

**KIOXIA**

# Sustainability Report 2019



**KIOXIA Holdings Corporation**

# Index

<b>CSR Reporting Policy</b>	<b>2</b>
<b>Company information</b>	<b>4</b>
<b>Mission &amp; Vision</b>	<b>7</b>
<b>Message from the Executive Officer in Charge of CSR</b>	<b>8</b>
<b>CSR Strategy</b>	<b>10</b>
Our Approach to Addressing Global Social Issues	11
CSR Management	16
CSR Material Issues and Goals	18
Major Sustainability Issues and Initiatives in the Value Chain	22
Stakeholder Engagement	25
<b>CSR Performance</b>	<b>33</b>
<b>Environment</b>	
Statement of Environmental Philosophy	34
Current Status of Environmental Impact and Environmental Targets and Outcomes	37
Environmental Protection System	42
Contributing to the Environment through Our Products	45
Environmental Evaluation by External Parties	48
Environmental Communication	49
Biodiversity Preservation	50
Acquisition of Environmental Certification	53
<b>Social</b>	
Respect for Human Rights	54
Fair Evaluation and Talent Development	56
Diversity Promotion	59
Occupational Health and Safety	65
CSR Management in the Supply Chain	70
Quality Control	75
<b>Governance</b>	
Corporate Governance	80
Risk and Compliance	81
<b>GRI Content Index</b>	<b>89</b>
<b>Appendix</b>	<b>101</b>
Standards of conduct for KIOXIA Group	102
<b>Third-party Verification</b>	<b>120</b>

# CSR Reporting Policy

**We report on CSR issues that are a priority for KIOXIA Group and our stakeholders.**

In updating the CSR website of KIOXIA Holdings, we have taken into consideration and incorporated issues that are material for both the Group and our stakeholders.

**In FY2018 these were the following:**

1. Top level commitment from the executive officer in charge of CSR to engage in CSR activities on behalf of KIOXIA Group.
  - > Message from the Executive in Charge of CSR
2. Reporting on CSR material issues that have been identified
  - > CSR Material Issues and Goals
3. Group performance in the area of CSR
  - > CSR Performance

## **Organizations covered in this report**

---

In principle, KIOXIA Group is covered in this report, but individual entities are referenced in cases where the information provided does not apply to the whole KIOXIA Group.

Note: “KIOXIA” in this report refers to KIOXIA Holdings Corporation and KIOXIA Corporation.

“KIOXIA Group in Japan” refers to KIOXIA Holdings Corporation and its consolidated subsidiaries in Japan. “KIOXIA Group overseas” refers to consolidated subsidiaries overseas.

## **Reporting period**

---

This report focuses on the results of activities in FY2018 (April 1, 2018 to March 31, 2019). It also includes some details of activities initiated prior to FY2018 as well as more recent ones.

## Publication

---

Current issue: October 2019 (next issue scheduled for September 2020; previous issue: July 2018)

## Reference Guidelines

---

- GRI (Global Reporting Initiative)

This report contains standard disclosures from the GRI Sustainability Reporting Standard.

- United Nations Global Compact [COP(Communication of Progress) Advanced level]

- ISO 26000

## Company information

### Company Outline of KIOXIA Holdings

---

<b>Address</b>	1-21 Shibaura 3-chome, Minato-ku, Tokyo
<b>President and CEO</b>	Naruke Yasuo
<b>Capital</b>	10 billion yen
<b>Shareholders</b>	BCPE Pangea Cayman, L.P. (49.9%) Toshiba Corporation (40.2%) Hoya Corporation (9.9%) Note: Based on ownership of voting rights
<b>Business</b>	Group strategy formulation and management oversight
<b>Employees</b>	Approx. 80, Consolidated approx. 12,000

### Management

---

#### Directors

<b>Representative Director</b>	Yasuo Naruke
<b>Representative Director</b>	Nobuo Hayasaka
<b>Director</b>	Stacy J. Smith
<b>Director</b>	Yuji Sugimoto
<b>Director</b>	David Gross-Loh
<b>Director</b>	Masashi Suekane
<b>Director</b>	Hiroshi Suzuki
<b>Director</b>	Stephen Pagliuca

#### Statutory Auditors

<b>Statutory Auditors</b>	Yurio Ogawa
<b>Statutory Auditors</b>	Shunsuke Nakahama
<b>Statutory Auditors</b>	Isao Morita

## Executive Officers

<b>Executive Chairman</b>	Stacy J. Smith
<b>President and Chief Executive Officer</b>	Yasuo Naruke
<b>Executive Vice President and Executive Officer</b>	Nobuo Hayasaka
<b>Managing Executive Officer (Chief Financial Officer )</b>	Hideki Hanazawa
<b>Executive Officer (Chief Strategy Officer)</b>	Shinichi Hashimoto
<b>Executive Officer (Chief Information and Security Officer)</b>	Akio Oka
<b>Executive Officer (General Manager, Legal Affairs Division)</b>	Takahiro Asakura
<b>Executive Officer (General Manager, Human Resources and Administration Division)</b>	Kyota Okishiro

## Financial Result

---

FY2018

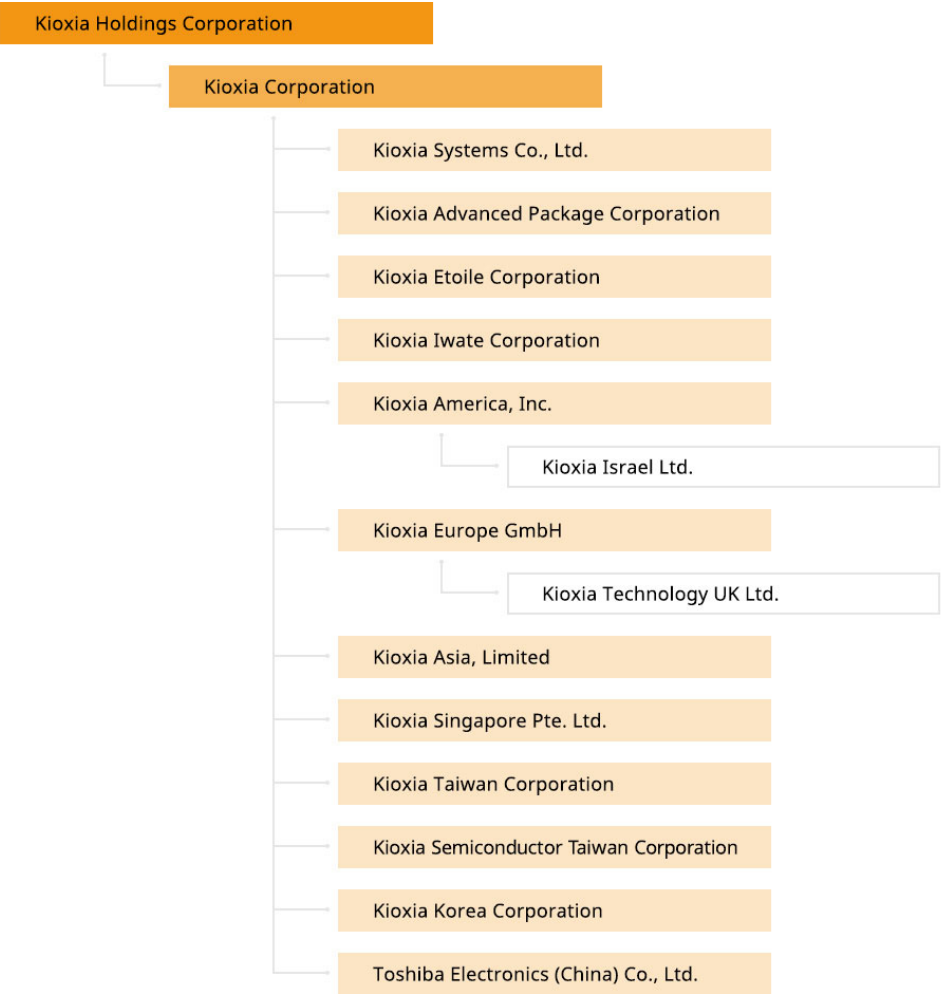
<b>Sales</b>	1,263.9 billion yen
<b>Operating Income</b>	116.3 billion yen
<b>Net Income</b>	60.5 billion yen

- The figures include the unaudited consolidated financial reports of Former TMC from April to May 2018 as a wholly- owned subsidiary of Toshiba Corporation, before the acquisition by K.K. Pangea and the unaudited consolidated financial reports of TMCHD from April 2018 to March 2019.
- The figures are presented on a simple, combined basis and adjustments that are necessary to enable a strict comparison against the previous year's figures have not been made.

## Group Company

---

Group structure



History

1987	Invention of world's first NAND flash memory
1991	World's first mass production of NAND flash memory
1992	Yokkaichi Plant established
2007	World's first 3D flash memory technology announced
2014	World's first 15nm 128Gbit NAND flash memory
2016	Mass production of 48-layer BiCS FLASH™
2017	Toshiba Memory Corporation established Mass production of 64-layer BiCS FLASH™
2018	Mass production of 96-layer BiCS FLASH™
Oct 1, 2019	Changed company name to Kioxia Holdings Corporation

# Mission & Vision

## Mission

Uplifting the world with “memory”  
By evolving “memory,” we create uplifting experiences and change the world.

## Vision

With progressive memory technology at our core, we offer products, services, and systems that create choice and define the future.



## Message from the Executive Officer in Charge of CSR



**KIOXIA Group aims to be a company trusted by its stakeholders.**

Yasuo Naruke  
President and CEO

KIOXIA Group makes the lives of people around the world more convenient and contributes to the development of industry and society through supplying NAND flash memory and SSDs which are indispensable for many electronic devices, including smartphones and data servers. As the structures of many industries change as a result of technical innovation and huge growth for some, we will contribute to the development of a more sustainable society through our provision of cutting-edge technologies and products.

As the globalization of our business advances day by day, the expectations and demands placed on companies by society - such as reducing greenhouse gas emissions under the Paris Agreement and participation in the UN's Sustainable Development Goals - are steadily growing. In response, in addition to observing laws and regulations, as well as social norms, we will strive to help address social issues through our business operations.

In FY2018, we developed a three-year medium-term plan for our approach to the four CSR issues selected last fiscal year, namely "Respect for Human Rights," "Diversity Promotion," "CSR Management in the Supply Chain," and "Environment," and we created a mechanism to update the plan annually going forward. In FY2019, all of us at KIOXIA Group are working together to further these activities.

KIOXIA Group will continue to aim to become a company trusted by its stakeholders and will continue its sincere commitment to CSR activities.

Yasuo Naruke  
President and CEO  
KIOXIA Holdings Corporation

# CSR Strategy

**Our Approach to Addressing Global  
Social Issues**

**CSR Management**

**CSR Material Issues and Goals**

**Major Sustainability Issues and  
Initiatives in the Value Chain**

**Stakeholder Engagement**

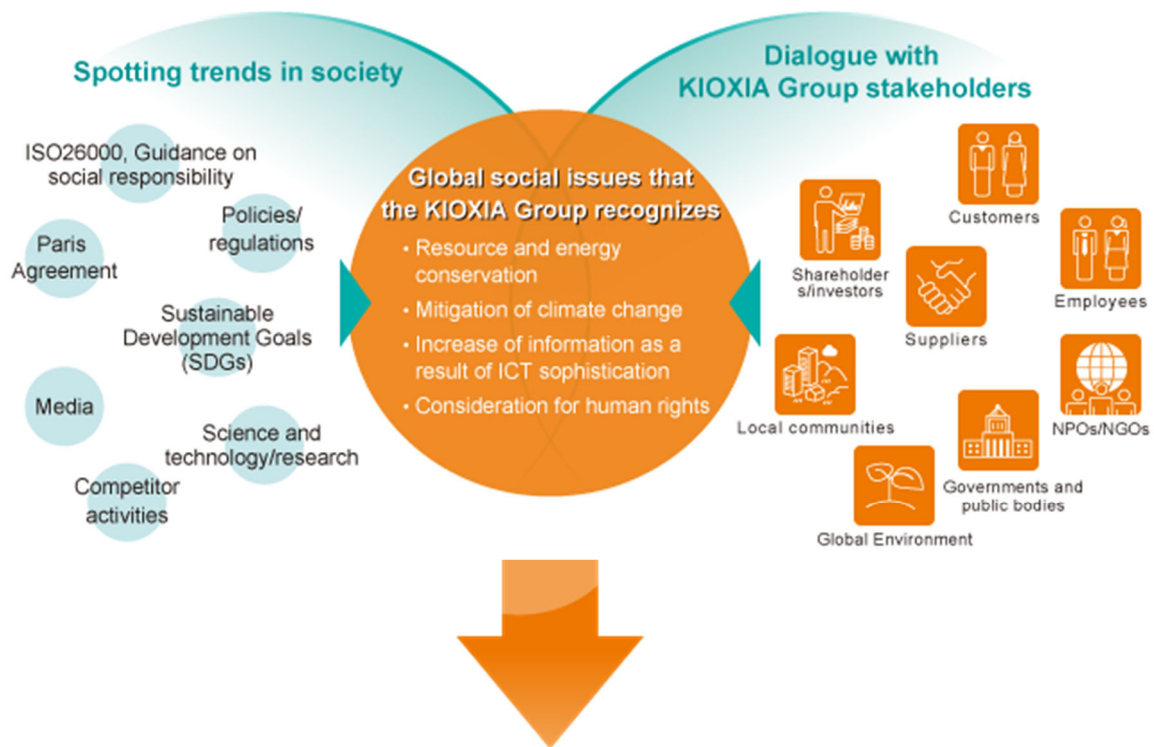
## Our Approach to Addressing Global Social Issues

Through the development, manufacturing and sale of memory and SSDs, the KIOXIA Group enables the creation of smaller, faster and higher capacity electronic devices which consume less power and are deeply embedded in people's everyday lives. We also facilitate the operation of the data centers and data servers required to support our advanced information-oriented society.

Through the lens of our international business activities and with the support of our stakeholders, we spot emerging trends in the international community and create new value, and in so doing, contribute to the development of society.

### Recognition of Global Social Issues

---



### Sphere of activities

---

- Increasing the capacity and speed while reducing the size and energy consumption of components used in smartphones, automated driving, Internet of Things (IoT), and artificial intelligence (AI).
- Finding solutions to the challenges posed by the enormous volumes of data circulating in advanced information-based societies.

**KIOXIA Group's Business Activities**

Development, manufacturing and sales of memory and related products.

Human Capital	Financial Results	
Employees  Approx. <b>12,000</b>  (As of April 2018)	Net Sales  <b>¥1,263.9 billion</b>  (FY2018 actual)	Operating Income  <b>¥116.3 billion</b>  (FY2018 actual)

Latest Human Capital Input and Financial Results



**KIOXIA Group's Solutions**

The Value We Create

**Providing storage devices that meet the demand for increased capacity and speed while conserving space**

- Helping people live convenient and comfortable lives through the provision of resilient and inexpensive storage infrastructures.
- Developing and promoting IoT- and AI-related technologies, thereby helping to improve productivity.

**Reducing CO2 emissions by means of our business activities and energy-saving products.**

- Helping to realize a global environment less affected by climate change, where people can live safely and with peace of mind.

**Our Efforts to Help Achieve the Sustainable Development Goals (SDGs)**

The 2030 Agenda for Sustainable Development was unanimously adopted at the United Nations headquarters in New York in September 2015. The agenda calls for no one to be left behind and stipulates 17 sustainable development goals (SDGs) as important guidelines to help the

international community realize sustainable development and the elimination of poverty by 2030.

In the KIOXIA group, we are working towards identifying how our companies' businesses are related to each of the 169 targets set for the 17 Sustainable Development Goals and are considering ways of contributing to the achievement of these.

In fiscal 2018, we held CSR lectures and internal planning conferences focusing on the SDGs. Going forward, we will continue to work on measures to help achieve these.

## SUSTAINABLE DEVELOPMENT GOALS



### [Example Activity: Holding CSR Lectures for Management]

We invited external experts to deliver CSR lectures for our management to deepen their understanding of the latest CSR topics so that they may incorporate that understanding in their management activities.

Lectures were given by Ms. Ibuki of the Nomura Research Institute, Ltd. on the theme "Sustainability-Based Management Toward Sustainable Growth" in October and by Ms. Mari Yoshitaka of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. on the theme "Risks and

Opportunities of ESG Investments" in February, and there was also an opportunity for participants to exchange opinions.



CSR Lectures for KIOXIA Managers

### **[Example Activity: Implementing Internal Planning Conferences for the SDGs]**

Between January and March 2019, three internal planning conferences were held, with the participation of members of the Technological Planning Division, the Environmental Division and the CSR Division, to consider how our company's business activities and the achievement of the SDG targets are linked. The main opinions of the participants were as follows:

- Flash memory is used in familiar devices such as smartphones and PCs, but also in data servers and data centers that form the foundation of our information infrastructure, and it is thus indispensable to our current lifestyle.
- Since SSDs equipped with flash memory consume less power than hard disks of the same capacity, swapping out all of the world's hard disks to SSDs would help to significantly reduce CO2 emissions, both now and in the future.
- Our company's business activities, products and services have the potential to help achieve a number of the SDGs; however, Goal 9 ("Industry, Innovation, and Infrastructure"), Goal 11 ("Sustainable Cities and Communities"), and Goal 12 ("Responsible Consumption and Production") are especially relevant.

•With the increased sophistication of networks and with further innovation to come, the amount of data produced, stored and utilized by society is expected to increase tremendously. Given this, our company's business activities, products and services, which include cutting-edge technologies, will be required to fulfill important roles in society more than ever before, and they represent an opportunity for us to contribute to addressing many of society's challenges.



## CSR Management

KIOXIA Group manages its CSR activities “By evolving “memory,” we create uplifting experiences and change the world” as defined in our corporate mission. Through communication and collaboration with a range of stakeholders including customers, suppliers, employees and their families, we aspire to gain an understanding of issues that affect them and build relationships with them founded on trust.

### Definition of CSR

---

KIOXIA Group has defined CSR in a way that provides every employee and executive officer with a common understanding of it. Our definition is:

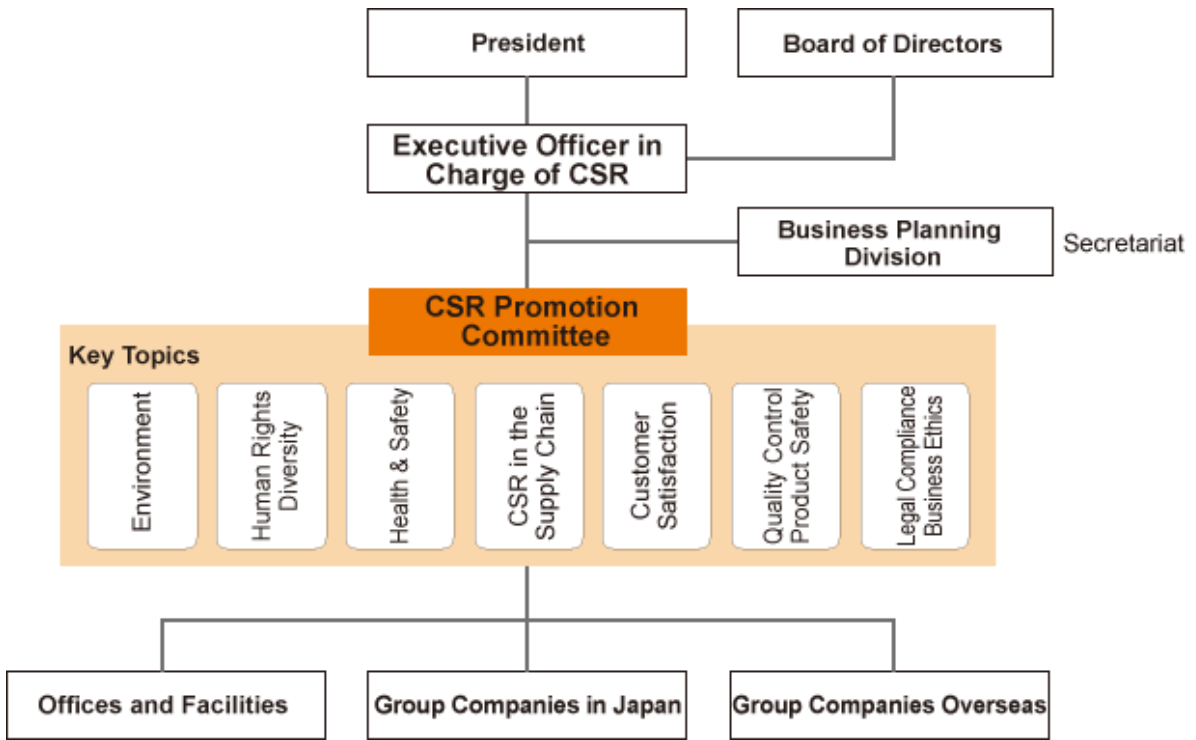
Continuing to develop in tandem with the local communities we serve while enriching the lives of people in those communities through our business activities, and fulfilling our responsibilities as a member of those communities

---

### Organization of CSR Management

---

In order to ensure that CSR management is integrated with our day-to-day corporate management, KIOXIA Group established a team responsible for CSR within the Business Planning Division of KIOXIA Holdings Corporation. In November of the same year, we appointed CSR managers and CSR promotional staff within each department closely aligned with CSR management. The CSR Promotion Committee comprising these members meets monthly to deliberate and determine CSR-related measures and ways to promote them. The Committee reports its decisions to the Board of Directors through the Executive Officer in charge of CSR as necessary, and communicates them to each business site and across all the group companies to ensure implementation of the measures.



CSR Management Structure

# CSR Material Issues and Goals

KIOXIA Group is committed to communicating with integrity and transparency, reporting CSR issues that it considers material.

## Our CSR Material Issues

---

KIOXIA Group is working on the following four CSR material issues. In FY2018, we discussed and approved the three-year medium-term plan during the CSR Management Review conducted in June and created a system in which we will update the plan in each subsequent year.

### Four CSR Material Issues

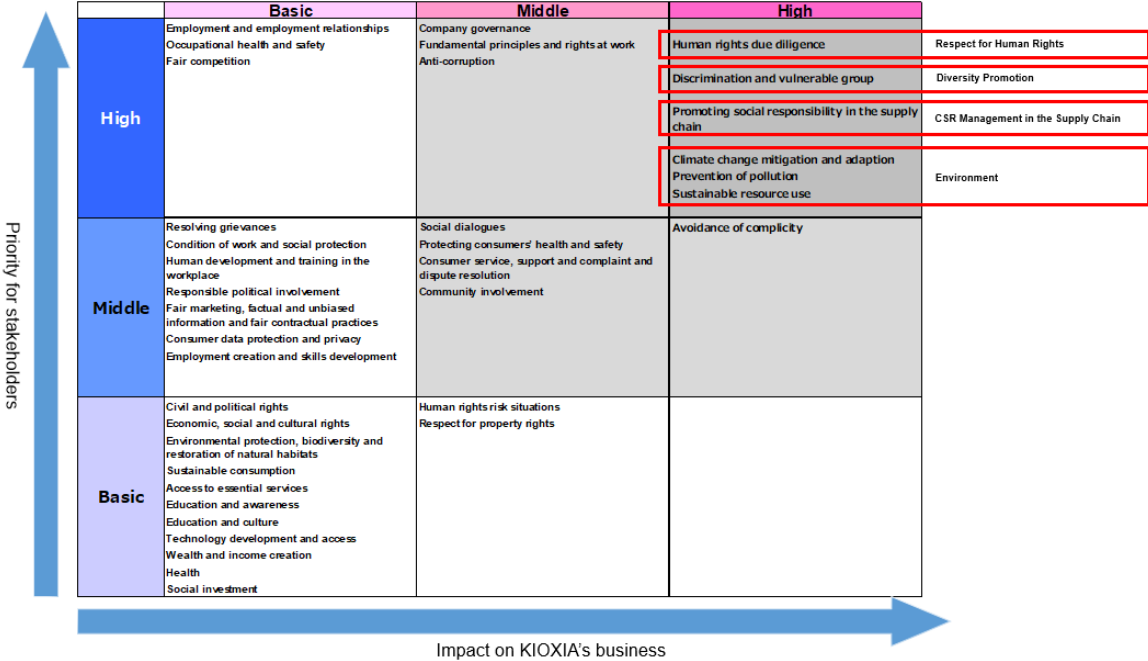
Respect for Human Rights	Observe universal principles on human rights and promote fair and sound business activities
Diversity Promotion	Respect for diverse individualities and life-work balance and create a work environment in which individuals can maximize their capabilities
CSR Management in the Supply Chain	Promote human rights, labor, safety, environmental and others initiatives in cooperation with suppliers
Environmental Management	Promote environmental management for people leading fulfilling lifestyles in harmony with the Earth

## Process to identify CSR Material Issues

---

In FY2017, on the basis of self-assessment in regard to the 345 items stated in ISO 26000, assessment review by a third-party institution, and communication with stakeholders, KIOXIA Group mapped core subjects (37 items), with the vertical axis representing the “degree of interest of stakeholders” and their horizontal axis representing the “importance to our business,” in the

order of high, medium and low priority. Then we, based on the results of this analysis, eventually identified high priority items in both axes as our CSR issues.



Results of Mapping of Core Subjects (37 Items)

**Respect for Human Rights**

**Setting up a System of Human Rights Due Diligence**

We observe universal principles on human rights and promote fair and sound business activities. In FY2018, we discussed on the promotion framework and, as a result, established a team responsible for promoting respect for human rights within the Human Resources and General Affairs Department. We will work on collecting information for formulating our human rights policy and building a system for human rights due diligence in our group companies in FY2019.

**Midterm Plan and Value to Realize**

Item	Content
Midterm Plan (FY2021)	Set up and launch a system of human rights due diligence
Value to Realize	Realize a better working environment for all employees of KIOXIA Group

## Diversity Promotion

### Promoting the Career Development of Female Employees

---

We value diverse individualities and work-life balance and are working to create a work environment in which individuals can maximize their capabilities. Promoting the career development of female employees, in particular, is becoming an important focus of Japanese government policy. In FY2018, in addition to discussing on the promotion framework, we formulated and announced the general employer action plan. We will launch the Diversity Promotion Committee to discuss and promote issues related to diversity in FY2019.

#### Midterm Plan and Value to Realize

Item	Content
Midterm Plan (FY2021)	Considering and implementing measures that contribute to improving the ratio of female in new employee recruitment and the retention percentage of female employees.
Value to Realize	Realizing a workplace with gender equality where people with diverse talents can demonstrate their expertise.

## CSR Management in the Supply Chain

### Promoting Supplier Management in Accordance with RBA Code of Conduct

---

In order to promote CSR in the field of human rights, labor practices, occupational health & safety, the environment and supply chain ethics, KIOXIA Group undertakes activities that are in keeping with the principles of the RBA Code of Conduct. In FY2018, we established a new promotion framework and promoted supplier management in accordance with the RBA system. In FY2019, we will further deepen the promotion including improvement of the coverage in FY2019.

**Midterm Plan and Value to Realize**

Item	Content
Midterm Plan (FY2021)	Further deepen the management of suppliers based on the RBA system
Value to Realize	Improve working environment for all employees working in our supply chains

**Environmental Management**  
**Mitigation of climate change**

As highlighted by the UN’s Paris Agreement which aims to restrict the increase in average global temperatures to within 2 degrees Celsius, society’s awareness of climate change is growing, as are expectations and demands made of companies in this regard. KIOXIA Group is positioning our efforts to protect the environment as one of our most important drivers; in particular we intend to promote activities that align with international frameworks for related to climate change.

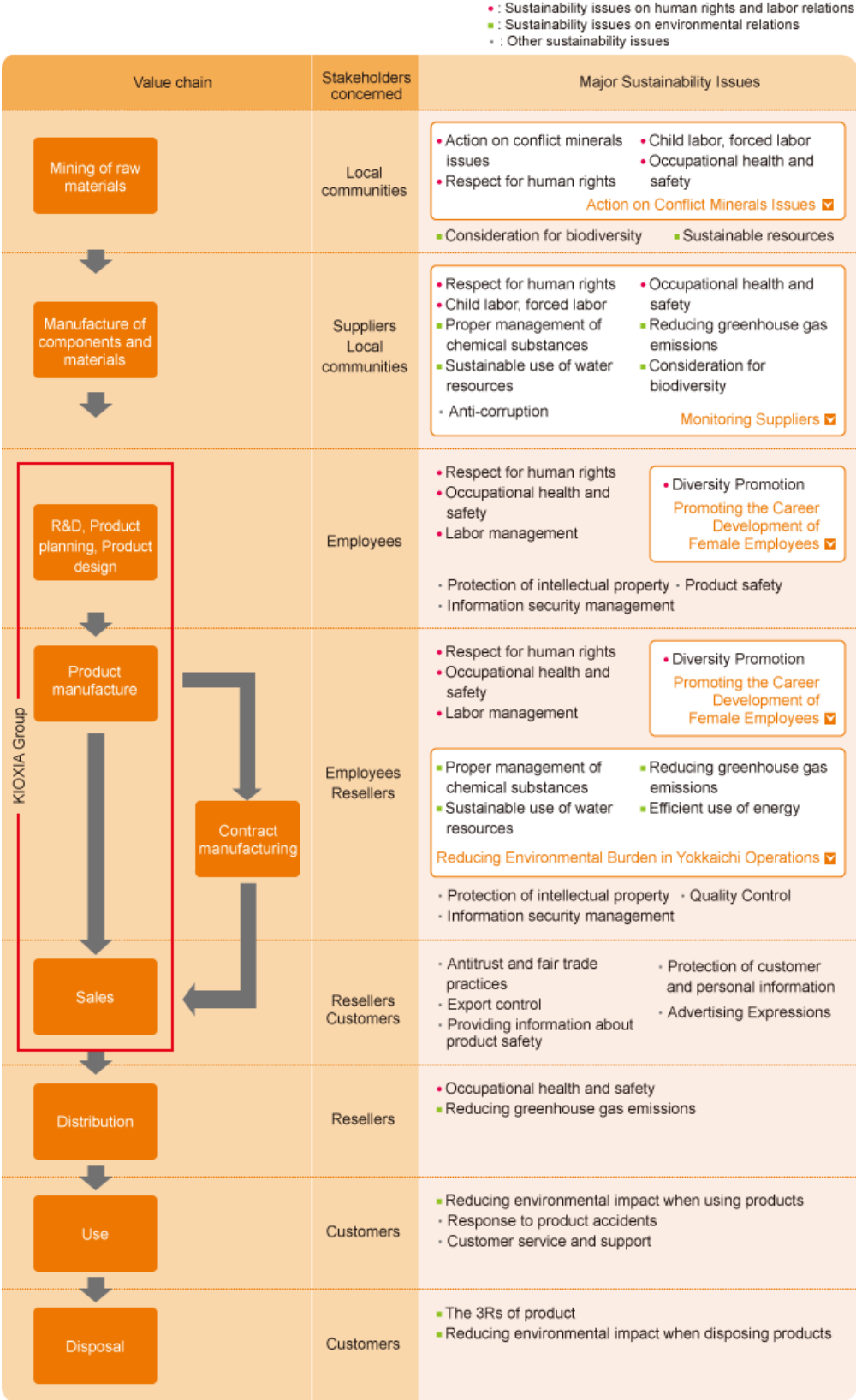
**Midterm Plan and Value to Realize**

Item	Content
Midterm Plan (FY2021)	Setting a goal for reducing greenhouse gas emissions that complies with SBT* Initiatives.
Value to Realize	Contributing to the achievement of the 2° Celsius target defined by the Paris Agreement. Realizing a global environment where people around the world can live safely and with peace of mind.

\*Science-Based Targets; an initiative which encourage businesses to set greenhouse-gas emissions goals consistent with scientific knowledge which align them with the goal keeping global temperature increases due to climate change to within 2° Celsius of pre-industrial levels.

# Major Sustainability Issues and Initiatives in the Value Chain

As the structure, value chain and related stakeholders vary between business segments, KIOXIA Group performs mapping and analyzes CSR challenges and risks for each segment, doing our utmost to avoid and mitigate risks.



## **Respect for Human Rights - Action on Conflict Minerals Issues**

---

Among the raw materials required to manufacture memory products, four minerals in particular\* that are mined in conflict areas have become a serious issue, in that they help the conflicts as well as encourage inhumane activities such as forced labor.

So as not to aid such inhumane activity through our procurement transactions, we annually survey our suppliers to investigate for any use of conflict minerals, and to gather and list smelter's details, based on our Conflict Mineral Policy.

\* The four materials are Tin, tantalum, tungsten and gold

## **Diversity Promotion - Promoting the Career Development of Female Employees**

---

The maximization of the different capabilities and strengths of diverse employees is critical for active innovation and corporate growth. Promoting the career development of female employees in particular is an important issue for companies, as this is not only in line with Japanese government policy, but is also one of the ESG indexes selected by the Government Pension Investment Fund. At KIOXIA, we are developing a framework and implementing a mechanisms and systems that further promote the career development of female employees.

## **CSR Management in the Supply Chain - Monitoring Suppliers**

---

As global procurement proliferates and accelerates, there is an increase in the potential for CSR risks that could damage our business and our reputation. In order to reduce the incidence of such risks, and in order to promote CSR in areas such as human rights, labor practices and the environment, we monitor the situation across our suppliers based on global standards such as the Responsible Business Alliance Code of Conduct.



**Environmental Management -  
Reducing Environmental Burden in Yokkaichi Plant**

---

KIOXIA Yokkaichi Plant is working to reduce various environmental burdens. At our 5th Fabrication Plant, which was completed in FY2018, we have achieved high efficiency production processes by taking a deeper energy-saving measures we implemented in the past, by expanding the passages that connect multiple manufacturing buildings, and by introducing AI and IoT into production management. In FY2018, Yokkaichi Plant reduced CO2 emissions per unit of production on a GB (gigabyte; memory capacity) basis by more than 10% compared to the previous year.











6th Fabrication Plant at Yokkaichi Plant

# Stakeholder Engagement

KIOXIA Group's business activities involve relationships with diverse stakeholders as outlined below.

Here we clarify our relationships with our major stakeholders, the relationship between KIOXIA Group and each stakeholder, the points of dialog, and examples of communication.

## Major Stakeholders

Stakeholders	Relationship with KIOXIA Group
Customers 	We sell a wide range of memory and SSD products around the world. They are mainly used in smartphones, laptop PCs, data centers and data servers.
Shareholders /Investors 	BCPE Pangea Cayman, L.P. (49.9%), Toshiba Corporation (40.2%), Hoya Corporation (9.9%) (as of March 31, 2019) Note: Based on ownership of voting rights
Suppliers 	We deal continuously with some 500 suppliers worldwide. (as of March 31, 2019)
Employees 	Approximately 12,000 people work for KIOXIA Group. (as of March 31, 2019)
Local communities 	In carrying out our business operations, we respect the cultures, history and customs of people in each country or region.
Governments & public bodies 	We observe the laws and regulations of the respective countries and regions in which we do business.
NPOs/NGOs 	We cooperate with and draw on the strength of NPOs and NGOs in areas such as the environment, human rights and social contributions to society, and always endeavor to engage in constructive dialogue with them.
Global environment 	We are responding to climate change and other environmental challenges so that the habitats of diverse life-forms, including our own offspring, can be maintained.

## Customers



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Providing safe, secure products and services that offer great value</li> <li>• Providing appropriate product information</li> <li>• Offering excellent customer relations and support</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Routine sales activities</li> <li>• Call center contact (phone, email, etc.)</li> </ul>
<b>Stakeholder point of contact</b>	Corporate Sales & Marketing Headquarters, Each division

### Communication Method and Case Study

#### Education and Training of Employees on Dealing with Customers

We provide e-learning for employees aimed at improving customer satisfaction. In FY2018, we held e-learning sessions for KIOXIA Group employees in Japan, the theme of which was "Enhancement of Customer Satisfaction".

#### Sharing and reflecting on Customer Feedback

We receive comments and requests for products and services in our daily operations, which are shared among related personnel including top management, and use them to improve product quality and adjust our services.

## Shareholders/Investors



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Disclosing information in a timely and appropriate manner</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Timely disclosure, press releases</li> <li>• Meetings with Investors based on individual request</li> </ul>

<b>Stakeholder point of contact</b>	Legal Affairs Division, Business Planning Division
-------------------------------------	--

Communication Method and Case Study

---

**Communication with Media and Securities Analysts**

In FY2018, we held a ground-breaking ceremony for KIOXIA Iwate in July and a tour for the media in conjunction with a ground-breaking ceremony for 6th Fabrication Plant and the Memory Development Center at Yokkaichi Plant in September. In addition we respond to individual requests from institutional investors and securities analysts.

**Suppliers**

---



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Selecting suppliers fairly and engaging in fair trading practices</li> <li>• Respecting human rights, promoting labor management and environmental management in the supply chain</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Routine procurement activities</li> <li>• Briefing session on procurement policy</li> <li>• CSR survey, audit, guidance</li> <li>• Clean Partner Line</li> </ul>
<b>Stakeholder point of contact</b>	Procurement Division

Communication Method and Case Study

---

**Requesting Suppliers to Undertake CSR management**

We ask suppliers to undertake their own CSR management through regular meetings where we called Partner's Day to explain our procurement policy and daily procurement operations. In addition, we conduct surveys of suppliers based on the RBA Code of Conduct to confirm the status of their compliance.

## Employees



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Respecting human rights</li> <li>• Maintaining appropriate employment and labor-management relations</li> <li>• Conducting fair assessment, treatment and development of human resources</li> <li>• Respecting diversity</li> <li>• Supporting diverse working styles</li> <li>• Ensuring occupational health and safety</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Dialogue, information exchange meetings</li> <li>• Labor-management Congress</li> <li>• Employee engagement survey</li> <li>• Risk hotline</li> </ul>
<b>Stakeholder point of contact</b>	Human Resources and Administration Division, Legal Division, Business Planning Division

### Communication Method and Case Study

#### Messages from Top Executives

In FY2018, the President of KIOXIA visited every business site in Japan to deliver management vision and measures to employees who were at “Specialist” level or higher at the beginning of the half semester. The aim was to increase the employees' motivation by directly delivering messages following management decisions that affect the whole company.

#### Promoting Labor-Management Dialogue

KIOXIA supports the principles of the Universal Declaration of Human Rights, the United Nations Global Compact, and the OECD Guidelines for Multinational Enterprises, and works to ensure that its employees enjoy fundamental labor rights. The labor agreement concluded with the KIOXIA Labor Union, KIOXIA stipulating that the Labor Union has the three basic rights - the right to association, the right to collective bargaining and the right to act collectively.

At the KIOXIA Labor-Management Congress held every six months, KIOXIA discusses its business policies with representatives of the Association of KIOXIA Union in Japan. KIOXIA Group companies overseas hold similar discussions with their labor unions or employee representatives in accordance with the laws and regulations of the countries and regions in which they operate.

**Employee Engagement Survey and Disclosure of Results**

KIOXIA has conducts an employee engagement survey in order to solicit feedback from employees, and to periodically monitor the level of employee understanding of, and agreement with the company's policies. We share the survey results with employees, and our President sends a message addressing and commenting on these; in this way we use the survey to create a more open corporate culture.

**Local Communities**

---



<p><b>Key responsibilities</b></p>	<ul style="list-style-type: none"> <li>• Stimulating local economies</li> <li>• Respecting different customs and cultures</li> <li>• Engaging in social contribution activities in local communities</li> <li>• Preventing accidents and disasters at business sites</li> </ul>
<p><b>Major means of identifying stakeholders' views and requests</b></p>	<ul style="list-style-type: none"> <li>• Dialogue, information exchange meetings</li> <li>• Factory visits</li> <li>• Holding summer festivals to promote communication with residents and to revitalize communities</li> <li>• Providing opportunities for community workshops to sell their products</li> <li>• Employees participation in community activities</li> </ul>
<p><b>Stakeholder point of contact</b></p>	<p>Each business site</p>

**Environmental Communication**

We communicate with local communities about our environmental efforts by means of such initiatives as factory visits and by running classes at elementary schools. This is so that a wide range of stakeholders, such as the communities around Yokkaichi Plant – including schools, customers, companies and students – can learn about KIOXIA Group's activities.

**Supporting Local Community Development**

KIOXIA Group sees it as our responsibility as a good corporate citizen and as a member of the local community to not just leverage our business activities to address issues faced by local communities, but to engage in business activities that are rooted in the area, such as promoting regional employment and trade with regional companies.

**Contributions to Society**

As a good corporate citizen, KIOXIA Group is strives to build better relationships with the communities where we conduct our business.

At the eco-charity bazaar that our Yokkaichi Plant has been hosting since 2007, we recycle unwanted household goods and donate all profits from the bazaar to the Yokkaichi City Greening Fund.

**Governments and public bodies**

---



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Complying with laws and regulations, and paying taxes</li> <li>• Supporting government policies that address social issues</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Dialogues and proposals via economic associations and industry bodies</li> </ul>
<b>Stakeholder point of contact</b>	Each business site, Business Planning Division

### Job Creation and Tax Contribution

KIOXIA Group is expanding its business around the world. The jobs we create help support local communities, especially the production facilities that employ large numbers of local people.

By paying taxes in accordance with national laws and regulations, the group companies and their employees make an economic contribution to the countries and regions where they operate.

### Participation in Industry Associations

KIOXIA actively participates in the activities of Keidanren (the Japan Business Federation), the Japan Electronics and Information Technology Industries Association and other industry organizations to help address various social issues.

### NPOs · NGOs

---



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Collaborating on and helping to solve global social issues</li> <li>• Collaborating on corporate citizenship</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	<ul style="list-style-type: none"> <li>• Dialogue through collaboration</li> <li>• Exchange of views during stakeholder dialogue</li> </ul>
<b>Stakeholder point of contact</b>	Each business site, Business Planning Division

### Global environment

---



<b>Key responsibilities</b>	<ul style="list-style-type: none"> <li>• Mitigating climate change</li> <li>• Reducing waste discharges</li> <li>• Reducing release of chemicals</li> </ul>
-----------------------------	---



	<ul style="list-style-type: none"> <li>• Conserving biodiversity</li> </ul>
<b>Major means of identifying stakeholders' views and requests</b>	–
<b>Stakeholder point of contact</b>	Environment Planning Promotion Group

# CSR Performance

## **Environment**

Statement of Environmental Philosophy

Current Status of Environmental Impact and Environmental Targets and Outcomes

Environmental Protection System

Contributing to the Environment through Our Products

Environmental Evaluation by External Parties

Environmental Communication

Biodiversity Preservation

Acquisition of Environmental Certification

## **Social**

Respect for Human Rights

Fair Evaluation and Talent Development

Diversity Promotion

Occupational Health and Safety

CSR Management in the Supply Chain

Quality Control

## **Governance**

Corporate Governance

Risk and Compliance

# Statement of Environmental Philosophy (As of October 1, 2018)

\*Company name in this statement is described in old company name.

## Vision

---

Recognizing the Earth is an irreplaceable asset and it is humankind's duty to hand it on to future generations in a sound state, Toshiba Memory Corporation is pursuing creation of new values and symbiosis with the Earth. Also Toshiba Memory Corporation contributes to the development of a sustainable society by promoting environmental activities designed to contribute to the realization of a world that is low-carbon, recycling-based and nature-harmonious.

## Policy

---

Toshiba Memory Corporation considers environmental stewardship to be one of management's primary responsibilities, and promotes environmental activities proactively to reduce the environmental impact in the manufacturing process for NAND flash memory and SSD products from the design stage in harmony with economic activities. Toshiba Memory Corporation strives to take the environment into consideration in its business activities such as development, manufacturing, sales, services, and disposal from life cycle perspective, and aims to contribute to society by supplying products that consider environmental impact, and by realizing energy saving and reduction of resource usage in equipment in which NAND flash memory and SSDs are installed.

### 1. Compliance and sustainability

---

1. We position environmental preservation as one of management's primary responsibilities and are continuously promoting environmental activities in harmony with economic activities.
2. Toshiba Memory Corporation complies with all applicable laws and regulations, industry guidelines it has endorsed, and its own standards concerning the environment.
3. Toshiba Memory Corporation strives to continuously improve and effectively apply its environmental management system through internal audits and reviews in order to enhance environmental activities level and environmental performances.

## 2. Execution

---

Toshiba Memory Corporation strives to assess the environmental impact of its business activities including with regard to biodiversity, set objectives and targets with respect to the reduction of environmental impact, pollution prevention and development of energy saving technologies, and execute proactive environmental measures including the following:

1. We contribute to reducing environmental impact on society through product development according to high capacity, small-sized and resource-saving technologies, environmental assessment of products, and provision of NAND flash memory and SSDs by appropriate control of raw materials and reduction of material usage.;
2. Promoting reduction of our emission of greenhouse gases by developing energy saving technologies, productivity improvements, energy saving measures for power systems and manufacturing equipment, and other effective measures;
3. Contributing to a recycling-based society through efforts to promote 3R (reduce, reuse, recycle) measures proactively along with improving productivity, developing technologies to reduce, reuse or recycle resources used during our manufacturing processes. In terms of efficient water management, we cautiously use water resources withdrawing from the Kiso river water system, and discharge water after effective purification treatment;
4. Promoting risk reduction on environmental issues by appropriately controlling and using chemical substances and developing technologies to effectively reduce the use of certain chemical substances along with making efforts to reduce the total amount of chemical substances released into the environment and the amount of chemical substances treated;
5. In order to preserve biodiversity, Toshiba Memory Corporation strives to assess and mitigate the environmental impact of its business activities on biodiversity and seeks to make a better contribution to society;
6. Facilitating mutual understanding with stakeholders by disclosing information through public relations, exhibitions, and mass-media regarding NAND flash memory and SSD products from the energy-saving viewpoint, and collaborating with local communities and society at large;
7. Striving to enhance the awareness of employees with respect to environmental management, and considering the environment in business activities and processes throughout the Toshiba Memory Corporation.

Toshiba Memory Corporation discloses this Statement of Environmental Philosophy to the public, promotes awareness of this Statement of Environmental Philosophy throughout Toshiba Memory Corporation, and promotes its business activities according to this Statement.

Revised on October 1, 2018

Yasuo Naruke  
President,  
Toshiba Memory Corporation

# Current Status of Environmental Impact and Environmental Targets and Outcomes

## Current Status of Environmental Impact

The following tables outline the environmental impact (material balance) of manufacturing activities at KIOXIA. Although the environmental burden shows an increasing trend due to

KIOXIA's increased production capacity resulting from our information infrastructure expansion, we continue to work to reduce this burden through various reduction activities. For details of the environmental impact of Yokkaichi Plant and their environmental activities, see "2018 Yokkaichi Plant Environmental Report".

### Input

		FY2016	FY2017	FY2018
<b>Chemicals*</b>	<b>ton</b>	43,407	44,974	47,661
<b>City water</b>	<b>thousand m<sup>3</sup></b>	42	60	78
<b>Industrial water</b>	<b>thousand m<sup>3</sup></b>	14,370	16,879	19,463

\*Chemicals which are targeted for reduction

### Output

		FY2016	FY2017	FY2018
<b>Green house gas</b>	<b>thousand ton</b>	1,404	1,726	2,065
<b>Chemicals*</b>	<b>ton</b>	689	687	653
<b>Waste</b>	<b>ton</b>	63,289	70,075	80,203
<b>Waste water</b>	<b>thousand m<sup>3</sup></b>	12,554	13,590	14,777
<b>NOx</b>	<b>ton</b>	19.8	21.5	28.0

SOx	ton	0	0	0
-----	-----	---	---	---

\*Chemicals which is targeted for reduction

## CO2 emissions from business operations

Greenhouse gases (CO2 equivalent) emissions from KIOXIA's business operations in FY2018 is shown as below chart.

(Hyphen cells are not applicable, and we have not calculated "use of sold products.")

		CO2 emissions in FY 2018 (t-CO2)	Outlines of categories
<b>SCOPE1 (Direct emissions)</b>		453,000	Direct greenhouse gas emissions in our own operations
<b>SCOPE2 (Indirect emissions, electricity)</b>		1,623,000	Emissions associated with the purchased energy
<b>SCOPE3 (Indirect emissions through the value chain except for SCOPE1, SCOPE2)</b>	<b>Category</b>		
	<b>1 Purchased goods and services</b>	2,926,000	Emissions from activities up to manufacturing of raw materials
	<b>2 Capital goods</b>	1,538,000	Emissions from construction and manufacturing of the capital goods
	<b>3 Fuel- and energy-related activities not included in SCOPE1 or SCOPE2</b>	135,000	Upstream emissions of purchased fuels/electricity, etc.
	<b>4 Upstream transport and delivery</b>	200	Emissions from transportation of products and wastes in Japan (except for overseas transportation and suppliers' transportation)
	<b>5 Waste generated in operations</b>	18,000	Emissions from treatment of wastes
	<b>6 Business travel</b>	5,000	Emissions from business travel by employees
	<b>7 Employee commuting</b>	16,000	Emissions from transportation of employees when commuting
	<b>8 Leased assets</b>	-	-

		<b>(upstream)</b>		
	<b>9</b>	<b>Downstream transportation and delivery</b>	-	-
	<b>10</b>	<b>Processing of sold products</b>	-	-
	<b>11</b>	<b>Use of sold products</b>	-	-
	<b>12</b>	<b>End-of-life treatment of sold products</b>	-	-
	<b>13</b>	<b>Downstream leased assets</b>	-	-
	<b>14</b>	<b>Franchises</b>	-	-
	<b>15</b>	<b>Investments</b>	-	-
		<b>SCOPE3 (Total)</b>	<b>4,638,200</b>	

### Targets and Outcomes in FY2018

KIOXIA group promotes business activities that contribute to the sustainability of society by setting environmental targets and objectives. The following table summarizes the environmental targets of KIOXIA for 2018, their achievement status. We achieved all environmental targets in FY2018 by the contribution of our cross organizational energy saving activities and waste reduction efforts at our manufacturing plants. We are also actively carrying out social contribution activities with employee participation mainly at our manufacturing plants.

In FY2018, we adopted “rate of change of environmental impacts per unit of GB (gigabyte) from FY2013 basis” as our targets, excluding the Reduction of CO2 emissions from energy sources. Accompanying its plan for business (production line) expansion, the environmental impact of KIOXIA is expected to increase in 2019 compared with the previous year, we will continue to undertake cross-functional and innovative environmental initiatives.



Environmental targets and objectives		FY2018 Target	FY2018 Result	FY2018 Achievement Status
Development of products that consider to reduce the environmental impact of society	Reducing the environmental impact of production processes through miniaturization of devices	3 or more measures per year	<b>3 measures</b>	○
Mitigation of global warming	Reduction of CO2 emissions from energy sources	≥ 18,501 t-CO <sub>2</sub>	<b>19,393 t-CO<sub>2</sub></b>	○
	PFC emissions (Rate of change from FY2013)	≤ 84.7%	<b>77.0%</b>	○
Promoting efficient use of resources	Total amount of waste generated minus amount of valuable waste (Rate of change from FY2013)	≤ 44.5%	<b>40.4%</b>	○
	Total waste generated (Rate of change from FY2013)	≤ 37.6%	<b>29.9%</b>	○
	Water intake (Rate of change from FY2013)	≤ 40.5%	<b>34.6%</b>	○
Reduction of environmental risk	Emissions of chemical substances to air and water (total amount, rate of change from FY2013)	≤ 36.5%	<b>35.4%</b>	○
Biodiversity conservation	Biodiversity conservation	Periodic monitoring of indicator species	<b>Periodic monitoring of indicator species</b>	○
	Social communication	Charity eco bazaars,	<b>Held charity bazaars,</b>	○

		collection of recyclable wastes, donations, etc.	<b>collected recyclable garbage, made donations, etc.</b>	
Promotion of environmental communication	Community communication	Local communication	<b>Communicated with local people (e.g., meetings with local residents' associations)</b>	○
Raising environmental consciousness	Raising environmental consciousness	Measures for raising consciousness	<b>Held consciousness-raising programs (e.g., monthly environmental events)</b>	○

(t : ton)

# Environmental Protection System

## Monitoring System

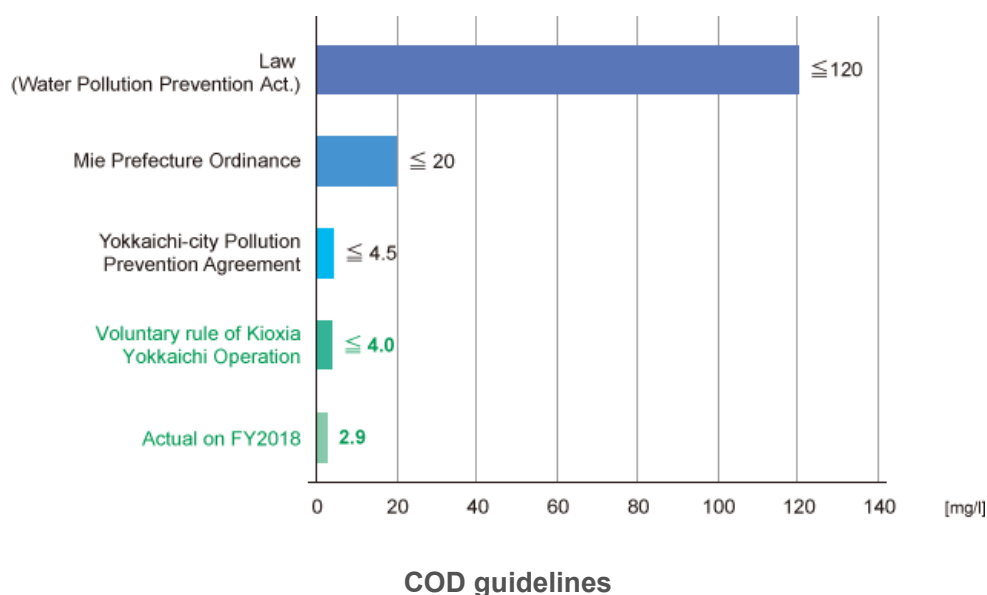
---

### 1. Items specified by laws and regulations

In each of its manufacturing operations, KIOXIA deploys automatic analyzers performing around-the-clock monitoring of wastewater and waste gases including nitrogen oxide (NOx), sulfur oxide (SOx), total nitrogen (T-N), total phosphorus (T-P), chemical oxygen demand (COD), suspended solids (SS), fluorine, and power of hydrogen (pH). Other items are monitored by sampling.

### 2. Analysis Center

We analyze approximately 35,000 items of wastewater and waste gas per year at the Analysis Center in Yokkaichi Plant.



### Introduction of environmental-related facilities

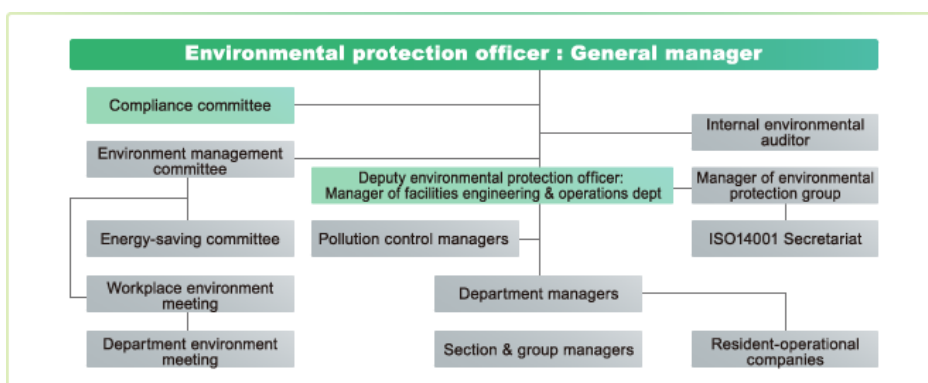
In order to prevent contamination by chemical substances and reduce contamination risk, KIOXIA has established its Structural Design Guidelines to reduce the risk of a leak of chemicals at environment-related facilities.



Examples

## Environmental Preservation System

To promote environmental preservation activities continually and efficiently, in each manufacturing site of KIOXIA we have established environmental preservation procedures overseen by a General Manager with clearly defined responsibilities and authority. An Environment Management Committee deliberates environmental preservation across the entire spectrum of environmental activities, including environmental management systems, environmental policies and environmental objectives. We have further established a Compliance Committee to supervise and ensure full compliance with all relevant environmental laws and ordinances.

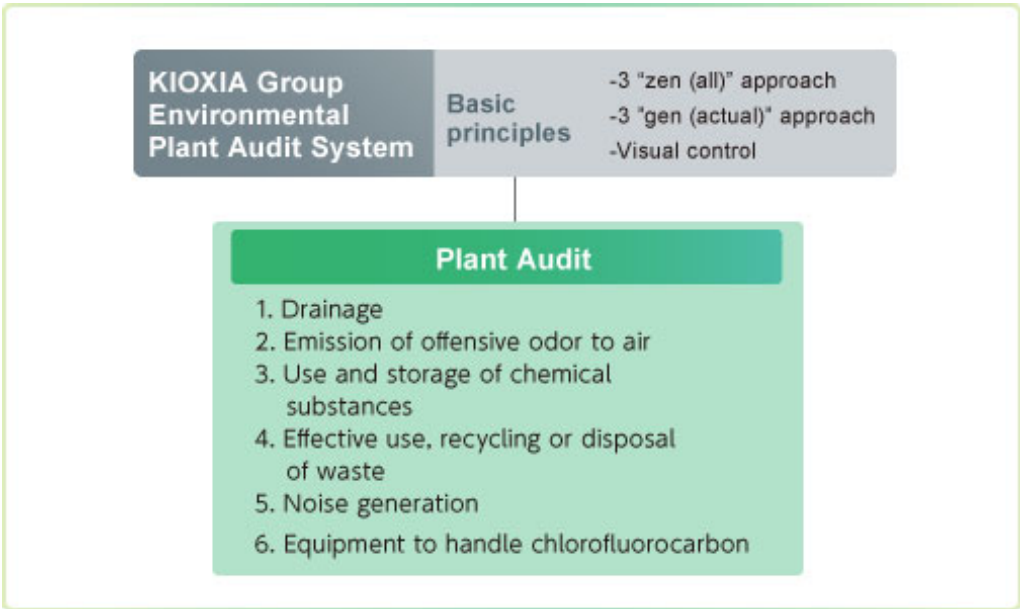


Environmental Preservation System

# Environmental Plant Audit System

KIOXIA Group has been conducting annual environmental audits of its sites. An audit team conducts this audit based on the following principles: 3 “Zen (all)” approach, 3 “Gen (actual)” approach, and visual control (management to watch and show) approach.

Through audits, we promote improvement in compliance with laws and regulations, measurement and management of controlled substances, and 4S (sorting, straightening-up, sanitation, and sweeping) approach. These audits target eight facilities, including the legally mandated wastewater treatment facilities. In FY2018, we introduced external auditors and conducted a full inspection of the audit system, and objective review of the management level. We will incorporate the knowledge obtained through these audits in future environmental plant audits.



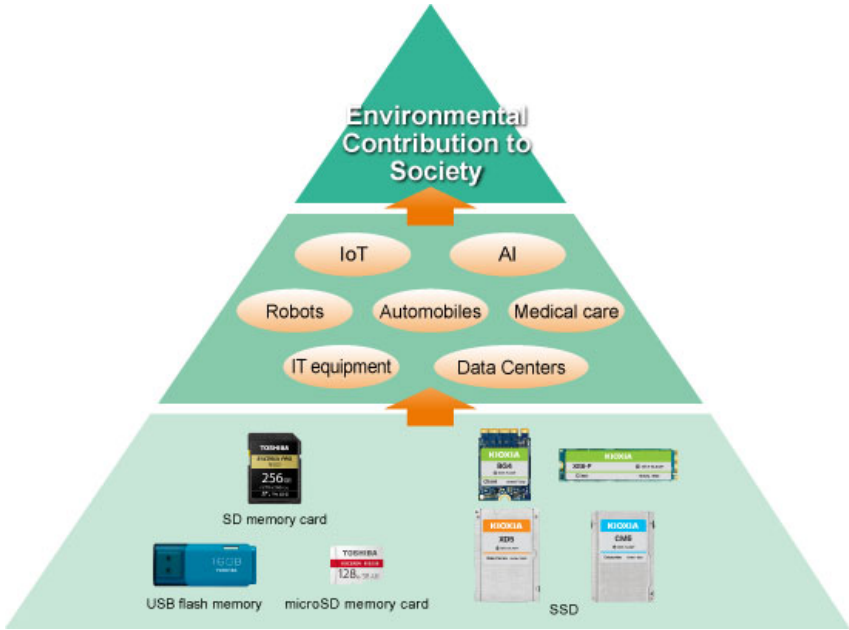
**KIOXIA Group Environmental Plant Audit System**

# Contributing to the Environment through Our Products

The flash memory and solid-state drives (SSDs) that KIOXIA supplies are integrated into a wide range of products and used throughout society. We believe that we can contribute to realization of a low carbon society by supplying large capacity products and low-power-consumption products, and we are carrying out various activities.

Amidst the recent acceleration in the use of AI and IoT, needs are growing to increase the capacity and speed of flash memory and solid-state drive (SSD) products. By promoting increases in the capacity of flash memory by developing highly integrated technology, KIOXIA is working to reduce CO2 emissions per capacity both in manufacturing and use of flash memory and SSDs. Specifically, we contribute to CO2 emissions reduction by reducing the amount of electricity used per capacity and materials used when manufacturing, and by lowering power consumption when using products.

We believe that KIOXIA's flash memory and SSDs will play an important role in the area of 5G (the fifth-generation mobile communication system), which is expected to spread in the future. Since faster, higher capacity devices are expected to become necessary in the 5G society, we presume that the cutting-edge large capacity flash memory and low-latency SSDs we provide will contribute to society in various fields. Thus, we promote increased capacity by developing highly integrated technology as our top priority.



Examples of fields that KIOXIA products contribute to

## **Product Case Studies: Increasing the Capacity of 3D Flash Memory**

---

KIOXIA has developed a 4-bit-per-cell (quad-level cell; QLC) by applying the 96-layer process of three-dimensional (3D) flash memory BiCS FLASH™. Compared to the conventional 3-bit-per-cell (triple-level cell), the QLC has an additional bit (4 bits in total), stored in a single memory cell, which enables us to provide memory products with even higher capacity.

This product achieves a capacity of 1.33 terabits per chip. By forming a 16-stage layering in one package, it can achieve a large capacity of 2.66 terabytes. Today, the amount of data generated by mobile devices is increasing due to the spread of social media and the advancement of IoT. Accordingly, needs for analyzing and utilizing such data in real time are expected to increase dramatically. Thus, large capacity, faster-than-HDD storage is in demand and our QLC products that leverage the 96-layer process will contribute to satisfying such storage needs.

Going forward, KIOXIA will continue to strive to increase the capacity and improve the performance of 3D flash memory as well as to carry out development that meets markets' diverse needs, including the storage market for data centers, where demand is growing.

\* Product names and service names listed above may be trademarks of their respective companies.

## **Product Case Studies: Power Efficiency Improvement of Single Package SSD**

---

KIOXIA has developed the BG4 Series NVMe™ SSD with a maximum capacity of 1,024 GB [Note 1], which includes BiCS FLASH™ 3D flash memory that employs the 96-layer process and a controller into a single package. Shipment of the BG4 Series for PC OEMs has been performed from the second quarter of FY2019.

This product supports PCIe® Gen3 x 4 lanes and achieves the industry's highest level of read performance [Note 2] (sequential read performance: max. 2,300 MB/s; random read performance: max. 390,000 IOPS). Thanks to the newly developed controller and lower power consumption of BiCS FLASH™, this product improves power efficiency by up to approximately 20% [Note 2] for reading and up to approximately 7% [Note 3] for writing compared to our previous generation product, the "BG3 Series."

By placing a large capacity SSD with improved power efficiency in a thin, compact package, the BG4 Series also achieves resource savings and expands the possibilities for thin, flexible design of mobile PCs and other devices.

PCIe® is a registered trademark of PCI-SIG.

NVMe™ and NVM Express™ are trademarks of NVM Express, Inc.

Other product names and services listed in the above may be used as trademarks or registered trademarks by the respective companies.

[Note 1] Definition of capacity: KIOXIA defines a gigabyte (GB) as 1,000,000,000 bytes, and terabyte (TB) as 1,000,000,000,000. Some computer operating systems, however, report storage capacity using powers of 2 for the definition of 1 GB = 2<sup>30</sup> bytes = 1,073,741,824 bytes and therefore shows less storage capacity. Available storage capacity will vary based on file size, formatting, settings, software and operating system, or other factors. Actual formatted capacity may vary.

[Note 2] KIOXIA Corporation survey, in the segment of Single Package SSDs, as of January 9, 2019.

[Note 3] Results of a comparison of power performance between the BG4 PCIe® Gen3 x 4 lane model and the BG3 PCIe® Gen3 x 2 lane model conducted in KIOXIA's test environment.



NVMe™ SSD, BG4 series



## Environmental Evaluation by External Parties

Introducing KIOXIA Corporation's award in FY2018.

### Received the "Award for Distinguished Service" from Re-Lifestyle (NPO) (FY2018)

---

KIOXIA Yokkaichi Plant received the "Award for Distinguished Service" from Re-Lifestyle, a non-profitable organization engaging in the PET-bottle cap collection business, in May 2018.

The collection of 500 PET bottle caps allows one person to receive a polio vaccine. At the Yokkaichi Plant, they have collected and donated over one million PET bottle caps.

Toshiba Environmental Solutions Corporation cooperates by collecting PET bottle caps at our Yokkaichi Plant, and Toshiba Logistics Corporation contributes by delivering the caps to Re-Lifestyle, which is located in Kanagawa Prefecture.

With the aim of contributing to the growth of healthy children around the world, everyone at Yokkaichi Plant will continue these activities into the future.



# Environmental Communication

KIOXIA Corporation's flagship factory, Yokkaichi Plant, is responsible for its own social contribution activities and its environmental measures. As outlined below, current activities involve employees and resident suppliers.

One of the employees' favorite event is the "Charity Eco Bazaar". Goods that can be recycled are donated to the bazaar and the proceeds from these are donated to a tree planting fund in Yokkaichi City.

In future, we will continue to promote environmental activities that contribute to society, and promote a sense of belonging among employees as well as an increase in their environmental awareness.



Charity Eco Bazaar

# Biodiversity Preservation

## Planting flowers

---

In Yokkaichi Plant, we are running a flower project that fills the factory with flowers. This is helping to improve environmental consciousness among the employees there – as well as our factory's image – and is creating a more relaxing environment. In June 2018, the second transplantation event was held, and many employees attended.



Flower project kickoff event



## Owl protection project

---

KIOXIA engages in biodiversity conservation activities with an understanding of the impact of such business activities on biodiversity in order to reduce such impact and promote social contribution activities.

Aiming to promote the owl protection project advanced by the Natural Study Group of Yokkaichi-Nishi High School in Mie Prefecture, our Yokkaichi Plant signed the Mie Biodiversity Partnership Agreement to form an industry, government, and academia partnership in March 2018. Under this partnership, we will unite with people in the region to support the activities of the partnership, which aims to pass down the region's rich natural environment to the next generation through provision of equipment used for observation.

As part of this activity, we have installed bird boxes in Mie Prefecture's Forest Park to observe owls inside and outside the boxes with observation cameras. In March 2019, we observed egg laying, and we could observe baby owls that hatched in April and fledged in May.



Yokkaichi-Nishi High School's presentation on the project

Activity results and plans

	Main activities and outcomes
FY2017	Signed the Mie Biodiversity Partnership Agreement.
FY2018	Provided observation equipment; started to promote the project within and outside the company.
FY2019	Improve the specifications of the observation and recording equipment, etc.



Observation equipment installed on trees



Solar battery panels for the equipment installed on-site



Baby owls inside the bird box



An owl feeding its baby



Fledging of a baby owl

## Acquisition of Environmental Certification

In March 2018, KIOXIA obtained ISO 14001:2015 certification, an international standard for integrated environmental management system encompassing all business processes. KIOXIA will continue to actively promote the development of energy-efficient products that address the need for exponentially increasing volumes of data. We will also continue with communication activities at our state-of-the-art fabs, as well as with communication about the environmental that take regional characteristics into account, and with biodiversity conservation activities.

\* The certification was obtained under a former company name, Toshiba Memory Corporation.

### Acquisition of ISO14001 certification

Scope of certification	Certified body	Registration date	Approval certificate No.
Toshiba Memory Corporation Head Office	JACO: Japan Audit and Certification Organization for Environment and Quality	28 Mar 2018	EC17J0025
Yokkaichi Operations			

### Acquisition of Sony Green Partner

MC Name / FC Name	Expiry Date	Factory Code
Toshiba Memory Corporation Yokkaichi Operations	31 Mar 2021	FC007421

## Respect for Human Rights

**KIOXIA Group has established Standards of Conduct incorporating a set of values that should be shared by all employees in order to achieve our Basic Commitment and Vision. In accordance with one of the Standards—Integrity (always work on tasks with integrity, justice, and fairness)—we commit to respecting human rights.**

### Policy and Framework Governing Respect for Human Rights

---

It is a fundamental principle that a company conducting business in the international community should understand the culture of the countries and regions in which they operate, as well as accepting diverse values and respecting the basic rights of people. KIOXIA Group promotes activities with reference to ISO26000, which is an international standard regulating the social responsibilities of organizations.

As part of the promotion framework, we appointed a staff member who is responsible for human rights enlightenment within our Human Resources and General Affairs Department of KIOXIA Corporation. The staff member regularly attends external lectures to ascertain the latest social trends, and communicates these internally.

- [KIOXIA Group Standards of Conduct 1. Human Rights](#)

### Identification of Human Rights Risks

---

KIOXIA Group creates a risk map based on ISO26000 covering the company's entire value chain in order to identify any human rights issues across all of our business activities.

We are also enhancing our efforts to monitor the implementation of human rights initiatives, and we will perform CSR surveys targeting both KIOXIA Group companies and our suppliers, and surveys of conflict minerals (minerals sourced from conflict zones, trade in which may perpetuate the fighting).

- [CSR Material issues and Goals](#)

## Education and Awareness-Raising of the Need to Respect Human Rights

---

We provide training on human rights issues as part of our staff onboarding process and when employees are appointed to managerial positions.

## Establishment of Whistleblower System and Consulting Service

---

### Whistleblower System “Risk Hotline” for Employees

---

KIOXIA Group has established a whistleblower system – the “Risk Hotline” - to collect internal information via email and telephone on alleged violations of

KIOXIA Group Standards of Conduct, particularly those concerning laws and regulations, and to deal with any wrongdoing. Under this system, an employee can report an incident and seek advice. Employees are protected from retaliation and steps are taken to ensure they are not treated disadvantageously for having provided such information.

- [Whistleblower System](#)



# Fair Evaluation and Talent Development

KIOXIA Group is working to encourage diverse employees to exercise their respective capabilities, we have established fair evaluation systems and seek to develop and deploy talents to their fullest extent.

## Policy on Fair Evaluation and Talent Development

---

For KIOXIA Group to thrive in the face of global competition, we need energetic, creative people. We will strengthen our training systems to develop talent so that each of our employees can exercise his or her abilities to the fullest.

## Training System for Talent Development

---

### Training Programs

---

KIOXIA Group has various training systems that help create a common ground of understanding among employees, and programs based on the requirements of each career level.

### Main Training Programs

Training Category	Outline
<b>Basic Training and Development</b>	A program that is designed to teach employees about the actions and values that form the shared basis for all members of the KIOXIA Group, such as compliance and CSR education.
<b>Global Training and Development</b>	A program that seeks to develop globally-minded people who can not only perform their jobs within the scope of their countries or regions, but at a global level, by accepting cross-cultural differences and communicating with a wide range of stakeholders. The program also aims to teach the skills that allow people to succeed globally.

<b>Training and Development based on Levels of Responsibility</b>	A program that seeks to improve the basic knowledge, skills, and management capabilities required for employees assigned to a new positions (leader, manager, etc.). This program also includes training aimed at continuously improving the leadership capabilities required of managers, as well as education aimed at imparting at an early stage the knowledge and skills required to conduct for global business.
<b>Job-specific Training and Development</b>	Aims to equip employees, based on their career stages, with the knowledge and skills required for different job functions.
<b>Managerial Training</b>	Training program for the select group of individuals who are candidates to take up managerial/leadership positions.

## Using Fully-Fledged Career Development Systems

---

KIOXIA Group supports the career development of each employee in an effort to maximize his or her current and future job performance. The Career Design System, for example, provides each employee with an annual opportunity to discuss and share their views on their own long-term career development as well as on mid-term skill acquisition goals, improvement of these, and ways to showcase such skills with their superiors. The Performance Management System gives each employee a semi-annual opportunity to review and discuss with their superiors their job performance over the previous six months as well as their job objectives for the following six months.

## Employees Engagement Survey

---

KIOXIA Group has conducts an Employees Engagement Survey for the purpose of soliciting the opinions of employees. By means of this survey, we periodically monitor the level of employee awareness of various measures and how far these have propagated into the organization. Where issues are identified, we seek to resolve them, leveraging the results of the survey to improve the corporate culture. In FY2018, we conducted an anonymous survey targeting about 10,000 employees, and received responses from approximately 93% of them.

Employees engagement survey execution cycle (annual)



# Diversity Promotion

The maximization of the capabilities and strengths of diverse employees is critical for active innovation and corporate growth. Based on this belief, the KIOXIA Group has positioned the promotion of diversity as one of its integral management policy visions.

## Policy on Diversity Promotion and Management Structure

---

KIOXIA Group promotes diversity in order to be able to quickly respond to the business environment and diversifying market needs. We are endeavoring to create a culture that enables a diverse range of employees to play active roles irrespective of gender, nationality, or whether they live with a disability.

We are positioning KIOXIA's Human Resources and Administration Division as the organization charged with promoting diversity; it will work on advancing diversity as a general human resource issue.

## Promoting the Career Development of Female Employees

---

KIOXIA Group is promoting ways for female employees to succeed at work. In FY2018, we conducted survey of training for female manager candidates.

### Main data concerning promoting the career development of female employees, KIOXIA

Item	Actual
Percentage of managers who are female*1	3.2%
Percentage of officers who are female*1	0%
Percentage of recruits who are female*2	Administrative -% Technical 8.3%

Gender balance of employers*1	Male 91.9% Female 8.1%
Average length of service*1	All 17.7 years (Male 18.0 years, Female 14.1 years)

\*1 As of April 1, 2018

\*2 New graduate employees as of April 1, 2018 (No recruitment of new university graduates for administrative positions)

## Recruiting More Non-Japanese Employees and Utilizing Them Effectively

---

As part of our diversity promotion program, we are increasing the recruitment of non-Japanese employees.

In addition to employing people who have studied in Japan as foreign exchange students, we have been carrying out a global recruitment program in an effort to directly recruit students graduating from foreign universities.

## Employment of People with Disabilities

---

As of April 1, 2019, the percentage of employees with disabilities was 1.49% in KIOXIA.

\* The percentage of employees with disabilities includes those in KIOXIA and our special subsidiary KIOXIA Etoile Corporation.

### Activity Example: Sign Language Club

---

KIOXIA Group provides employees with a monthly sign language lesson at the “KIOXIA Sign Language Club”. At the club, employees with impaired hearing serve as instructors, teaching sign language to facilitate smooth communication and providing information to promote understanding of those with hearing disabilities.

## Promoting Work-Life Balance

KIOXIA constantly strives to enhance our employees' work-life balance. At KIOXIA Group companies, each employee is encouraged to undertake different working styles and methods that help increase productivity.

### Consideration and Reduction of Working Hours

In KIOXIA, the average annual total of annual working hours per employee was 2,110 in FY2018, and the average annual total of non-scheduled working hours per employee was 301. KIOXIA Group is making the transition to a style of work that does not depend on overtime work. The purpose is to better utilize our diverse workforce and to promote a better work-life balance.

#### Key systems and measures regulating working hours in FY2018, KIOXIA

System/measure	Overview
Flexible Work System	Flextime system
Long Leave System	Employees can take a maximum of 20 days of accumulated leave for clear and meaningful objectives, such as self-development, social contribution activities, nursing, and also for treatment of non-occupational injuries and diseases, and other conditions including infertility.
Annual paid vacation	To promote employees rejuvenation, KIOXIA is facilitating their utilization of all their annual paid vacation.
勤務時間を見える化するシステム	KIOXIA has introduced systems including "Monitoring Display of Working Hours", "Work Record Notification", and "Work Record Display" to increase the transparency of working hours.
Addressing long working hours at workplaces	We implement measures in various divisions and business sites to address the problem of long working hours, and publish case studies on our intranet site to spread good practice among departments (e.g. having employees declare their target leaving time, forbidding employees from coming to work on Sundays in principle, banning late-night overtime in principle, setting

	"focus hours," and banning meetings outside normal working hours in principle).
--	---

### Activity Example: Using the system to make working hours visible

In order to effectively monitor the working conditions of our employees, KIOXIA Group launched a system that allows employees to visually monitor working hours on their PCs. We also started using the systems called Work Record Notification and Work Record Display systems to give better visibility of their working hours to employees and their managers.

The Work Record Notification system automatically sends an e-mail to each employee and their manager summarizing the work status of the employee. The Work Record Display system indicates each employee's current work status with three signal colors (red, yellow, or green) to draw attention to overtime work hours.

### Supporting employees in balancing work with childcare/nursing care

KIOXIA Group has been helping employees to balance their work and personal lives. We have implemented various measures in excess of our legal obligations, and continue to make them more adaptable and flexible. Under our Hourly-Unit Annual Leave system, employees can take leave on a quarter-hourly basis instead of hourly when they take leave exceeding one hour.

### The Major Supporting Systems for Employees' Work and Childcare (FY 2018, KIOXIA)

	System		KIOXIA system	As required by law
Childbirth /Child-rearing	Childcare leave	Period	<u>Until the end of the month in which the child turns 3 years old</u>	Up to 1 year old except when certain requirements are met
		Number of times	Up to three times per child	Up to once per child

	<b>Paternity leave</b>		Up to 5 paid days holiday consecutively or separately, within 6 weeks of the birth	—
	<b>Short-time shift</b>	<b>Target</b>	Employees raising children who have not yet completed elementary school	Employees raising children under three years old
		<b>Others</b>	1. No limits on the number of times one can apply 2. Possible to combine with flextime system 3. Can be set in 15-minute units	—
	<b>Hourly leave system</b>		Leave is available in 1-hour units. If more than one hour is taken at a time, however, employees may take leave in 15-minute units thereafter.	—
<b>Family care</b>	<b>Family care leave</b>		Up to 365 days in total per person requiring nursing care	Up to 93 days in total per person requiring nursing care
	<b>Hourly leave system</b>		Leave is available in 1-hour units. If more than one hour is taken at a time, however, employees may take leave in 15-minute units thereafter.	—
<b>Returning to work</b>	<b>Subsidies for expenses</b>	<b>Allowance for raising the next generation</b>	To be provided in respect of each eligible child (children being taken care of by a spouse working for another company, are also eligible for the allowance.)	
		<b>Welfare system</b>	For child-rearing, nursing care etc., points will be worth 1.2 to 1.5 times their normal value.	



		<b>“Teatime”</b>	
		<b>Mutual understanding program</b>	The program offers the opportunity for employees to discuss future career plans and any necessary arrangements with their manager and HR personnel before taking a leave of absence or after resuming work, thus helping to reduce concerns of the employees who take such leaves.
		<b>Reemployment system (return to work system)</b>	Established a system to reemploy employees who had to resign for the following reasons: <ol style="list-style-type: none"> <li>1. In order to accompany a spouse who has been transferred (within 5 years)</li> <li>2. In order to provide nursing care for those requiring it (within 3 years)</li> <li>3. Childbirth, childcare, or raising children (within 3 years)</li> </ol>

## Benefits

---

### Corporate Pension Plan

To help support employees' lives after retirement, we have the Corporate Pension Plan – a defined benefit plan. This complements their state pension from Japan's welfare pension insurance scheme. In October 2015, we also introduced a defined contribution pension scheme aimed at future improving employees' post-retirement options.

### Teatime, a selective welfare system

KIOXIA offers a selective welfare system called “Teatime” under which allows employees to make choices according to their needs and receive benefits from a wide range of welfare programs. The system also covers support for childcare and nursing care, including costs for day-care centers, child-rearing, education, and nursing care.

## Occupational Health and Safety

**It is vital for each and every employee to maintain and strengthen both his or her mental and physical health in order to shine and flourish professionally. This, in turn, is only possible in a safe and comfortable work environment. KIOXIA Group in Japan therefore supports employees' occupational health and safety (OHS)\*.**

**\* In this section, "Occupational Health and Safety" is abbreviated to "OHS"**

### **OHS Policy**

---

KIOXIA Group in Japan OHS Management Policy was established in April 2017 in response to the declaration of its commitment to OHS by the top management with the goal of having all employees embrace the same commitment.

#### **KIOXIA Group in Japan OHS Policy (As of FY2018)**

Based on its corporate philosophy "We pioneer cutting-edge memories and services that enrich people's lives and expand society's horizons," the Company is committed to be a corporation that sustainably continues to pursue value and a growth using creative skills. In its entire business activities, the Company will give its highest priority to life, safety and compliance and will devote itself to "building a safe and delightful workplace environment and maintaining and promoting healthy bodies and minds of its employees" to propel activation of the vitality of its personnel and organization.

1. Placing safety and health as one of the most important issue in its management, the Company will make an utmost effort to "sustainably improve safety and health management activities" and to "prevent occupational injuries and diseases."

2. The Company is committed to comply with the Industrial Safety and Health Law and other related laws and ordinances, as well as guidelines and voluntary standards and criteria of the Company, for which the Company is responsible for their implementation.

3. The Company shall develop and implement promotion goals and implementation plans on the following matters.

1) Elimination of industrial accidents and occupational diseases, as well as risks that trigger them.

Thorough identification of human factors and characteristics, physical factors, chemical factors and other factors and elements without omission and measures to mitigate or reduce them.

(1) Risks related to entire phases of work processes

(2) Risks while outside of company premises and during business trips

(3) Risks related to hazardousness and harmfulness of chemical substances and other materials

(4) Risks involved in new installation, refurbishing, maintenance and other phases of equipment and facilities

(5) Risks involved in construction works, start-up work and other phases related to expansions of clean rooms

(6) Continuous evaluation and verification of effectiveness of residual risks (especially management risks)

2) Measures to reduce accidents caused during employee commuting

3) Building a system for promotion of health management

Measures for the maintenance and promotion of healthy minds and bodies for all the employees enabling them to fully demonstrate their capabilities

(1) Implementation of mental health measures

(2) Implementation of lifestyle-related diseases such as brain, heart and other diseases

4. In order to secure safety and health of all the personnel related to the business of the Company, the Company will seek and support activities by its suppliers for safety and health of their employees.

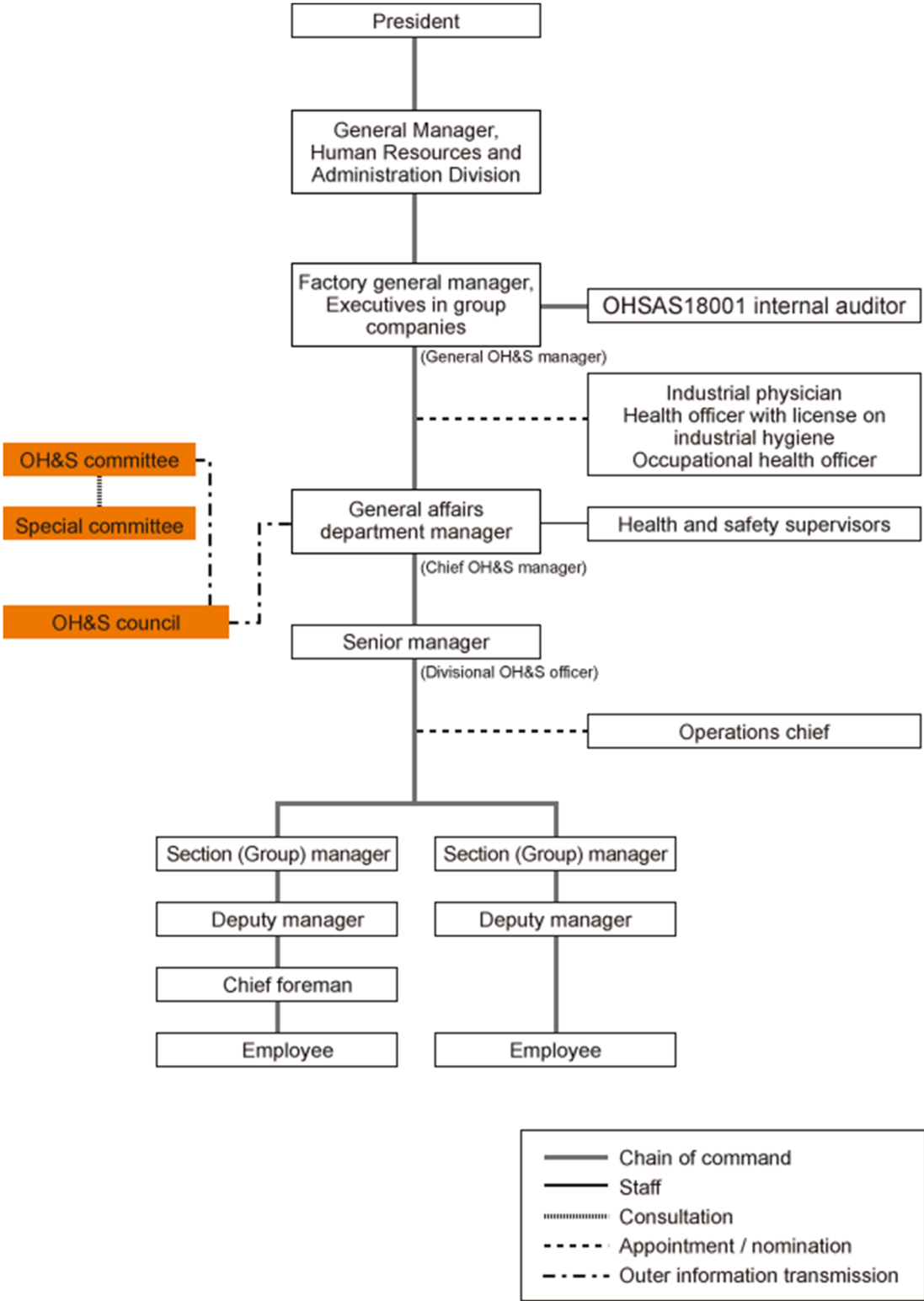
5. The Company shall actively make public its activities on the safety and health of its personnel and shall contribute to enhancing the level of social safety and health management.

April 1, 2018

Yasuo Naruke, President and CEO, Toshiba Memory Corporation

# Promotion of OHS

KIOXIA Group in Japan places health and safety supervisors within the Human Resources and Administration Division of each group company to support OHS activities among employees.



KIOXIA Group in Japan OHS Management Structure (as of April 2018)

## **OHS Management System**

---

KIOXIA Group in Japan has introduced OHSAS 18001\*, an international certification standard for labor safety and health management systems, as part of its OHS management system. This high-profile OHS management system enables us to identify and assess OHS issues and make continuous improvements in order to reduce the risk of non-compliance with relevant legislation.

Prior to the introduction of this system, KIOXIA Group was already striving to improve safety management procedure through the consistent efforts of our member organizations and individual employees in their daily activities. Among such efforts, small workplace groups undertake a variety of activities on an ongoing basis. These activities include workplace improvement programs, education and training to increase risk awareness and monitoring to ensure that appropriate practices are being followed. KIOXIA Group will further improve our safety management processes through a combination of initiatives based on employee network and the OHSAS 18001-based management system.

\*OHSAS 18001: OHS Assessment Series

## **Raising Awareness and Education on OHS**

---

### **OHS Education**

---

KIOXIA Group in Japan endeavors to enhance our employees' OHS understanding and skills. On top of the education required by the Industrial Safety and Health Act, we implement education programs for employees who are newly appointed to OHS-related posts, as well as for mid-career OHS employees. We also run practical training programs devised by each operational site.

## **Occurrence of Workplace Accidents**

---

KIOXIA Group in Japan will continue to implement further measures to prevent workplace accidents. In particular, we will prioritize the reduction of hazardous risks that could lead to serious injuries or illnesses and conduct a risk assessment of all workplaces and tasks. Applying the results of this risk assessment, we will identify current and potential risks, review work methods, and systematically take any necessary measures to reduce and eliminate such risks.

Furthermore, the Group will improve facilities and provide comprehensive OHS training for all employees.

### **Frequency of Injuries Resulting in Lost Working Time at KIOXIA Group in Japan**

FY2018: 0.123%

# CSR Management in the Supply Chain

In order to fulfill our CSR obligation with regards to human rights, labor, and the environment in cooperation with our suppliers,

KIOXIA Group continues to ensure that its suppliers are also committed to improving working conditions and reducing their environmental impact of their operation. **ます。**

## KIOXIA Group's Supply Chain

---

KIOXIA Group procures a variety of raw materials and resources from suppliers all around the world. Overseas suppliers account for 53% of our total procurement.



Procurement Ratio by Region (FY2018)

## KIOXIA Group Procurement Policy

---

KIOXIA Group strives to build sound partnerships with suppliers through fair trading in compliance with procurement-related laws and regulations.

We request all our suppliers, who play an important role in the KIOXIA Group companies' production and services, to consent to and put into practice the KIOXIA Group Procurement Policy. Whenever the contents of the Policy are revised to reflect changing social conditions, we inform all of our suppliers both inside and outside of Japan.

In addition to this Procurement Policy, we have formulated the KIOXIA Group Green Procurement Guidelines in order to address environmental issues and the KIOXIA Group Conflict Mineral Policy in order to regulate the sourcing of materials from conflict areas.

- [KIOXIA Group Procurement Policy](#)
- [KIOXIA Group Conflict Mineral Policy](#)
- [KIOXIA Group Standards of Conduct / 3.Procurement Activity](#)

## **Following the Industry Group's Code of Conduct**

---

To promote CSR in the field of human rights, labor, occupational health and safety, environmental conservation, and ethical standards throughout the supply chain, KIOXIA Group promotes procurement activities in the spirit of the United Nations Global Compact (UNGC) and the Responsible Business Alliance\* code of conduct.

\* Prior to October 2017, the Electronic Industry Citizenship Coalition



## **Promotion of Supply Chain Management**

---

KIOXIA Group has set up a dedicated planning organization within the procurement department at KIOXIA's Head Office. It works to promote fair dealings with all our suppliers as well as CSR management in the supply chain.

The organization coordinates with various business divisions and related divisions such as the CSR group and the Environment group.

## **Promotion and Monitoring of CSR Procurement**

---

### **Promotion of CSR Procurement**

---



With regard to promotion, we request our approximately 500 regular suppliers and all new suppliers to pursue CSR activities in accordance with the UN Global Compact and the RBA Code of Conduct.

**Monitoring**

---

With regard to monitoring, KIOXIA Group continuously checks the status of CSR management at manufacturing sites in our regular supply chains during quality audits, requesting improvements and providing guidance where necessary. For new procurement transactions, we check the supplier's conformity with KIOXIA Group's procurement and selection policies, the supplier's manufacturing sites and management structure, and whether these comply with appropriate laws and regulations governing the environment, human rights and occupational health and safety.

While continuing to support improvement and provide information on the environment, human rights, and occupational health and safety, KIOXIA Group conducts surveys (including self-checks) on our suppliers and their status of improvement.

**Number of suppliers participating in briefings and surveys (FY2018, KIOXIA Group, Cumulative numbers)**

Topic	Briefings	Surveys*	Site Audit*
Human rights Safety	7	89	0
Environment	69	97	0
Total	76	186	0

\*Includes self-inspections using the RBA SAQ (Self-Assessment Questionnaire), third-party audits, and surveys/audits using our own standards.

**Actions in the Event of Procurement Policy Breaches by Suppliers**

---

If a supplier violates our procurement policies, we request them to implement remedial measures and provide guidance and support as necessary. If their remedial actions are deemed to be unsatisfactory, we suspend transactions with that supplier.

**Suppliers subject to guidance & support or suspension of transactions (FY2018, KIOXIA Group, cumulative numbers)**

Topic	Supports for Improvement	Guidance and Support	Suspension of transactions
Human rights Safety	10	2	0
Environment	22	0	0

**Examples of supplier guidance and instructions (FY2018)**

<b>Environmental Activities</b>	Requesting and ensuring that suppliers do not use phthalate esters in accordance with the revised RoHS (Restriction of Hazardous Substances) banning their use
<b>Human Rights and Occupational Health &amp; Safety</b>	Requesting supplier plants to modify the terms of employment

**Addressing the Conflict Minerals Issue**

---

Since Section 1502 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) was enacted in January 2013, companies listed on U.S. stock exchange are required to report any use of conflict minerals mined in the Democratic Republic of the Congo and its adjoining countries. KIOXIA Group is not a listed on any U.S. exchanges; however, as we form part of the supply chain of companies that are, we investigate and reports to those customers.

For humanitarian reasons, KIOXIA Group's policy prohibits the use of raw materials such as tin, tantalum, tungsten, and gold mined in the Democratic Republic of the Congo and its neighboring countries which suffer human rights violations.

- [KIOXIA Group Conflict Mineral Policy](#)

## **KIOXIA Group's Promotion of the Use of Conflict-Free Minerals**

---

The Conflict Minerals Management Committee, incorporating members from relevant corporate divisions, promotes activities in accordance with the KIOXIA Group Conflict Mineral Policy Guidelines. KIOXIA Memory Group is dedicated to sharing information about these activities.

## **Conflict Minerals Survey**

---

We surveyed KIOXIA Group suppliers on their understanding of conflict minerals and the use of these, as well as on the details of their mineral smelters. We surveyed 82 suppliers that might be using the so-called "3TG" minerals – tin, tantalum, tungsten, and gold – in FY2018.

## **Green Procurement**

---

The "Green Procurement Guidelines" stipulate our basic policy for selecting and procuring materials or components that have a low environmental impact from suppliers; they also outline our requests to all our suppliers. The purpose is to work together on global environmental conservation activities by sharing and cooperating on issues that concern environmental conservation activities with suppliers.

# Quality Control

**KIOXIA Group considers that our most important mission is to provide our customers with safe and reliable products, and as such we are always striving to improve quality. In addition, we make sure to disclose product safety, security, and quality information to customers.**

## **Quality Control Policy (As of FY2018)**

---

In accordance with the basic commitment of KIOXIA to enrich the lives of people and broaden their opportunities by continuing to develop advanced memory technology and services, our policy is to provide products of high quality that are secure and constantly adapted in line with customer requirements by means of creative techniques and the continuous pursuit of value.

### **KIOXIA's Basic Policy on Quality Assurance:**

1. We comply with all relevant laws and manufacture products with quality and reliability that match customer requirements.
  2. We perform quality manufacturing in a mass production environment from a design and development stage and work to improve product security, to consider the environment and maintain high technical standards.
  3. We aim for consistent improvement by pursuing root causes and continually improving our quality management systems.
- [KIOXIA's Quality Guidelines](#)

### **Standards of Conduct During Quality Assurance**

1. We engage in quality assurance from the customers' point of view.
2. We observe relevant laws and contracts and respect the rights of customers and third parties.
3. We deploy quality control systems aimed at achieving 100% quality.
4. We ensure that all of our departments and employees follow our quality control policies.
5. We aim for constant improvement by investigating the root causes of process failures and conduct through risk analysis in order to prevent any re-occurrence.

6. We collect, analyze and appropriately disclose information with the aim of preventing quality issues.

### **Standard of Conduct regarding Product Safety and Product Security**

1. We observe both Japanese and overseas laws and regulations governing product safety and product security.
2. We collect, and proactively disclose, a wide range of information about any product issues.
3. We immediately report any product issues to the authorities concerned in accordance with relevant laws and regulations.
4. We promptly inform customers when the need to recall and repair products arises.
5. We appropriately raise caution and display warnings when deemed necessary in order to help people use our products in a safe manner.
6. If an accident should occur, we carry out a thorough analysis of the causes and take necessary measures to prevent it from recurring. We also strive to prevent accidents by predicting risk at the design stage.
7. We strive to eliminate vulnerabilities from products prior to shipment.
8. We collect a wide range of information on product vulnerabilities in order to reduce risk.
9. We implement product security measures on a broad scale in cooperation with the relevant organizations.

### **Structure Promoting Quality Control**

---

KIOXIA Group has implemented a structure aimed at strengthening our quality-control activities. Led by our CEO, a quality control meeting is held twice a year in which our Quality Officers, Vice Presidents, Technology Executives, General Managers, and Senior Managers participate and where they discuss and decide on key issues of quality policy. The participants also evaluate the appropriateness and validity of quality management and risk measures. We communicate decisions made during these meetings to business divisions and ensure that they are actioned.



Structure of Promoting Quality Control of KIOXIA Group (As of May 1 2018)

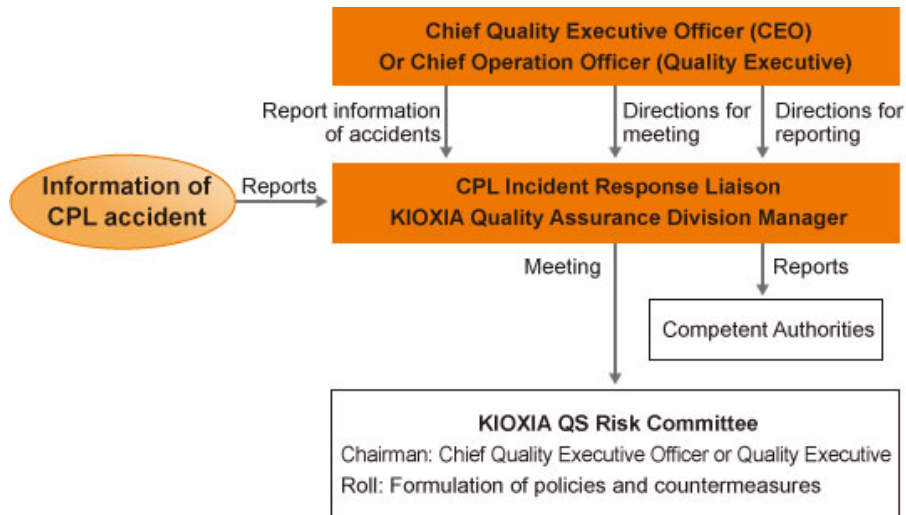
### Structure of Response to the Occurrence of Product Issues

Information on issues involving KIOXIA products in the market is collated by the KIOXIA CEO, who is also the Chief Quality Executive Officer, or the Executive Vice President, who is the Chief Operation Officer (Quality Executive), through what we call the CPL \*1 Incident Response Liaison. We then take necessary action after consultations with our QS\*2 Risk Committee.

No serious quality accidents occurred in FY2018.

\*1 CPL is an abbreviation combining CL (contractual liability) and PL (product liability).

\*2 Quality and Safety.



### Structure of our Response to Occurrence of Product Issues (KIOXIA group, As of April 1, 2018)

#### Improving the Quality Management System (QMS)

KIOXIA Group has obtained ISO9001 certifications, the basis of all quality management systems, and ISO/TS16949, a more advanced certification. Rather than merely assessing whether our products meet the requirements of these standards, we also endeavor to improve their overall effectiveness. We evaluate our products' annually based on the eight QMS principles and other guidelines.

#### Improving Design Quality

In order to enhance our ability to ensure product quality at the design stage, KIOXIA Group conducts Failure Mode and Effects Analysis (FMEA) in order to prevent defects from reaching upstream. The aim of this activity is to enhance quality by anticipating failures or defects, called failure modes, targeting product design and processes in the later stages of development. We are implementing practical education to broaden the base of FMEA activities which is leading to better FMEA processes.

## Disclosure of Information on Quality

---

KIOXIA Group discloses quality information on its website.

### **(Products)**

- Quality Guidelines
- Reliability Handbook
- Handling Precautions and Requests
- List of Abbreviations

### **(Consumer Products)**

- Customer Support (Japanese)



# Corporate Governance

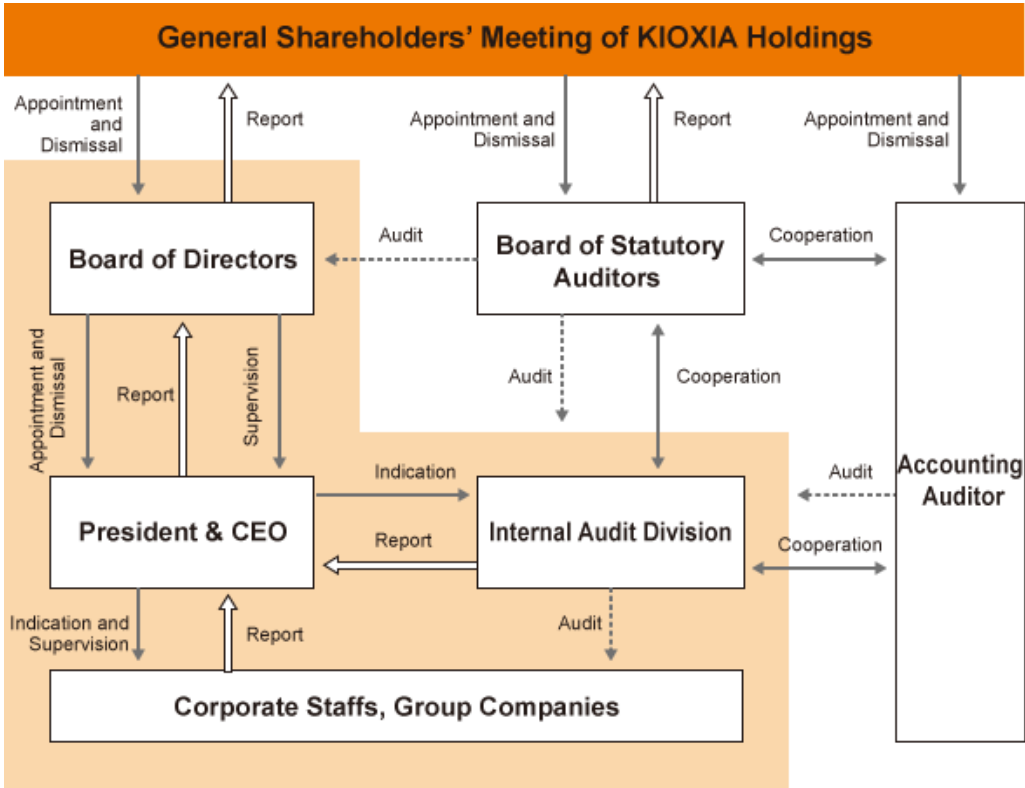
KIOXIA Group is reinforcing our governance system to add corporate value.

## Policy and Structure of Corporate Governance (As of September 2019)

KIOXIA Holdings is a company with Board of Statutory Auditors. We have developed a group governance structure in which the performance by directors of their duties is audited by our statutory auditors. We have appointed three statutory auditors.

The core of the KIOXIA Group governance is Board of Directors consists of eight persons, including the CEO.

As KIOXIA Holding's Chief Executive Officer, the CEO is responsible to shareholders when making decisions on important company matters. The CEO also steers KIOXIA Group's business by broadly and optimally managing the resources of KIOXIA Holdings and its group companies and maximizing their synergies.



Corporate Governance Structure (As of September 2019)

# Risk and Compliance

KIOXIA Group enforces global compliance with laws and regulations, internal rules, social and ethical norms, and progresses our activities of risk and compliance.

## Policy and structure of Risk and Compliance

---

At KIOXIA Group, we strive to ensure compliance with all relevant laws and regulations, with social and ethical norms, and with our own internal rules. We do underpins this with our commitment to fair competition and to serving the interests of our customers to the best of our ability.

KIOXIA has established the system that Risk and Compliance Committee has all authority and responsibility toward issues of risk and compliance. We classifies risks into categories including compliance-related risks, finance / accounting-related risks and business risks, and has established committees and review groups for each risk category in order to enable agile management. Each committee and review group reports activity situation to Risk and Compliance Committee on a timely basis.



Risk and Compliance Committee (As of FY2018)

## Whistleblower System

---

In order to create an open work environment and reduce risk, in addition to encouraging day-to-day communication within each workplace, KIOXIA group in Japan is enhancing its whistleblower system. We established this whistleblower system (hereinafter called "Risk Hotline") to collect internal information on violations related Standard of Conduct, particularly those concerning laws and regulations. In March 2019, we established the "Outside Lawyer Hotline" as a second whistleblower system to enable employees to utilize the system more easily. The existence of these systems have been communicated to all employees through internal websites and other media. The system is designed to protect the anonymity of whistleblowers and ensure that they are not treated disadvantageously.

The number of reports received and consultations undertaken by the "Risk Hotline" and "Outside Lawyer Hotline" in FY2018 was 57.

Of the reports received, those reporting inappropriate situations or concerns about inappropriate situations were reported to the relevant division so that instructions for improvement could be provided or alerts could be issued. In cases involving consultations and questions about duties of the informants themselves, we gave advice on how to deal with the situation.

For reports other than the anonymous reports described above, in principle we explained the status of our responses to the informants. Except in cases where consent has been obtained from the employee, the names or contact addresses of the informants are never disclosed.〰。

## Revision of KIOXIA Group Standards of Conduct and Compliance Training

---

KIOXIA provides compliance education through e-learning. In FY2018, employees received accounting compliance education and learned the importance of accounting knowledge and accounting awareness.

## Compliance with the Anti-Monopoly Legislation & Anti-Corruption Measures

---

KIOXIA Group enforces compliance with anti-monopoly legislation and is strengthening its measures to tackle corruption globally.

## **Antimonopoly and Anti-bribery Efforts**

---

In the light of recent global regulatory trends, KIOXIA Group has been making rigorous efforts to prevent cartelization and bribery. In FY2018 specifically, the initiatives involve KIOXIA Group companies worldwide performing self-audits based on internal anti-trust and anti-bribery guidelines. Through these audits, KIOXIA Group aims to identify compliance levels at the companies concerned and to provide thorough compliance education.

KIOXIA promotes rigorous compliance with business-related laws and regulations by providing education, effectively utilizing databases that contain relevant information, and performing periodic self-audits. In addition, KIOXIA's compliance initiatives are objectively evaluated by external lawyers once a year. We make improvements aimed at reducing risks identified by those third parties in order to continue to enhance our compliance structure.

Furthermore, KIOXIA is processing its raising of compliance awareness among staff based on our own Standards of Conduct. In Japan, employees received e-learning training on sales-related risks during February and March in 2019, in order to raise the standard of sales-related legal risk management.

## **Political Contributions**

---

The KIOXIA Group Standards of Conduct stipulates that KIOXIA Group shall not provide inappropriate benefits or favors to any politician or political organization.

As part of its social contribution to society, and when thought to be necessary, KIOXIA does make transparent donations to political parties, in order to encourage the adoption of policies that will support our business and aid the health development of parliamentary democracy. Where we make donations to political parties, procedures in accordance with internal rules are followed and, in the case of donations made in Japan, we ensure we are compliant with Japan's Political Funds Control Law.

## **Donations and Provision of Funds**

---

While the KIOXIA Group forbids the incurring of inappropriate expenses, we do stipulate that appropriate donations may be made to appropriate organizations. We therefore donate to various organizations, taking into consideration factors such as the contribution made by the organization to society, its causes and the community aspects of its activities.

## **Continuing to Sever Relationships with Antisocial Groups**

---

All KIOXIA Group companies have taken various measures to ensure that all links with antisocial groups are severed. More specifically, we have developed and implemented “Basic Public Relations Management Rules” and appointed public relations management officers for each department. When conducting transactions with a new customer, the public relations management officers of that department confirm that the customer has no relations with antisocial groups. If during those background checks the need arises for further investigation of the customer, Human Resources and Administration Division verifies whether there is any evidence of the customer's relationship with antisocial groups. We also periodically conduct surveys on customers that we already have business relations with. Transaction contracts normally include a clause regarding the exclusion of organized crime syndicates, which enables a contract to be cancelled without notice when the business partner is identified as being part of an antisocial group.

We also continuously ensure that employees understand the importance of excluding antisocial groups from the business they carry out.

## **Information Security Management**

---

### **Information Security Policy**

---

KIOXIA Group regards as important assets information such as personal data, customer information, management information, and technical and production information handled during the course of business activities. We accordingly adopt policies which we ensure that all corporate information is managed in a confidential manner and that the information is not disclosed, leaked or used inappropriately. These include a fundamental policy whose stated aim is "to manage and protect such information assets properly, with top priority on compliance." The policy is stipulated in the chapter "Information Security" of the KIOXIA Group Standards of Conduct, and managerial and employee awareness of this is encouraged.

In response to regulatory changes and changes in the social environment, KIOXIA revises those policies on an ongoing basis so as to rigorously manage its information security.

- KIOXIA Group Standards of Conduct 17. Information Security

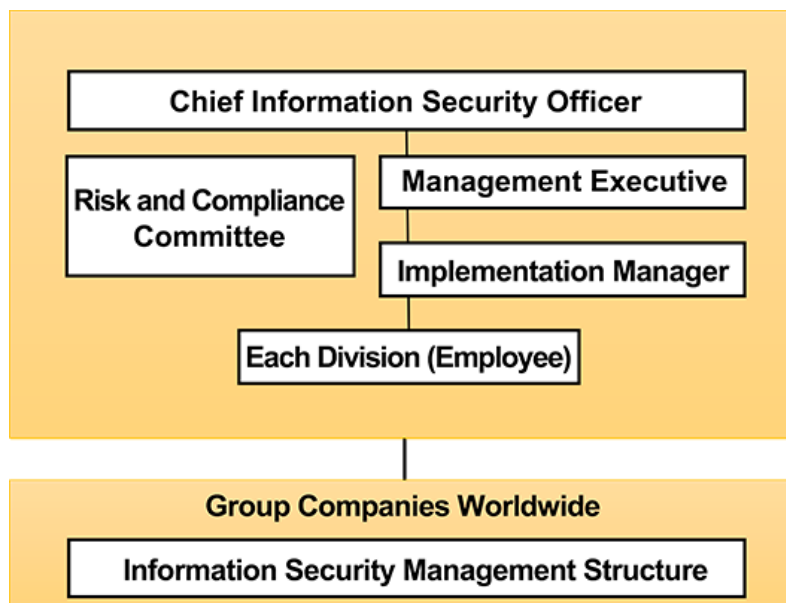
- Privacy Policy

## Structure of Information Security Management

Addressing information security as a management priority, KIOXIA Group has established, under the supervision of the Chief Information Security Officer, an information security management structure under which the head of each organization, such as the head of each business site, as well as the president of each group company, is responsible for information security. The Risk and Compliance Committee deliberates matters that are deemed key in ensuring information security throughout the company. The Chief Information Security Officer formulates and enacts measures to ensure that internal rules related to information security are enforced in a problem-free, effective and definitive manner. The Information Security Management Executive appoints Information Security Implementation Manager who is responsible for operation of the information security management system.

The Information Security Management Executive provides guidance and assistance to all group companies under the control to ensure that they implement information security at a level equivalent to that of The KIOXIA Group.

KIOXIA has also established a similar management structure for the protection of personal data, and has a department external to the Secretariat (the Internal Audit Division) conduct audits in accordance with JIS Q 15001.



Information Security Management Structure

## Information Security Measures

KIOXIA Group implements information security measures from four perspectives (see the table below). The IT & Business Transformation Division incorporates these measures into regulations and guidelines and makes them fully known to all KIOXIA Group companies through notices and briefings.

### Implementation of Information Security Measures from Four Perspectives

Category	Description
<b>(1) Organizational measures:</b> <b>Establish an organizational structure and rules</b>	<ul style="list-style-type: none"> <li>• Periodic reviews of information security-related regulations</li> <li>• Development and maintenance of structure</li> <li>• Implementation of audits, etc.</li> </ul>
<b>(2) Personal and legal measures:</b> <b>Ensure adherence to rules</b>	<ul style="list-style-type: none"> <li>• Regulation of information protection duties and disciplinary measures for any breach of rules of employment</li> <li>• Provision of periodic employee education and training</li> <li>• Contractor information security evaluation and conclusion of confidentiality agreements, etc.</li> </ul>
<b>(3) Physical measures:</b> <b>Support implementation of rules in terms of physical security</b>	<ul style="list-style-type: none"> <li>• Carry-in/carry-out control of information devices</li> <li>• Facility access control, room / facility entry control</li> <li>• Locking of highly important information, etc.</li> </ul>
<b>(4) Technical measures:</b> <b>Support implementation of rules in terms of technology</b>	<ul style="list-style-type: none"> <li>• Virus protection and hard disk encryption of personal computers</li> <li>• Checking the vulnerabilities of servers accessible to the public and enhancing their protection</li> <li>• Monitoring and controlling unauthorized access from the outside and information leakage, etc.</li> </ul>

To protect against cyber-attacks, which are becoming more sophisticated every year, we have strengthened our efforts to block suspicious e-mails and trained all employees in the handling of targeted attack e-mails. In addition, we have enhanced our network monitoring and in-house systems to quickly cope with any virus incursion into the company systems.

## **Education, Inspection and Audit of Information Security Management**

---

KIOXIA considers the autonomous implementation of PDCA (Plan-Do-Check-Act) cycle by each division to be vital for ensuring the company's information security. With this in mind, every divisions conducts an annual self-audits of its compliance with internal rules, for the purpose of formulating their own improvement plan. All domestic and overseas Group companies also conduct annual self-audits in order to improve the level of information security at each of them.

Moreover, KIOXIA Group conducts annual training for all officers, as well as for permanent and temporary employees, in order to enforce strict compliance with in-house regulations. Other programs include introductory training for new graduate employees, and training for the employees of subcontractor companies.

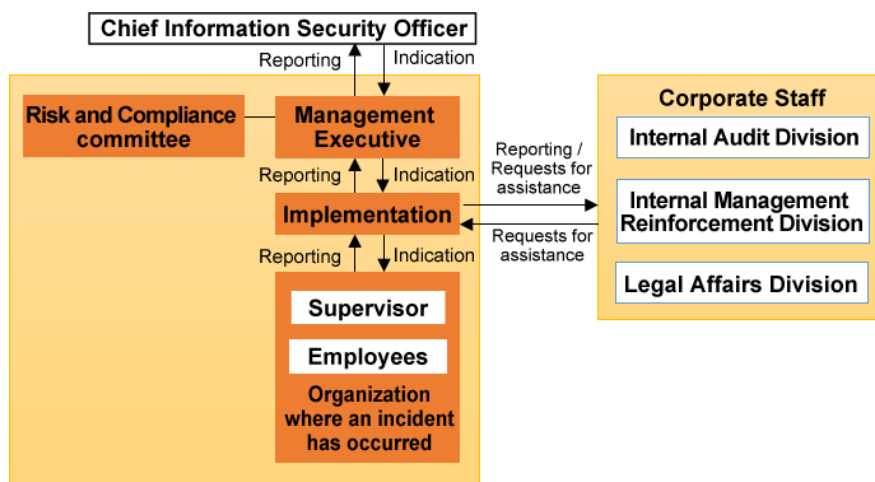
## **Response to Incidents Such as Leakage of Confidential Information**

---

In the event an information security incident occurs, such as the leakage of confidential information, KIOXIA responds promptly in accordance with its information security incident reporting structure.

When an employee becomes aware of the occurrence or potential occurrence of an incident involving the leakage of corporate information, the employee promptly reports it to the Implementation Manager. Upon receipt of the employee's report, the Implementation Manager draws up all necessary measures, such as an investigation into the cause and consideration of actions to prevent recurrence. In the case of the occurrence or potential occurrence of a serious leakage of confidential information that may entail a violation of laws or ordinances, KIOXIA implements measures in accordance with the applicable laws or ordinances, such as disclosure, following discussion among the relevant corporate staff divisions.





**Information Security Incident Reporting Structure (As of FY2018)**

### Status of Incidents Such as Leakage of Confidential Information

In FY2018, there were no incidents in which sensitive information held by KIOXIA Group companies was leaked, nor were there any complaints from relevant external individuals or regulatory bodies concerning personal data. We will continue to prevent information security incidents, and are fully prepared for any situation.

### Risk Management with Business Continuity Plan (BCP)

Failure to respond appropriately to large-scale disasters such as earthquakes, typhoons, and floods could result in the long-term closure of operations, triggering significant financial losses, ultimately affecting our stakeholders. KIOXIA Group implements measures to ensure the safety of employees and their families, to support the recovery of disaster areas, and maintain business sites and factories.

# GRI Content Index

This material references the GRI Standards: Core option.

## General Disclosures

GRI Content Index	Disclosure	Location in CSR report
GRI 102 :	<b>1. Organizational profile</b>	
General Disclosures 2016	102-1	Name of the organization Company information
	102-2	Activities, brands, products, and services Company information
	102-3	Location of headquarters Company information
	102-4	Location of operations Company information
	102-5	Ownership and legal form Company information
	102-6	Markets served Company information
	102-7	Scale of the organization Company information
	102-8	Information on employees and other workers Company information
	102-9	Supply chain Major sustainability issues and initiatives in the value chain CSR Management in the Supply Chain
	102-10	Significant changes to the organization and its supply chain Major sustainability issues and initiatives in the value chain CSR Management in the Supply Chain
	102-11	Precautionary Principle or approach Risk and Compliance
	102-12	External initiatives Stakeholder Engagement
	102-13	Membership of associations Stakeholder Engagement
	<b>2. Strategy</b>	
102-14	Statement from senior decision-maker Message from management	

		Message from the Executive in Charge of CSR
102-15	Key impacts, risks, and opportunities	Our Approach to Addressing Global Social Issues Risk and Compliance
<b>3. Ethics and integrity</b>		
102-16	Values, principles, standards, and norms of behavior	Mission & Vision KIOXIA Group Standard of Conduct
102-17	Mechanisms for advice and concerns about ethics	Risk and Compliance
<b>4. Governance</b>		
102-18	Governance structure	Corporate Governance
102-19	Delegating authority	CSR Management
102-20	Executive-level responsibility for economic, environmental, and social topics	CSR Management
102-21	Consulting stakeholders on economic, environmental, and social topics	Stakeholder Engagement
102-22	Composition of the highest governance body and its committees	Corporate Governance
102-23	Chair of the highest governance body	—
102-24	Nominating and selecting the highest governance body	—
102-25	Conflicts of interest	—
102-26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance
102-27	Collective knowledge of highest governance body	CSR Management Corporate Governance
102-28	Evaluating the highest governance body's performance	—

	102-29	Identifying and managing economic, environmental, and social impacts	Corporate Governance
	102-30	Effectiveness of risk management processes	Corporate Governance Risk and Compliance
	102-31	Review of economic, environmental, and social topics	CSR Management
	102-32	Highest governance body's role in sustainability reporting	CSR Management CSR Material Issues and Goals
	102-33	Communicating critical concerns	CSR Management Corporate Governance Risk and Compliance
	102-34	Nature and total number of critical concerns	Risk and Compliance
	102-35	Remuneration policies	—
	102-36	Process for determining remuneration	—
	102-37	Stakeholders' involvement in remuneration	—
	102-38	Annual total compensation ratio	—
	102-39	Percentage increase in annual total compensation ratio	—
<b>5. Stakeholder engagement</b>			
	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Stakeholder Engagement
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement
<b>6. Reporting practice</b>			

	102-45	Entities included in the consolidated financial statements	Company information
	102-46	Defining report content and topic Boundaries	CSR Reporting Policy
	102-47	List of material topics	CSR Material Issues and Goals
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	CSR Reporting Policy
	102-51	Date of most recent report	CSR Reporting Policy
	102-52	Reporting cycle	CSR Reporting Policy
	102-53	Contact point for questions regarding the report	Company information
	102-54	Claims of reporting in accordance with the GRI Standards	CSR Reporting Policy
	102-55	GRI content index	GRI Content Index
	102-56	External assurance	—
GRI 103 : Management Approach 2016	103-1	Explanation of the material topic and its Boundary	CSR Material Issues and Goals
	103-2	The management approach and its components	CSR Material Issues and Goals
	103-3	Evaluation of the management approach	CSR Material Issues and Goals

## Material topics

### Economic

GRI Content Index	Disclosure	Location in CSR report
Material topics	<b>GRI 201 : Economic Performance 2016</b>	
201-1	Direct economic value generated and distributed	—

	201-2	Financial implications and other risks and opportunities due to climate change	CSR Material Issues and Goals
	201-3	Defined benefit plan obligations and other retirement plans	Diversity Promotion
	201-4	Financial assistance received from government	—
<b>GRI 202 : Market Presence 2016</b>			
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	—
	202-2	Proportion of senior management hired from the local community	—
<b>GRI 203 : Indirect Economic Impacts 2016</b>			
	203-1	Infrastructure investments and services supported	—
	203-2	Significant indirect economic impacts	—
<b>GRI 204 : Procurement Practices 2016</b>			
	204-1	Proportion of spending on local suppliers	CSR Management in the Supply Chain
<b>GRI 205 : Anti-corruption 2016</b>			
	205-1	Operations assessed for risks related to corruption	Risk and Compliance
	205-2	Communication and training about anti-corruption policies and procedures	Risk and Compliance
	205-3	Confirmed incidents of corruption and actions taken	Risk and Compliance
<b>GRI 206 : Anti-competitive Behavior 2016</b>			

	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Risk and Compliance
--	-------	---	---------------------

## Environmental

GRI Content Index	Disclosure	Location in CSR report	
Material topics	<b>GRI 301 : Materials 2016</b>		
	301-1	Materials used by weight or volume	—
	301-2	Recycled input materials used	—
	301-3	Reclaimed products and their packaging materials	—
	<b>GRI 302 : Energy 2016</b>		
	302-1	Energy consumption within the organization	Current Status of Environmental Impact and Environmental Targets and Outcomes
	302-2	Energy consumption outside of the organization	—
	302-3	Energy intensity	Current Status of Environmental Impact and Environmental Targets and Outcomes
	302-4	Reduction of energy consumption	Current Status of Environmental Impact and Environmental Targets and Outcomes
	302-5	Reductions in energy requirements of products and services	Contributing to the information-intensive society through our products
	<b>GRI 303 : Water 2016</b>		
	303-1	Water withdrawal by source	Current Status of Environmental Impact and Environmental Targets and Outcomes
	303-2	Water sources significantly affected by withdrawal of water	Current Status of Environmental Impact and Environmental Targets and Outcomes

	303-3	Water recycled and reused	Current Status of Environmental Impact and Environmental Targets and Outcomes
<b>GRI 304 : Biodiversity 2016</b>			
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity Preservation
	304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity Preservation
	304-3	Habitats protected or restored	Biodiversity Preservation
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Preservation
<b>GRI 305 : Emissions 2016</b>			
	305-1	Direct (Scope 1) GHG emissions	Current Status of Environmental Impact and Environmental Targets and Outcomes
	305-2	Energy indirect (Scope 2) GHG emissions	Current Status of Environmental Impact and Environmental Targets and Outcomes
	305-3	Other indirect (Scope 3) GHG emissions	Current Status of Environmental Impact and Environmental Targets and Outcomes
	305-4	GHG emissions intensity	Current Status of Environmental Impact and Environmental Targets and Outcomes
	305-5	Reduction of GHG emissions	Current Status of Environmental Impact and Environmental Targets and Outcomes



	305-6	Emissions of ozone-depleting substances (ODS)	—
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">Current Status of Environmental Impact and Environmental Targets and Outcomes</a>
<b>GRI 306 : Effluents and Waste 2016</b>			
	306-1	Water discharge by quality and destination	<a href="#">Current Status of Environmental Impact and Environmental Targets and Outcomes</a>
	306-2	Waste by type and disposal method	<a href="#">Current Status of Environmental Impact and Environmental Targets and Outcomes</a>
	306-3	Significant spills	—
	306-4	Transport of hazardous waste	—
	306-5	Water bodies affected by water discharges and/or runoff	<a href="#">Current Status of Environmental Impact and Environmental Targets and Outcomes</a>
<b>GRI 307 : Environmental Compliance 2016</b>			
	307-1	Non-compliance with environmental laws and regulations	<a href="#">Environmental Protection System</a>
<b>GRI 308 : Supplier Environmental Assessment 2016</b>			
	308-1	New suppliers that were screened using environmental criteria	<a href="#">CSR Management in the Supply Chain</a>
	308-2	Negative environmental impacts in the supply chain and actions taken	<a href="#">CSR Management in the Supply Chain</a>

## Social

GRI Content Index	Disclosure	Location in CSR report
Material topics	<b>GRI 401 : Employment 2016</b>	

	401-1	New employee hires and employee turnover	Diversity Promotion
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Diversity Promotion
	401-3	Parental leave	Diversity Promotion
<b>GRI 402 : Labor/Management Relations 2016</b>			
	402-1	Minimum notice periods regarding operational changes	Stakeholder Engagement
<b>GRI 403 : Occupational Health and Safety 2016</b>			
	403-1	Workers representation in formal joint management–worker health and safety committees	Occupational Health and Safety
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
	403-3	Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety
	403-4	Health and safety topics covered in formal agreements with trade unions	Occupational Health and Safety
<b>GRI 404 : Training and Education 2016</b>			
	404-1	Average hours of training per year per employee	—
	404-2	Programs for upgrading employee skills and transition assistance programs	Fair Evaluation and Talent Development

404-3	Percentage of employees receiving regular performance and career development reviews	Fair Evaluation and Talent Development
<b>GRI 405 : Diversity and Equal Opportunity 2016</b>		
405-1	Diversity of governance bodies and employees	Diversity Promotion
405-2	Ratio of basic salary and remuneration of women to men	—
<b>GRI 406 : Non-discrimination 2016</b>		
406-1	Incidents of discrimination and corrective actions taken	Risk and Compliance
<b>GRI 407 : Freedom of Association and Collective</b>		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Stakeholder Engagement
<b>GRI 408 : Child Labor 2016</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Respect for Human Rights
<b>GRI 409 : Forced or Compulsory Labor 2016</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Respect for Human Rights
<b>GRI 410 : Security Practices 2016</b>		
410-1	Security personnel trained in human rights policies or procedures	Respect for Human Rights
<b>GRI 411 : Rights of Indigenous Peoples 2016</b>		

411-1	Incidents of violations involving rights of indigenous peoples	N/A
<b>GRI 412 : Human Rights Assessment 2016</b>		
412-1	Operations that have been subject to human rights reviews or impact assessments	CSR Material Issues and Goals Respect for Human Rights
412-2	Employee training on human rights policies or procedures	CSR Material Issues and Goals Respect for Human Rights
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	N/A
<b>GRI 413 : Local Communities 2016</b>		
413-1	Operations with local community engagement, impact assessments, and development programs	Stakeholder Engagement
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
<b>GRI 414 : Supplier Social Assessment 2016</b>		
414-1	New suppliers that were screened using social criteria	CSR Management in the Supply Chain
414-2	Negative social impacts in the supply chain and actions taken	CSR Management in the Supply Chain
<b>GRI 415 : Public Policy 2016</b>		
415-1	Political contributions	Risk and Compliance
<b>GRI 416 : Customer Health and Safety 2016</b>		

	416-1	Assessment of the health and safety impacts of product and service categories	Quality Control
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Control
<b>GRI 417 : Marketing and Labeling 2016</b>			
	417-1	Requirements for product and service information and labeling	—
	417-2	Incidents of non-compliance concerning product and service information and labeling	—
	417-3	Incidents of non-compliance concerning marketing communications	—
<b>GRI 418 : Customer Privacy 2016</b>			
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	N/A
<b>GRI 419 : Socioeconomic Compliance 2016</b>			
	419-1	Non-compliance with laws and regulations in the social and economic area	N/A

# Appendix

**Standards of conduct for KIOXIA Group**

# Standards of conduct for KIOXIA Group

## Introduction

---

As the Kioxia Group looks to become an enterprise trusted by society, we have set up management principles: respecting humanity, creating new values, and contributing to the lives and cultures of different countries around the world. At the same time, we operate our business under a management vision in which we aim to make adequate profits and sustainable growth and to bring our customers comfort and joy through the professional expertise and actions of each of our personnel and the collective efforts of our people.

These Kioxia Group Standards of Conduct (hereinafter called the “SOC”) have thus been established in order to make our management principles and management vision a reality and as a basis to guide our activities so that we can operate under the principles of fairness, integrity and transparency and contribute to the formation of a sustainable society.

Each of the directors, corporate auditors, and officers (hereinafter called the “Directors”) and employees (hereinafter called the “Employees”) of Kioxia Group should comply with the SOC and strive to operate a sound and high quality business as a part of a global enterprise which emphasizes a balance between the environment, human rights and local communities under the principle of giving the highest priority to life, safety and compliance with laws, regulations, social standards and ethics.

## 1. Human Rights

---

### 1) KIOXIA Group Corporate Policy

KIOXIA Group Companies shall:

- (1) comply with all applicable laws and regulations concerning human rights in each country and region, understand international standards, and respect human rights, and shall not condone use of either child labor or forced labor;
- (2) take appropriate measures in the event that KIOXIA Group becomes aware of violation of human rights and demand that suppliers redress any violations of human rights; and
- (3) seek to raise awareness among related stakeholders with respect for human rights.

### 2) SOC for KIOXIA Group Directors and Employees

Directors and Employees shall:

- (1) accept and accommodate different values, and respect the character and personality of each individual, observe the right to privacy and human rights of each individual; and
- (2) avoid any violation of human rights based on race, religion, sex, national origin, physical disability, age or sexual orientation, and avoid physical abuse, sexual harassment, power harassment (i.e., bullying or harassment by superiors in the office) or violation of the human rights of others.

## **2. Customer Satisfaction**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall supply products, systems and services (hereinafter called “products and services”) that are based on voice of customer comments that satisfy customer needs and requirements, and that comply with laws, regulations and contracts.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) supply safe and reliable products and services;
- (2) provide reliable information regarding products and services in an appropriate manner;
- (3) respond to requests and consultations from customers in an honest, prompt and appropriate manner; and
- (4) respect voice of customer and endeavor to develop and improve products and services that satisfy customer needs.

## **3. Procurement**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) comply with all applicable laws, regulations and practices established by industry and international organizations;
- (2) provide suppliers (hereinafter including prospective suppliers) with equal opportunities for transactions with KIOXIA Group;



- (3) conduct procurement in such a manner as to fulfill corporate social responsibilities together with the suppliers; and
- (4) conduct procurement based on mutual understanding and trust with suppliers.

## **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) prioritize suppliers that:
  - abide by all applicable laws, regulations and social standards, and take seriously human rights, good labor practices, occupational safety and health, and environmental protection;
  - have sound finances;
  - can supply goods and/or services to KIOXIA Group with emphasis on appropriate quality, price and delivery lead-time;
  - can provide a stable supply of goods and/or services as well as flexibly and quickly respond to demand fluctuations;
  - possess technology that contributes positively to KIOXIA Group products;
  - have a plan to prevent interruptions in the supply of goods and/or services in times of unexpected circumstances that may affect the company and its supply chain; and
  - require their suppliers to observe a procurement policy equivalent to that of KIOXIA Group;
- (2) prior to procurement of necessary goods and services, undertake a comprehensive and fair evaluation in accordance with the standards set forth below:
  - environmentally friendly;
  - appropriate quality and reasonable and economically rational pricing; and
  - deliver on schedule and with a stable supply;
- (3) refrain from receiving any personal benefits from suppliers with regard to corporate procurement, and fulfill contractual obligations to suppliers in good faith, ensuring that all transactions fully comply with ethically sound commercial practices and with all applicable laws and regulations to protect suppliers; and
- (4) ensure that all purchases are authorized by the relevant purchasing, procurement or subcontractor departments in accordance with KIOXIA Group internal regulations.

## **4. Production and Technology, Quality Assurance**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) observe all applicable laws and regulations, as well as contracts related to production, technology and quality assurance; and
- (2) promote constant technological innovation and product improvement and strive to supply safe, reliable and high quality products and services that meet customers' needs and incorporate the most advanced technologies.

## **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) assure the fulfillment of warranty commitments giving priority to customer satisfaction, and ensuring the safety of products;
- (2) promote the research and development of advanced technologies, products and services, and the continuous improvement of technology infrastructure; maintain basic technological and functional infrastructure so as to respond in a timely and appropriate manner to changes in the technological environment and to develop products and services that effectively utilize advanced technologies; and
- (3) in case Directors or Employees obtain information regarding an accidents involving any product or service, or the safety of any product or service, verify such information instantly and take appropriate measures in accordance with all applicable laws and internal regulations, including information provision, product recalls, and warning notices and labeling.

## **5. Marketing and Sales**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks) and conduct fair marketing and sales activities in accordance with proper corporate ethics; and
- (2) deliver superior products and services that satisfy customer needs and requirements.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) follow sound and fair business practices in all dealings with customers;

- (2) promote marketing and sales that comply with all applicable laws and regulations (including prohibitions on commercial bribery and kickbacks), observe sound business practices and respect socially accepted ideas; and
- (3) endeavor to understand customer needs from their perspective and deliver optimal products and services.

## **6. Competition Law and Government Transactions**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) comply with all applicable laws and regulations enacted for the purpose of maintaining free and fair competition (hereinafter called "Competition Laws") in all business activities, including in all transactions with any government; and
- (2) prepare and properly implement Competition Laws compliance programs and company rules on marketing activities toward government agencies that set out corporate policies and procedures for assuring compliance with applicable Competition Laws and related regulations.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) observe the Competition Laws compliance programs as well as company rules on marketing activities and promote free and fair business activities;
- (2) avoid, whether express or implied, agreements or understandings with competitors relating to pricing (including quotations and bids), the volume of production and sales, allocation of markets, customers or territories, or restrictions on production capacities or technology. The prohibition of such agreements is not limited to those actually recorded in writing by way of memoranda or minutes, but also extends to oral agreements;
- (3) if the customer is a government agency, observe the company rules on marketing activities toward government agencies and not engage in activities such as bid obstruction (Note 1) or competitor coordination on orders (Note 2);
- (4) not organize or participate in meetings, make pledges or arrangements, or exchange information or engage in any other activities which may result in suspicion of engaging in the activities set forth in paragraph 2 and 3 above;

- (5) not require distributors or dealers to agree to or maintain resale prices for any KIOXIA Group Company product;
- (6) not allow third parties (including sales representatives) to engage in activities prohibited under paragraphs (2) to (5) above; and
- (7) when hiring former government officials, strictly examine the candidate in accordance with all applicable laws and regulations and the internal regulations of the governmental agency in which he or she worked, and, if such candidate is hired, not allow him or her to engage in marketing activities aimed at such governmental agency, except to the extent permitted by law.

(Note 1) Herein, “bid obstruction” means, when dealing with a government agency, inquiring about the agency’s intentions regarding which prospective bidder will be contracted or the possible bid price, or acting in order for the agency to realize its such intentions.

(Note 2) Herein, “competitor coordination on orders” means exchanging information or coordinating with competitors regarding which prospective bidder will be contracted, bid prices and other information.

## **7. Bribery**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall comply with all applicable laws and regulations prohibiting the payment, or offer or promise to make a payment, of anything of value to any public officials (i.e., any officer or employee of a government entity or any department, agency, or instrumentality thereof, or of a public international organization, or any person acting in an official capacity for or on behalf of any such government or department, agency, or instrumentality, or for or on behalf of any such public international organization, or any political party, party official, or candidate thereof).

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) neither make nor offer, either directly or indirectly, any payment or anything of value, whether in the form of compensation, business entertainment, gift, contribution, gratuity, or other form, that is illegal or prohibited by any applicable law or regulation, in any dealings with any government agencies, their officials, or members of any political party (including

- holders of a political office or candidates for such office) (except for cases that do not violate applicable laws or regulations and are considered socially acceptable), and shall not engage in sales transactions, loan transactions and the like (including guarantee transactions) that are not at arm's length;
- (2) not pay monies or offer benefits to any politicians (including former members of any legislative body, or current or former secretaries of any such politicians) or any company a politician may be involved with, regardless of the form such monies or benefits take (for example "commissions" or "consulting fees"), in connection with marketing toward governmental agencies;
  - (3) refrain from offering cash or other benefits to representatives of foreign governments as a means to gain unlawful benefits or profits when conducting international business transactions;
  - (4) not allow third parties including intermediaries, such as distributors or agents, to engage in any activities described in paragraphs 1 to 3 above;
  - (5) ensure that reasonable compensation and all necessary terms and conditions are specified in advance when working with intermediaries, such as distributors or agents, and observe all measures required by all applicable laws and regulations of each country or region for such compensation;
  - (6) not make contributions to political parties or committees, unless permitted to do so by applicable laws, regulations, and company rules; and
  - (7) respect the established practices of any customer, government entity or other party, as well as all applicable laws and regulations, regarding the provision of or the restrictions or controls over the acceptance of business entertainment, gifts or other business courtesies by its employees or officials.

## **8. Environment**

---

### **1) KIOXIA Group Corporate Policy**

KOXIA Group Companies shall:

- (1) strive to promote a sustainable environment with the recognition that the Earth is an irreplaceable asset and that there is a collective obligation to leave it to future generations in a sound state;
- (2) comply with all applicable international, regional and national standards, laws, regulations, agreements, industry guidelines and company rules related to the environment;

- (3) contribute to society by developing and offering excellent products that incorporate technologies for environmental protection; and
- (4) strive to reduce the environmental impact of business activities.

## **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) endeavor to do research and development activities and product manufacturing that reduce the impact on the environment, and also work proactively to maximize the efficient use of energy, reduce the use of natural resources and recycle in the course of all business activities in order to prevent global warming and efficiently use resources;
- (2) continually improve environmental activities by implementing action plans from both short-term and long-term perspectives through daily operations;
- (3) conduct periodic measurements and inspections and maintain records accordingly. When there is an irregularity, promptly take corrective and preventive measures;
- (4) perform timely and appropriate environmental impact assessments during the planning of new plants and plant relocations, investment in production facilities, product planning and design and the purchase of new parts, components or materials;
- (5) try to avoid the use or emission of any substance that, although not prohibited by applicable laws or regulations, is recognized as a threat to the environment by the government or public environmental authority of any country or region in which KIOXIA Group operates. If such a substance should be used by KIOXIA Group Companies, for whatever reason, every effort shall be made to minimize its environmental impact through application of the best available technology and know-how;
- (6) try to maintain good and open communication channels for disclosure of sufficient information regarding our environmental activities; and
- (7) pay due consideration to environmental issues in every-day life, including global warming, and actively consider participating in environmental activities of local communities.

## **9. Export Control**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) refrain from any transactions that may undermine the maintenance of global peace and security;

- (2) comply with all applicable export laws and regulations in each country and region of operation, and with those of the United States if we are engaged in transactions involving U.S. products and technological information; and
- (3) prepare and implement export control compliance programs (hereinafter called the “Export Control Programs”) that stipulate corporate policies and procedures for assuring compliance with the foregoing laws and regulations.

## **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) refrain from any transactions that may undermine the maintenance of global peace and security or any product or technology transactions that may violate the following laws and regulations:
  - all applicable export control laws and regulations in each of the countries and regions where KIOXIA Group operates, and
  - the export control laws and regulations of the United States applicable to transactions involving U.S. products and technological information;
- (2) assure strict management of transactions from the initial inquiry through the delivery of products and services by observing detailed procedures for control of transactions stipulated in the Export Control Program; and
- (3) prevent our products from being used for development and manufacturing of conventional weapons and weapons of mass destruction by verifying the end use and the end user of products and technology.

## **10. Antisocial Groups**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall not have any relationships, including business transactions, with antisocial groups (i.e., groups that engage in any type of criminal activity or are deemed otherwise to be disruptive or pose a threat to society, including but not limited to organized crime groups or terrorist groups).

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) refuse participation or contributions by antisocial groups in our business activities, and not promote their activities (e.g., subscription to or purchase of publications or books, purchase of goods, endorsement by advertisement, offering of services, offering of cash or goods, and any other activities providing material support).
- (2) refuse any unjustifiable demand (Note) decisively and unequivocally; and
- (3) comply with all applicable laws and regulations governing money laundering (concealing the origins of money obtained illegally).

(Note) Herein, “Unjustifiable demand” means a demand or other action related to business activities made by a member of criminal organization with the threat of violence.

## **11. Engineering Ethics**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) engage in technology activities with a high level of ethics; and
- (2) comply with all applicable laws, regulations and contracts.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) utilize their expertise, skills and experience to contribute to the health and happiness of humans and the safety of society;
- (2) rely on scientific facts and recognize changes in all applicable laws, regulations, and conventional wisdom to make fair and independent judgments and act honestly and with good faith;
- (3) continuously seek to improve their expertise and capabilities to create new and innovative technology and offer safe and excellent products and services;
- (4) endeavor to foster future engineers and bestow technology to them; and
- (5) promote more active communication with relevant parties to create an openminded and transparent working environment.



## **12. Intellectual Property Rights**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) comply with all applicable laws and regulations associated with patent law, copyright law and other intellectual property rights (Note) laws; and
- (2) protect the results of intellectual activities with intellectual property rights, make extensive use of those rights, and respect the legitimate intellectual property rights of third parties.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) proactively acquire and utilize intellectual property rights in order to strengthen business competitiveness;
- (2) understand and observe company rules providing that intellectual property rights in any invention, utility model, design for or actual work, such as mask work (i.e., the layout of an integrated circuit chip), computer program or digital content, that is determined to have been made by anyone during the period of his or her services for or employment by a KIOXIA Group Company, and the ability to apply for such rights, belong to the KIOXIA Group Company;
- (3) adequately maintain intellectual property rights and take appropriate measures against infringement of these rights by a third party; and
- (4) respect and take due care of the legitimate intellectual property rights of third parties.

(Note) Herein, “intellectual property rights” means patent rights, utility model rights, design patent rights, trademarks, copyrights, mask work rights, trade secrets, and any other such rights.

## **13. Accounting**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall comply with all applicable laws and regulations regarding accounting and conduct proper accounts management and financial reporting in accordance with generally accepted principles.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) maintain proper and timely accounts in accordance with generally accepted accounting principles;
- (2) promote the prompt release of accurate accounts; and
- (3) endeavor to maintain and improve the accounting management system, and establish and implement internal control procedures for financial reporting.

## **14. Corporate Communications**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) endeavor to obtain the understanding of stakeholders, including customers, shareholders and the local community, with respect to corporate activities, products and services, and further improve public recognition of KIOXIA Group and its corporate image by means of positive and timely corporate communications activities on business information (Note), such as corporate strategy and financial data; and
- (2) ensure that management policies are well communicated within the company, and promote information sharing as a means of raising morale and creating a sense of unity.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) conduct corporate communications with integrity on the basis of objective facts;
- (2) conduct corporate communications by appropriate means, to enable customers, shareholders, potential investors and the members of the community of each country or region to obtain a reasonable understanding of KIOXIA Group's activities; and
- (3) obtain prior consent from the persons responsible for corporate communications before disclosing business information to analysts and to the media, including newspapers, magazines and television stations.

(Note) Herein, "business information" includes but is not limited to information regarding actions or activities which may raise the suspicion of such actions prohibited by these SOC (hereinafter called "Risk Compliance Information").

## 15. Advertising

---

### 1) KIOXIA Group Corporate Policy

KIOXIA Group Companies shall:

- (1) use advertising activities to increase public awareness of the KIOXIA brand and public awareness of, and trust in, KIOXIA Group; and
- (2) seek heightened awareness of KIOXIA Group as a global company and a “good corporate citizen” at national and regional levels.

### 2) SOC for KIOXIA Group Directors and Employees

Directors and Employees shall:

- (1) increase public trust in the KIOXIA brand and acquire the good will and trust of the people in each of the countries or regions in which KIOXIA Group operates, thereby creating an environment whereby sustained business development and sales promotion activities may be achieved;
- (2) not use advertising to cast third parties in a negative light in an attempt to make KIOXIA Group appear more favorable, or for any other negative purpose; and
- (3) not make reference to politics or religion in advertising, cause offense or show disrespect by implying discrimination based on race, religion, sex, national origin, physical disability, age or sexual orientation.

## 16. Workplace

---

### 1) KIOXIA Group Corporate Policy

KIOXIA Group Companies shall:

- (1) develop a working environment where Employees may perform their duties creatively and efficiently so that they may achieve a work/life balance (i.e., balance between work and home); and
- (2) endeavor to ensure a safe and comfortable working environment for Employees.

### 2) SOC for KIOXIA Group Directors and Employees

Directors and Employees shall:

- (1) accomplish their tasks to the utmost of their abilities, in light of their authority and the responsibilities assigned to them by the company, and endeavor to learn continuously and to improve their own abilities;
- (2) realize employees' work/life balance through various ways of working so that they can maximize their capabilities to the fullest extent;
- (3) cultivate a workplace environment that encourages the development of openminded, cooperative and orderly work activities; and
- (4) maintain safety, cleanliness and good order in the workplace and endeavor to prevent industrial accidents, and try to maintain good health.

## **17. Information Security**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) properly manage and protect corporate information (Note);
- (2) respect proprietary information and maintain corporate information as confidential, and prohibit disclosure or improper use of corporate information; and
- (3) strive to prevent information security incidents, and take recovery and corrective measures immediately in the event of an incident.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) not disclose or divulge corporate information, either during or after employment, without following appropriate internal procedures;
- (2) not use corporate information or company assets to benefit themselves or any third party, to harm the interests of KIOXIA Group, or for any other improper use, either during or after employment, however this does not restrict any right under applicable employment laws, including for example the right of United States employees to disclose their compensation;
- (3) not disclose or divulge to the company any confidential or proprietary information belonging to any third party acquired prior to their employment in violation of their obligations to such third parties, including inter alia, former employees and clients;
- (4) protect any personal data, in accordance with all applicable laws, regulations and company rules, including observance of lawful and appropriate procedures for obtaining and maintaining personal data, and use personal data only for appropriate purposes;

- (5) observe information security regulations, and endeavor to protect corporate information and use corporate information only in a proper manner;
- (6) not to use any company-owned information technology equipment or services for any personal purposes;
- (7) not hurt the informational interests of third parties, such as accessing third party information without authorizations; and
- (8) not be party to any illegal insider trading (i.e., using nonpublic corporate information in trading the shares or the like of a company).

(Note) Herein, “corporate information” means all information, including personal information, third party information such as customer and supplier information and company information (hereinafter including information relating to third parties) that is handled by the Directors and Employees in the course of conducting business, except information open to the public.

## **18. Company Assets and Conflicts of Interest**

---

### **1) KIOXIA Group Corporate Policy**

KIOXIA Group Companies shall:

- (1) properly manage company assets (hereinafter including the KIOXIA brand and other intangible assets); and
- (2) always act in the best interest of the company.

### **2) SOC for KIOXIA Group Directors and Employees**

Directors and Employees shall:

- (1) refrain from diverting or appropriating company assets for personal use and endeavor to maintain company assets;
- (2) refrain from making improper use of company equipment and facilities;
- (3) not make unauthorized use of their position or authority within the company to benefit themselves or any third party or to impair the credibility or brand name of the company; and
- (4) avoid business relationships with customers, suppliers, and competitors of the company that would pose a conflict of interest.

## 19. Community Relations

---

### 1) KIOXIA Group Corporate Policy

KIOXIA Group Companies shall:

- (1) contribute to and cooperate with all local communities in which KIOXIA Group operates in order to perform its duties as a member of these communities and engage and collaborate with a wide range of stakeholders such as nonprofit organization (NPOs);
- (2) support Directors and Employees in undertaking voluntary activities and give full consideration to each individual's desire to exercise his or her civil rights;
- (3) make appropriate donations in each country and region where KIOXIA Group operates, after considering the contribution to the community, the public nature and the reasons for making donations; and
- (4) try to improve the brand image in all aspects of their relationships with the communities.

### 2) SOC for KIOXIA Group Directors and Employees

Directors and Employees shall:

- (1) assure that KIOXIA Group Companies undertake all activities in harmony with the community, by respecting the local culture and community traditions and customs;
- (2) actively participate in developing communication with the local community, to encourage and maintain mutual respect and understanding;
- (3) actively participate in community social and voluntary activities;
- (4) act responsibly and with integrity as a member of society; and
- (5) aspire to exhibit honesty and integrity in words and actions with an awareness of being member of KIOXIA Group, whether at the workplace, in public places, or online.

## Scope and Implementation

---

### 1. Scope of the SOC

- (1) These SOC shall, on their adoption by each KIOXIA Group Company by resolution of the board of directors or other appropriate corporate actions, apply to all Directors and Employees, including advisors and contract employees; and
- (2) The SOC does not state or establish legal obligations on the part of the KIOXIA Group and does not create any legal rights or claims on the part of any person. Instead, the SOC sets forth the values of the KIOXIA Group and the expectations that the KIOXIA Group has for its

Directors and Employees. In many instances, these values and expectations exceed applicable legal obligations.

## **2. Implementation of the SOC**

- (1) Each KIOXIA Group Company shall appoint a “Chief Implementation Administrator” to assume overall responsibility for implementation of the SOC. The Chief Implementation Administrator of KIOXIA Corporation shall be the President;
- (2) Each Chief Implementation Administrator may appoint, as necessary, “Implementation Administrators,” who shall be responsible for the implementation of each article of the SOC. Within KIOXIA Corporation, the General Manager of each division shall assume the role of Implementation Administrator. In this capacity, they are responsible for implementation of the SOC in their divisions and also for guiding implementation in KIOXIA Group Companies for which they are responsible;
- (3) The corporate staff division of each KIOXIA Group Company in charge of any of the items of these SOC shall formulate relevant rules or compliance programs and shall support that KIOXIA Group Company’s Implementation Administrators and any related companies by providing information and advice on formulating implementation rules and on developing educational programs; and
- (4) KIOXIA Corporation’s Legal Affairs Division and Business Planning Division shall be the bodies responsible for the maintenance of the SOC and the promotion and support for the adoption and implementation of the SOC by the KIOXIA Group Companies.

## **3. In-house Information Reporting System and Protection of Information Providers**

- (1) KIOXIA Group Companies shall establish an in-house information reporting system to ensure that KIOXIA Group Directors and Employees are able to report Risk Compliance Information (Note) directly to Chief Implementation Administrators or the division responsible for risk-compliance matters;
- (2) Directors and Employees of each KIOXIA Group Company are to report any Risk Compliance Information they have to their supervisors immediately or provide such information using the in-house information reporting system;
- (3) The Chief Implementation Administrators, the divisions responsible for risk<sup>25</sup> compliance matters and supervisors who receive Risk Compliance Information must respond and act promptly and appropriately; and

(4) Directors and Employees who provide Risk Compliance Information for good reason and in good faith must not be treated disadvantageously on the grounds that they provided such information.

#### **4. Disciplinary Action**

Any conduct in violation of these SOC shall be subject to disciplinary measures up to and including dismissal, according to and as set forth in each KIOXIA Group Company's Disciplinary Rules/Staff Handbook.

#### **5. Amendments**

Any amendments shall be subject to the resolution of the board of directors; except minor corrections (including but not limited to the correction of clerical errors) can be made through the decision by the President.

(Note) "Risk Compliance Information" means any information regarding actions, or activities which may raise the suspicion of actions prohibited by these SOC.



## Third-party Verification

In order to improve the reliability of the environmental performance data, KIOXIA Group requested Japan Audit and Certification Organization for Environment and Quality to provide third-party verification, and the details are as follows.

\* This 3rd-party verification report was obtained under a former company name, Toshiba Memory Corporation.

### 1. Scope of the verification :

GHG (greenhouse gas) emissions generated in three sites of KIOXIA in Japan (Scopes 1 and 2)

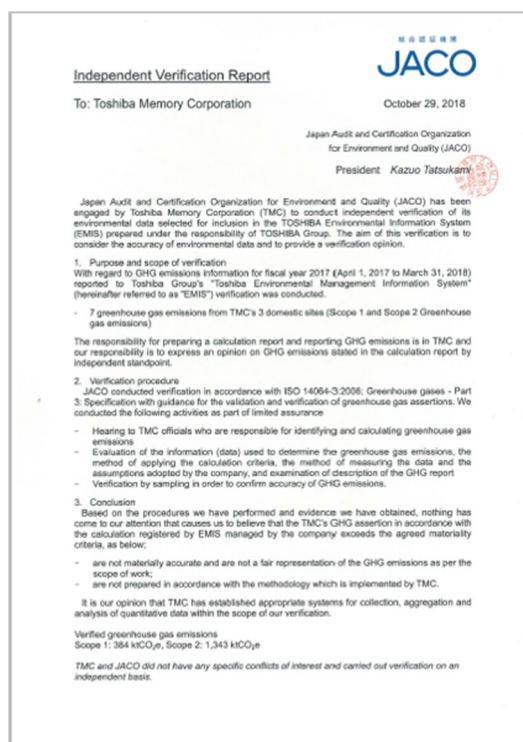
### 2. Scope period :

FY2017 (April 1, 2017 to March 31, 2018)

※Third-party verification for result of FY2018 is planned to be implemented in December 2019.

### 3. Verified greenhouse gas emissions :

Scope1 383ktCO<sub>2</sub>e、 Scope2 1,343ktCO<sub>2</sub>e。



Third-party assurance report by Japan Audit Certification Organization  
for Environment and Quality (PDF: 416KB)

# **KIOXIA**

## **KIOXIA Holdings Corporation**

1-21, Shibaura 3-Chome, Minato-ku, Tokyo 108-0023, Japan  
+81-(0)3-6478-2500 (Main phone number)

[www.kioxia-holdings.com](http://www.kioxia-holdings.com)