

NHK Spring Group
CSR Procurement Guidelines

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NHK SPRING CO., LTD.

In recent years, enterprises are expected to undertake admittedly increasing roles and responsibilities for sustainable development of society.

With this as a background, we recognize the importance of fulfilling our social responsibility continuously (CSR: Corporate Social Responsibility) while building mutual understanding and relationship of trust with our stakeholders (interest parties such as customers, suppliers, employees, shareholders, administrations, and local communities) for sustainable development of an enterprise.

We request our suppliers to understand our CSR activities in order that not only we but also the whole of supply chain fulfills social responsibility based on mutual trust.

As a part of such activities, we established “NHK Spring Group CSR Procurement Guidelines.” We request our suppliers to promote CSR activities proactively also in their supply chains by making these Guidelines the reference.

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1. Sound business management

We shall secure appropriate revenue and promote stable management, disclose to stakeholders company information (financial positions and substance of the business) and risk information (e.g. damage caused by large-scale disaster, occurrence of adverse environmental or social impact, detection of serious violations of laws and regulations, etc.) in a proactive and fair manner, and endeavor for promotion of dialogue and enhancement of transparency of the enterprise.

2. Compliance

We shall comply with applicable laws and regulations of respective country or region and endeavor to act based on social morality.

(1) Compliance

We shall comply with applicable laws and regulations of respective country or region. We shall develop and implement frameworks for company-level policies, system, code of conduct, whistleblower system and education for thorough compliance.

(2) Compliance with competition law

We shall comply with competition laws of respective country or region (Anti-Monopoly Act, Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc. in Japan), and shall not commit any act such as private monopolization, restriction of transactions (cartel, bid rigging, etc.), unfair transaction method and abuse of superior bargaining position.

(3) Anti-corruption

We shall make political contribution and donation under applicable laws and regulations of respective country or region, and shall endeavor to build sound and normal relations with politics and administrations. We shall not give or receive entertainment, gifts or money to or from customers or suppliers for the purpose of obtaining or maintaining unreasonable profit or privilege measures.

(4) Import and export transaction management

We shall carry out appropriate procedures and management with respect to import and export of technology or goods regulated under applicable laws and regulations of respective country or region.

(5) Protection of intellectual property rights

We shall protect intellectual property rights held by or belonging to us (patent rights, utility model rights, design rights, trademarks, copyrights, etc.), and shall not unlawfully obtain or use, or infringe any third party's intellectual property rights.

(6) Whistle-blowing System

We shall promptly consult or report to the Compliance Hotline any concern about ethicality of own or other's acts, or any illegal or unethical behavior in the workplace. All consultation and information cases shall be taken seriously, and retaliation against the informant or anyone involved in the investigation of such report shall be clearly prohibited.

(7) Prohibition of conflicts of interest

We shall not act, or be suspected of acting in a manner that conflicts with the interests of the company for our own benefit or for the benefit of a related third party, such as by misusing our position or professional authority in the company.

(8) Responsible mineral procurement

We shall engage in procurement activities to avoid mineral resources such as tin, tantalum, tungsten, and gold mined in conflict and high-risk areas, including the Democratic Republic of Congo (DRC) and adjoining countries where there are concerns about human rights abuses such as forced labor and child labor, environmental destruction, and funding for armed groups.

3. Information management

We shall build and operate frameworks to manage and protect information in an appropriate manner.

(1) Management and protection of confidential information

Personal and confidential information of customers, suppliers, third parties, and employees shall be obtained in a legitimate manner, strictly controlled to prevent leakage, and be used within an appropriate scope. We shall not carry out any insider trading of selling or purchasing shares, etc. based on undisclosed important information.

(2) Reinforcement of information security

We shall take measures against cyber attacks and other information security threats on computer networks to prevent damage to ourselves, our supply chain including customers and suppliers, and third parties.

4. Risk management

We shall endeavor for prevention of risk, and handle such risk promptly and accurately at the time of occurrence.

(1) Frameworks of risk management

We shall analyze risk related to business activities of an enterprise, and in order to prevent risk and minimize the damage at the time of occurrence, establish control items, and build and operate company-level management frameworks such as system development, implementation of countermeasures and publicizing to employees.

(2) Formulation and operation of business continuity plan (BCP: Business Continuity Plan)

For stable supply, we shall build BCP for quick restoration in case of emergency situations such as disaster, accident and riots. We shall implement strategies planning, practical training, and behavior review as being three in one in order for BCP to function effectively.

5. Safety and quality of products

We shall understand customer needs and produce and provide socially useful, safe, high-quality products and services in a secure manner.

(1) Ensuring safety

We shall produce and provide products that satisfy safety laws and regulations, etc. set forth in respective country or region, and that give consideration to safety to be ensured normally.

(2) Quality assurance of products
We shall build and operate company-level frameworks to assure quality (ISO 9000, etc.).

(3) Provision of product information
We shall provide customers with appropriate information about our products.

6. Reinforcement of competitiveness

We shall endeavor for development of highly competitive and high value-added technologies, products and services in order to provide high-quality and safe products and services.

7. Human rights and labor

We shall respect employees' human rights and continue to care for each person.

(1) Respect of human rights

We shall not discriminate on the basis of nationality, race, ethnicity, credo, ideology, gender, social status, religion, age, sexual orientation, gender identity, mental or physical disability, illness, or place of origin. We shall give sufficient consideration to employees' human rights, develop safe and appropriate work environment, and endeavor not to give rise to any type of harassment.

(2) Wages, working age, working hours and work environment

Wages, working age, working hours (including overtime), break time, holidays, and annual paid leave shall be in compliance with laws and ordinances of each country and region, and efforts shall be made to create a safe, healthy, and comfortable working environment.

(3) Prohibition of forced labor and child labor

We shall ensure that all labor is spontaneous and that employees are free to leave their jobs, and never tolerate forced labor, bonded labor, slave labor, inhumane prison labor, child labor, or labor resulting from human trafficking.

(4) Dialogue and consultation with employees

We shall, in good faith, dialogue and consult directly with employees or any representative of employees. We shall acknowledge rights of employees to freely form or not to form an association under applicable laws and regulations of respective country or region.

(5) Human resources development

We shall support the career and skill development of our employees by organic and well-balanced coordination of "individuals" who are willing to spontaneously grow with the strengths of "organization" and the "personnel system" that supports them.

8. Environment

We shall continue our activities in consideration of the global environment, as preservation of the global environment contributes to the sustainable development and growth of the company. In addition, as a response to the climate change issue caused by recent global warming, we shall work to significantly reduce CO₂ emissions and improve energy use efficiency, referring to the Company's Carbon Neutral Declaration (e.g., achieving Net Zero CO₂ emissions by 2039).

(1) Utilization of Environmental Management System

We shall establish and operate a company-wide Environmental Management System (ISO 14001, etc.) and comply with laws and ordinances of each country and region regarding the prevention of air, water, soil, and other pollution, as well as chemical substances that may cause environmental pollution. We shall also mitigate various environmental risks by preventing environmental accidents (e.g., leakage of hazardous substances) and systematically addressing new environmental issues.

(2) Global environmental conservation

To reduce impact on the global environment, we shall promote environmental preservation activities by reducing CO₂ emissions and waste, improving recycling, conserving resources, and conducting green procurement, i.e., proper management of environmentally hazardous substances in parts and materials.

9. Social contribution

We shall continue social contribution activities for coexistence with society.

10. Development of own and suppliers' CSR

We shall have a correct understanding of the importance of CSR, and build and operate frameworks for company-level policies, system, and code of conduct and education. We shall endeavor to have knowledge of the actual state of suppliers' CSR activities, and educate and support them, if necessary.