

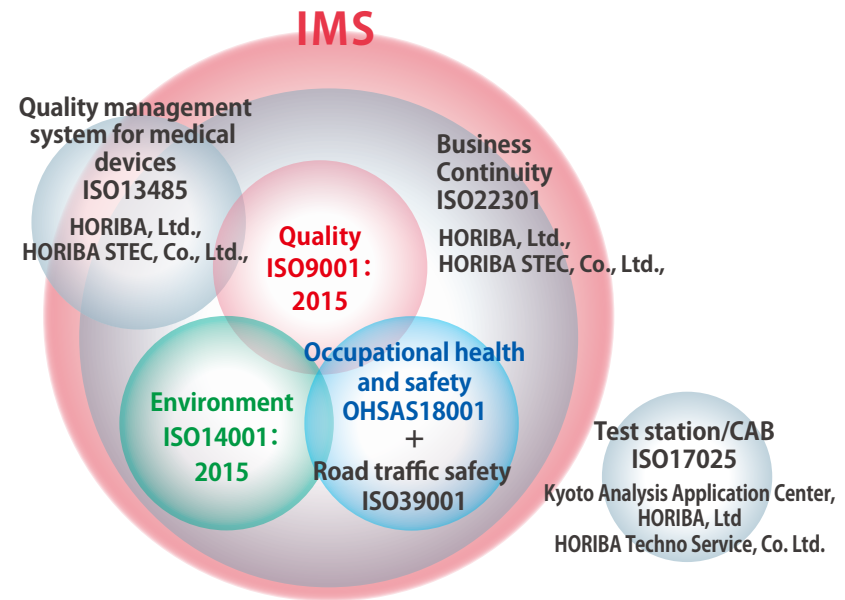
2015 IMS Policy and Initiative Results

HORIBA

Integrated Management System (IMS)

HORIBA, Ltd. is Japan's first analysis and instrument manufacturer to receive Certificate of Integrated Management System Implementation from the Japan Quality Assurance Organization. After receiving the certificate in 2004, the company expanded its integrated management system (IMS*) to cover the entire HORIBA group in Japan in 2011. In 2014, the company certified ISO 39001 (Road Traffic Safety Management System Standard), and ISO 22301 (Business Continuity Management System Standard) in both medical and semiconductor fields. From 2013, the company started to operate management system by determining risks in accordance with the revised ISO 9001: 2015 and ISO 14001: 2015.

HORIBA, Ltd. will pursue customer satisfaction through continually improving IMS and strive to enhance corporate value.



※IMS integrates and implements the quality (ISO 9001), environmental (ISO 14001), occupational health and safety (OHSAS 18001), business continuity (ISO 22301), and road traffic safety (ISO 39001) management systems.

Improvement of the Integrated Management System (IMS)

IMS improvement:

Operating according to revised

ISO 9001: 2015 (international standard for quality management) and

ISO 14001: 2015 (international standard for environmental management)

Both ISO 9001 and 14001 were revised in September 2015. The 2015 revisions introduce common framework to management standards, clarify the approach to determine risks and opportunities based on the state of the organization, and emphasize the importance of leadership by the top management.

In order to comply with the requirements of these standards, the HORIBA group implemented a system to identify quality, environmental, and occupational safety and health risks in comprehensive and multiple aspects from 2013.

We will use the 2015 revision as an opportunity to strengthen the IMS and contribute to achievement of the MLMAP2020.

Results of IMS Initiatives in 2015

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HORIBA, Ltd. analyzes quality costs of the HORIBA group in Japan by dividing them into prevention, assessment, and loss. The objective is to reduce overall quality costs by reducing loss costs, which have the largest impact, and increase the percentages of prevention and assessment costs.

To reduce the quality cost of loss, HORIBA Ltd. has been working to reduce the product warranty cost used to guarantee products after shipment. In 2015, the company set objectives and done activities to decrease the number of Complaint Sheets* received from customers and the number of design revisions due to design mistakes.

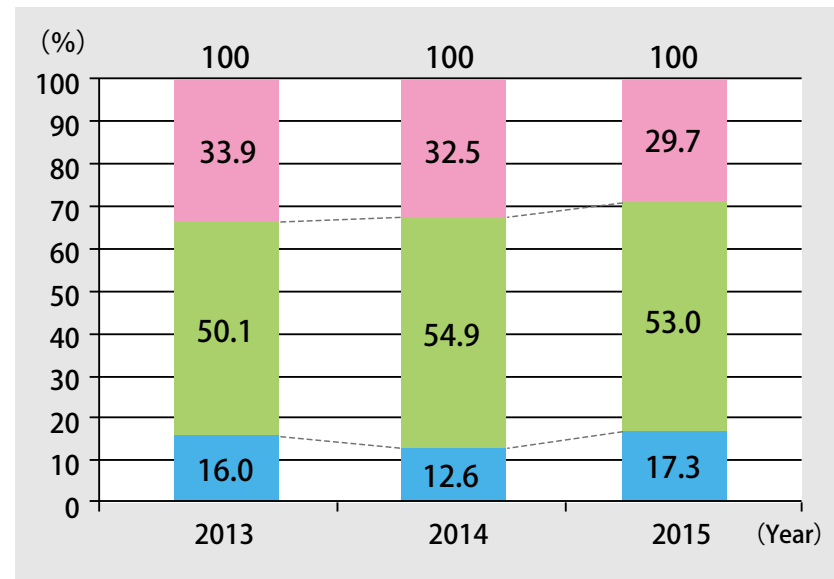
As a result, the quality costs decreased by 2.7% from 2014. More specifically, the loss costs decreased by 11.0%, the assessment costs decreased by 6.1%, and the prevention costs increased by 33.9%. The breakdown of the quality costs was 29.7% for loss costs, 53.0% for assessment costs, and 17.3% for prevention costs.

Using this result as a stepping stone, HORIBA, Ltd. will continue to reduce loss costs while increasing the prevention and assessment costs to reduce the overall quality costs to maintain and enhance product quality.

*Complaint Sheet: customer complaint form

HORIBA, Ltd.

Loss costs Assessment costs Prevention costs



Results of IMS Initiatives for 2015

2015 HORIBA Group IMS Policy, Items, and Objectives

○: Achieved; △: Improving; ×: Worsening

Group IMS Policy	Group IMS Items	Group Theme	Group IMS Targets	Rating		
<p>① At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>② We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and contribute actively to society.</p> <p>③ We value employees' mental and physical health and promote cheerful and vibrant workplaces.</p> <p>④ We carry out risk management, and through our products and services make every effort to achieve steady growth and business continuity in order to provide health, safety, and a sense of security to citizens of the community.</p> <p>⑤ We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>① Create corporate value</p> <p>1) Promote the construction of the Group IMS</p> <p>2) Secure the business continuity and stable development</p> <p>② Enhance the HORIBA brand</p> <p>3) Improve overall quality</p> <p>4) Respond to customer demands promptly</p> <p>5) Observe rules and codes of ethics both inside and outside the company</p> <p>③ Promote the creation of safe and highly efficient Clean Factories</p> <p>6) Contribute to environmental protection</p> <p>7) Improve production/administrative efficiency</p> <p>8) Strive for no employment and commuting injuries</p>	[Quality]	Balanced division (prevention, assessment, and loss costs) and reduction of quality costs (1) 20% reduction of the product warranty costs from the previous year	△ ※1		
		[Safety management]	Safety Declaration and Action Guideline: adherence to the action plan	① Factory equipment safety	(1) Risk assessment and safety measures for development or relocation of a new business base such as HORIBA BIWAKO E-HARBOR	○
				② Industrial accident prevention	(1) Zero work-related accidents, work-related traffic accidents, occupational illnesses, and commuting accidents (2) Zero accidents during irregular work	△ ※2 ○
				③ Product safety	(1) Zero SA and A-class incidents on the Complaint Sheets (2) Confirmation of completion of past corrective actions	△ ※3 ○
				④ Service safety	(1) Zero injuries	○
				⑤ Traffic safety	(1) Zero fatal accidents/causing of accidents resulting in injuries (2) Zero accidents damaging physical objects (damaging other people's property or own vehicle)	△ △
		[health management]		Occupational health	(1) Maintaining zero health problems caused by exhaust, waste water, toxic substances, or radiation	○
				Health promotion	(1) Maintaining 100% health checkup participation (2) Higher second test participation rate than the previous term	○ ○
				Mental health	(1) Fewer employees who develop mental problems than the previous term (2) Fewer employees who redevelop mental problems than the previous term	△ ○
		[Environment management]		Energy and resource saving	(1) 1% increase in energy use efficiency from the previous year (2) Activities to reduce waste materials	○ ○
				Maintenance and enhancement of product environmental performance	(1) More energy and resource saving (2) Early submission of information on chemical substances contained in products (3) Compliance with the EU RoHS Directive for products subject to the CE Declaration of Conformity	○ ○ ○
		[Risk management]		Information security and confidential information management	(1) Prevention of information security incidents (2) Review of the information management regulations and their implementation	○ ○
				Business continuity	(1) Business continuity practices and creation of a business continuity restoration scenario	○

※1. The target was not achieved, but product warranty costs decreased from the previous year in the environmental process, science, and semiconductor business fields.

※2. Fewer incidents than the previous year.

※3. Although there were no SA-class incidents, there were some A-class incidents.

2016 IMS Action Plan

2016 HORIBA Group IMS Policy, Items, and Objectives

Group IMS Policy	Group IMS Items	Group Theme	Group IMS Objectives Group
<p>① At the HORIBA Group, we meet customer needs through our first class quality products and services in countries all around the world.</p> <p>② We use our skills for the development of science and technology and for the conservation of health, energy, and the environment. At the same time, we comply with laws, regulations, and social norms, promote harmony with stakeholders and contribute actively to society.</p> <p>③ We value employees' mental and physical health and promote cheerful and vibrant workplaces.</p> <p>④ We carry out risk management, and through our products and services make every effort to achieve steady growth and business continuity in order to provide health, safety, and a sense of security to citizens of the community.</p> <p>⑤ We formulate plans based on the HORIBA Group management policy to increase the enterprise value of our group and we continually work to improve them.</p>	<p>① Create corporate value 1) Promote the construction of the Group IMS 2) Secure the business continuity and stable development</p> <p>② Enhance the HORIBA brand 3) Improve overall quality 4) Respond to customer demands promptly 5) Observe rules and codes of ethics both inside and outside the company</p> <p>③ Promote the creation of safe and highly efficient Clean Factories 6) Contribute to environmental protection 7) Improve production/administrative efficiency 8) Strive for no employment and commuting injuries</p>	【Quality】	<p>① Balanced division (prevention, assessment, and loss costs) and reduction of quality costs (1) Less product warranty costs than 2015 (less loss costs) (2) Understanding of the quality costs of each group company and factory</p> <p>② Construction of the Biwako Factory and factory quality assurance framework</p>
		【 Safety management 】	<p>Safety Declaration and Action Guideline: adherence to the action plan</p> <p>① Factory equipment safety (1) Risk assessment and safety measures for development or relocation of a business base due to redevelopment of the Kisshoin district (2) Safety check for safe operation of the Biwako Factory</p> <p>② Industrial accident prevention (1) Zero work-related accidents, work-related traffic accidents, occupational illnesses, and commuting accidents (2) Zero accidents during irregular work</p> <p>③ Product safety (1) Zero SA and A-class incidents on the Complaint Sheets (2) Confirmation of completion of past corrective actions</p> <p>④ Service safety (1) Zero injuries (2) Confirmation of completion of past corrective actions</p> <p>⑤ Traffic safety (1) Zero fatal accidents/causing of accidents resulting in injuries (2) Efforts to realize zero accidents damaging physical objects (damaging other people's property or own vehicle)</p>
		【 health management 】	<p>① Occupational health (1) Maintaining zero health problems caused by exhaust, waste water, toxic substances, radiation, or chemical substances</p> <p>② Health promotion (1) Maintaining 100% health checkup participation (2) Higher second test participation rate than the previous term</p> <p>③ Mental health (1) Fewer employees who develop mental problems than 2015 (2) Fewer employees who redevelop mental problems than 2015</p>
		【 Environment management 】	<p>① Energy and resource saving (1) 1% increase in energy use efficiency from 2015 (2) Expand Activities to reduce waste materials</p> <p>② Maintenance and enhancement of product environmental performance (1) More energy and resource saving (2) Early submission of information on chemical substances contained in products (3) Compliance with the EU RoHS Directive for products subject to the CE Declaration of Conformity</p>
		【 Risk management 】	<p>① Information security (1) Prevention of information security incidents (2) Review of the information management regulations and their implementation</p> <p>② Business continuity (1) Business continuity practices and creation of a business continuity restoration scenario (2) Expansion of the ISO 22301 BCMS certification coverage</p>