIONS

The organization shall not engage in or support discrimination in hiring, compensation access to training, promotion, termination or retirement based on gender, race, caste, national origin, religion, disability, sexual orientation, age, union membership, or political affiliation.

Suggestions

Establish a procedure which guarantees that discrimination is not done in the organization. Procedure can be prepared by establishing a complaint office, where any questions or matter relating to discrimination can be registered by the workers. Make this complaint office accessible to external persons for giving their own opinion on discrimination.

Define a person who shall be responsible to guarantee the non-discrimination.

Do not make a difference in wages between men and women which demonstrates a clear discrimination.

Establish measurements which should avoid ethnic, religious and traditional differences prevailing in the host country as discrimination.

Establish a company's policy on equal opportunity to all employees and workers.

Communicate these requirements regarding discrimination to your subcontractors and help them in respecting and implementing these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

File up the documents on legal laws and regulations on discrimination.

Name and document the defined person responsible for this documentation.

Compile the documents on complaints and solution to the complaints.

6. DISCIPLINARY PRACTICES

REQUIREMENTS

The organization shall not engage or support any type of harsh disciplinary practices to their employees and workers.

EXPECTATIONS

Any harassment, abuse, corporal, mental or physical punishment of employees and workers is prohibited.

Yelling at workers is considered as a form of verbal abuse.

Unreasonable monetary deductions as disciplinary practices/measures are not allowed.

Suggestions

Establish disciplinary measures and regulations for all employees and workers of the organization, for example decent and appropriate behavior among all the staff, disciplinary relation between top management and employees, mistake and ignorance to work responsibility, etc.

Make sure that no salary is unreasonably deducted due to disciplinary reasons.

Communicate all information on disciplinary measures to all employees and workers by notice boards, circular letters, postings, memos, seminars and pamphlets.

Define a responsible person who communicates to workers about disciplinary measures and take care of these measures for the solutions to disciplinary matters.

Complaints office of the company look into the matters related to disciplinary measures.

Communicate these requirements regarding disciplinary measures to your subcontractors and help and guide them in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

File up the documents on legal laws and regulations on disciplinary measures.

Register and file up the document relating the disciplinary measures prepared by the organization.

Define a person responsible for registration of the complaints on matters related to disciplinary practices.

Keep update the register on complaints matters.

7. WORKING HOURS

REQUIREMENTS

The organization must comply with the laws and regulations of working hours of country of production and/or purchase.

Any hour worked over the legal standard of maximum working hours must be paid at the prescribed overtime rate and be worked voluntarily.

Workers must be provided time off from their duties to rest.

EXPECTATIONS

The organization shall respect the host country laws pertaining to maximum working hours. If exemptions are allowed by law, the company must have official documentation approving exemption.

Overtime must be voluntary, meaning employees must agree to hours they work, within legal limits, to meet production schedules. The working hours shall be reviewed and discussed with employees and signed employee acceptance shall be made.

Where the company is party to a collective bargaining agreement freely negotiated with worker organizations (as defined by the ILO) representing a significant portion of its workforce, it may require overtime work in accordance with such agreement to meet short-term business demand.

If the law of the host country has allowed one day in a week as a rest day, the organization shall provide one day off to workers.

The organization shall have systematic time records to establish employee's working hours.

Suggestions

Make the organization aware of national/regional laws and regulations on working hours.
Collect the documents on these regulations and file them up as documents.

Define a person/group of persons responsible for collecting, communicating, documenting, updating and putting these regulations into practices.

Inform the employees and workers about their rights and the regulations on working hours by means of notice boards, circular letters, memos, seminars and pamphlets.

Establish the records of working hours of each employee and worker. How many hours per day and per week each worker has worked. Use register or any computerized method of recording working hours.

If overtime work is done it should also be recorded.

Update the record of both working hours and overtime of each worker at daily vice frequency.

Make it sure that overtime-working hour is voluntary. This can be done by having a proper understanding with employees with their signed acceptance.

Make a signed employee acceptance on overtime hours. This will keep the organization in defending the compliance position, if any third party audit or checks is carried out.

If in the country of production, there is legal law of one day free in each week, take the care of providing one day free to the workers after six consecutive working days. Make it sure that total working hours including overtime must be within legal maximum hours.

Record day-off given to all employees and workers.

Communicate these requirements regarding working hours to your subcontractors and help them in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Compile the legal document on national/regional laws and regulations on working hours.

Document the name of the defined person responsible for communicating, documenting and fulfilling these regulations.

Determine and document the regular working hours, shifts, days off and holidays.

File up systematically the register (or computer file) of records of working hours of each employee and workers. Also keep on updating these registers/files.

Register and file up records of the over time hours, if any. Keep updating these records.

Arrange the documents on employee's acceptance on overtime working hours.

8. WAGES & BENEFITS

REQUIREMENTS

The organization must comply with the country laws and regulations of wage structures and benefits of country of production and/or purchase.

EXPECTATIONS

The organization must comply with wage/benefit laws of the host country.

Pay at least minimum legal wage for all employees, including piece workers.

Pay wages for all hours' works.

Pay legal overtime premiums for all hours worked in excess of the host country standard.

Pay wages in cash or by wire.

The organization shall ensure that any unreasonable wage and benefit deductions are not made for disciplinary purposes, and shall ensure that wages and benefits are clearly and regularly documented.

The organization shall communicate the requirements on wages and benefits to your subcontractors and ensure that they comply these requirements.

Suggestions

Make the entire organization aware of national/regional/local laws and regulations regarding legal wages (minimum wages and benefits). The legal wages should include: hourly/weekly/monthly wages/piece work wages/overtime pay wages etc.

Define and communicate the working conditions including wages, benefits, legal deductions, working hours, overtime, days off and other requirements of the organization before the employment.

The respective obligations of the employer and the employees concerning the labour issues and/or social laws must be clearly prescribed in the labour agreement/contract.

No deduction from wages should be made other than those defined by the local laws on social insurance, tax regulations, etc.

It must be ensured that piece rate workers receive at least the local legal minimum wages corresponding to the actually worked hours respectively to the legal working time per day/week/month in the country of production, without working overtime.

The organization must comply with the laws and regulations concerning the social insurance contribution.

Define a person responsible for communicating, documenting and putting the laws and regulations on minimum wages into practice.

Inform and communicate the employees and workers about the laws and regulations on minimum wages and benefits by e.g., company circular letter, seminars, memos, pamphlets or other suitable forms.

Document the laws and regulations on wages and benefits and also mention the type of the documentation and its location.

Establish the documentation of salary and payment records of all the employees and workers. If the piece work payment is done, mention it.

Also make the record of payment for overtime working hours, if any. Overtime working hours should be mentioned separately on the payslips.

Prepare and issue a written labour contract or letter of appointment for all existing employees and workers and also of those to be employed in future.

The remuneration conditions (wages and benefits), type of the job etc should be documented in the work contract/labour contract. The remuneration conditions mean how much wages (hourly/weekly/monthly basis/piece basis), the date when the wages are paid and how the wages are paid.

Give one copy of the work contract to employees/workers and keep/file up the other copy for documentation purposes for the organization.

The workers shall sign the salary papers showing that they agree upon the salary paid, and that the salary is according to the contract signed between the company and workers.

Communicate these requirements on wages & benefits to your subcontractors and ensure that they comply with these requirements. Recommend your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages

4. Name the responsible person and location of storage

Compile the legal document on laws and regulations on wages and benefits.

Document the name of the defined person responsible for documenting and fulfilling these regulations.

Contracts of the employees and the workers at one place

Make a file or register for the payment records of all the employees and workers.

Update the payment records according to payment frequency.

Documentation of signed acceptance of payment by the workers

9. MANAGEMENT RESPONSIBILITY

REQUIREMENTS

The top management shall declare AEON Supplier CoC as policy of the organization.

EXPECTATIONS

The top management shall ensure

- To conform all the requirements of AEON Supplier CoC to which the organization is obliged.
- To comply with national and international laws (if applied) pertaining to AEON Supplier CoC.
- To improve social conditions of the employees and workers continuously.

Suggestions

Consider AEON Supplier CoC, as general policy of the organization.

Install and implement a management system, which will provide a foundation structure, through which requirements of AEON Supplier CoC can be systematically fulfilled.

Define a responsible person or a team of persons, taking the responsibilities of fulfilling the requirements of AEON Supplier CoC. The company can assign the person as Compliance Officer/Officers.

Set up a convenient, smooth, simple communication system through which all the employees and workers can be well informed and communicated about the requirements of AEON Supplier CoC, their implementation.

Generate an ambience of free communication among employees and workers.

Set up a documentation system and pattern, where all the documents related to AEON Supplier CoC can be written, recorded, registered and stored.

Allocate some financial budget (if required) in order to fulfill the requirements of AEON Supplier CoC. This budget will be a type of investment for the organization.

Establish some procedures for fulfillment of the requirements. These procedures will help in continuous improvements in compliance to requirements of AEON Supplier CoC.

Develop an internal self-assessment system, through which the organization can assess the status and

progress of compliance to social standards.

Communicate these requirements regarding management responsibility to your subcontractors and help them in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

Make AEON Supplier CoC publicly available.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

File AEON Supplier CoC available for all employees and workers.

Compile practice records to implement AEON Supplier CoC requirements.

10. ENVIRONMENT

REQUIREMENTS

The organization shall comply with the environment protection on national/local environment pollution law and regulation in connection with production and/or purchase.

EXPECTATIONS

The organization shall define the environmental protection-policy by top management.

The organization must comply with legal environmental standards (exhaust air, sewage and waste) of the host country.

The organization shall comply with the noise pollution on local regulation.

The organization shall comply with the defined management rule of used chemical materials.

Save consumption of energy (electricity, water, gas, oil, coal and wood etc.).

The organization shall define the environment protection for reduce , reuse and recycling of material.

Comply with the Washington Convention (CITES-Convention on International Trade in Endangered Species of Wild Fauna and Flora) as far as it applies to your products and production processes.

Comply with the Montreal Agreement regarding substances harmful to the ozone layer (the ban on the use of chlorofluorocarbons - CFC) as far as it applies to your production processes.

Use the woods used in the production processes which have been harvested in accordance with the environmental criteria of the Forest Stewardship Council, if possible.

Suggestions

The organization should be aware of and comply with the national/regional/local laws and regulations on environmental protection (exhaust air, sewage and waste).

Inform to employees and workers at fixed intervals about the regulations on exhaust air, effluent, sewage and waste by means of e.g., notice boards, circular, memos, seminars and pamphlets.

Make the organization measure of the noise level, on basic local law of noise pollution.

Inform to employees and workers about the proper handling of chemical substance on basic MSDS (Material Safety Data Sheet), through using chemical substance in your organization.

Inform to employees/workers about reducing, reuse and recycling on your making the environment protection policy of your organization by means of e.g., notice boards, circular, memos, seminars and pamphlets.

The administrator and/or person in charge of the environmental issue should know the quantity of the consumed energy (electricity, water, gas, oil, coal, wood etc.)

Make saving targets of energy consumption (electricity, water, gas, oil, coal and wood etc.) and achieve it.

Make the organization aware of the Washington Convention (CITES-Convention on International Trade in Endangered Species of Wild Fauna and Flora) as far as it applies to your products and production processes.

Make the organization aware of the Montreal Agreement regarding substances harmful to the ozone layer (the ban on the use of chlorofluorocarbons - CFC) as far as it applies to your production processes.

Confirm certificates that woods used in the production processes have been harvested in accordance with the environmental criteria of the Forest Stewardship Council.

Communicate these requirements regarding management responsibility to your subcontractors and help them in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Compile the national/regional/local laws and regulations on environmental protection (exhaust air, sewage and waste). Document the name of the defined person responsible for documenting, updating and fulfilling these regulations

Document the name of defined person responsible for recording and measurement of noise level on basic local regulation.

Document the handling procedures of chemicals used and the name of the defined person responsible for management. (See: MSDS-Material Safety Data Sheet).

Document the environment policy (reduce, reuse and recycle) as making by your organization.

Document the name of the defined person responsible for recording energy consumption.

Compile the Washington Convention (CITES-Convention on International Trade in Endangered Species of Wild Fauna and Flora) as far as it applies to your products and production processes.

Compile the Montreal Agreement regarding substances harmful to the ozone layer (the ban on the use of chlorofluorocarbons - CFC) as far as it applies to your production processes.

File up certificates that woods used in the production processes have been harvested in accordance with the environmental criteria of the Forest Stewardship Council.

11. TRADE

REQUIREMENTS

The organization shall comply with the trade laws and regulations of export and/or import countries of product and its components.

The organization shall not trade products infringing the intellectual properties (copyright, patent and trademark, design and new design for practical use, etc.).

EXPECTATIONS

The organization shall comply with the trade laws and regulations of export and/or import countries and district of product and its components.

The organization shall comply with the trade laws and regulations of destination and/or transshipment countries and district of product and its components.

The organization shall not infringe the third party's intellectual properties and shall not violate the unfair competition prevention law, etc.

Suggestions

Make the organization aware of the trade laws and regulations in the production and/or export countries/district of product and its components.

Make the organization aware of the laws and regulations regarding the rights of design, trademark, practical use new design, patent or copy further the unfair competition prevention law.

In case the organization is authorized to use the right of the third party's intellectual property to manufacture the products, the products shall be attached by a copy of any documents proving its right.

Communicate these requirements regarding trade to your subcontractors and help them in respecting and fulfilling these requirements. Request your suppliers to implement these requirements.

Documentation

1. Compile list of the laws and regulations
2. Make any of the organization's documentations
3. File up the implementation records and storages
4. Name the responsible person and location of storage

Compile the trade laws and regulations in the production and/or export countries/ district of product and its components.

In case the organization is authorized to use the right of the third party's intellectual property to manufacture the products, file up the documents proving its right.

Document the name of the defined person responsible for filing these documents.

12. CERTIFICATE, AUDIT, MONITORING AND RENEWAL

REQUIREMENTS

To be issued a certificate fulfilling the requirements of CoC

To accept an audit and monitoring on conformities to CoC

The CoC certificate shall be basically renewed every year by the audit.

13. BAN ON GIFTS

REQUIREMENTS

The organization shall not offer or accept any form of gift or gratuity to/from Aeon or Aeon's employee.

EXPECTATIONS

The organization shall not offer or accept any seasonal gifts to/from Aeon or Aeon's employee.

The organization shall not offer or accept any personal gifts to/from Aeon's employee.

The organization shall not offer or accept any corruption.

No parts of this document must be reproduced in any form
without permission in writing from the publisher.

Copyright ©AEON Co., Ltd.