

JVCKENWOOD Group Procurement Policy

Ver. 1.0

October 2018

JVC KENWOOD Corporation

Introduction

JVCKENWOOD Group (the "Company" or "we"), having established its Corporate Vision of "Creating excitement and peace of mind for the people of the world," regards its suppliers as important partners in achieving this vision.

The Company will continue to promote procurement activities along with suppliers based on the following basic concepts with the aims of providing products and services that meet the expectations of customers and of achieving a sustainable society.

Basic concepts for procurement

1. Fair and impartial selection of suppliers

The Company, which is developing production activities globally, offers equal opportunities to all domestic and overseas suppliers. In selecting suppliers, we strive to ensure a fair, impartial, and transparent selection process.

2. Compliance with laws and social norms

The Company will continue to promote procurement activities that fulfill its corporate social responsibilities (CSR), such as prohibition of child labor, forced labor, and discrimination, along with its suppliers, in compliance with laws and social norms in each country.

3. Pursuing cutting-edge technologies and optimal quality

As it is vital to develop products incorporating cutting-edge technologies in order to achieve our corporate vision, we are willing to employ cutting-edge technologies held by suppliers and will continue to create value.

Furthermore, we set our clear quality objectives from the product development phase, and strive to employ materials and products that can ensure an optimal quality level.

4. Pursuing optimal costs

To achieve product prices that are acceptable to customers, we aim to reduce not only material costs and processing costs but also all elements composing product cost. To those ends, we will continue to promote development and purchasing activities together with suppliers, and proactively employ their suggestions for cutting-edge technologies, new materials, and Value Engineering.

5. Promoting Green Procurement

We will continue to promote Green Procurement activities in creating products, while giving due regard to reducing environmental impacts, and preferentially employ materials and products that have low impacts on the global environment.

6. Promoting stable procurement and BCP

To maintain stable supplies of products to customers, we will continue to work with our suppliers toward the efficient and stable procurement of materials and products.

In addition, we consider it important to secure supply chains in the event of a disaster also in the context of fulfilling our corporate social responsibilities, and will continue to promote the procurement of materials and products based on our BCP policy.

Expectations of suppliers

1. Maintaining a sound management base

We request that our suppliers maintain a sound and stable management in order to build strong partnerships with us through long-term transactions.

We also ask our suppliers to disclose their management policies, management and financial information on a regular basis.

2. Compliance with laws and social norms

We request that our suppliers comply with laws and social norms in each country and each region where they do business, in addition to understanding our "JVCKENWOOD CSR Procurement Guidelines," and be committed to complying with those guidelines.

3. Suggesting cutting-edge technologies and ensuring optimal quality

We ask our suppliers to suggest cutting-edge technologies that lead to our product development, while developing their quality assurance systems together with us and providing materials and products that meet our specifications and quality standards.

4. Fair price and cost improvement activities

To achieve product prices that are acceptable to customers, we request that our suppliers supply materials and products at fair prices and implement continuous cost improvement activities.

5. Committing to Green Procurement

We request that our suppliers understand our "Green Procurement Guideline" and be committed to complying with those guidelines.

6. Pursuing stable supply and BCP

To maintain stable supplies of products to customers, we request that our suppliers achieve reliable delivery schedule management for materials and products, reduce lead times, and make suggestions to secure stable supplies.

Furthermore, to secure supply chains in the event of a disaster, we also ask our suppliers to develop thorough systems for ensuring stable supplies by formulating BCP policies such as production in multiple factories.

END.