

CSR Procurement

Basic procurement policies

We have established three basic principles in procurement: building long-term partnerships based on mutual trust; fair, equitable and open procurement; and compliance with the law and maintaining confidentiality.

● Basic Policies for Purchasing Supplies ●

- **Building long-term partnerships based on mutual trust**
We aim to build long-term relationships of trust with our favored partners through fair dealings in which both parties do their best. This way we can grow together.
- **Fair, equitable and open procurement**
We are open to all suppliers, regardless of country of origin, size or affiliations. We select our suppliers comprehensively on the basis of quality, price, delivery times, service, and technical and developmental capacity.
- **Compliance with the law and maintaining confidentiality**
We observe the law and relevant social norms in procurement. We do not make any unauthorized disclosures to any third party of any confidential information we may acquire about our suppliers.

CSR Procurement Guideline

Recent social trends expect companies to strengthen their activities on social responsibility as a company (CSR), triggered by corporate scandals, employment and labor issues becoming more obvious due to financial crisis, and environmental issues. Therein, we ask all of our partners to understand our CSR activities and strive to fulfill CSR not only at NHK Spring but also throughout the entire supply chain. We formulated the CSR Procurement Guideline as part of these activities.

Supplier CSR survey

Each year, a survey covering CSR Procurement Guideline content is administered to each supplier.

Survey items span a diverse range of topics including compliance, risk management, human rights, labor and the environment.



Survey subjects **1,064** companies

Green procurement

We have established Green Procurement Guidelines based on our basic procurement policy, which means that we try to buy low environmental impact products from organizations that care for the environment. With the cooperation of all of our partners, we are reducing the environmental burden including waste, while promoting management of substances that impact the environment throughout every stage from the design to the production and disposal of products. The content was fully updated in October 2019 as contact in the supply chain of chemical substances and legal compliance overseas becomes more and more important.

Addressing conflict minerals

In recent years, concerns have arisen that mineral resources mined in the regions around Congo of Africa could be providing capital resources to armed anti-government militia responsible for human rights violations and environmental destruction. A provision on conflict materials included in Financial Regulatory Reform Act 2010 defines tantalum, tin, gold, and tungsten as conflict minerals and obligates corporations listed on American stock exchanges to disclose information related to the use of conflict minerals in their products with the ultimate goal of eradicating the use of minerals which leads to participating conflict financially.

NHK Spring agrees with Financial Regulatory Reform Act from a CSR standpoint in the procurement of raw materials and parts that contain conflict minerals. We collaborate with our customers and suppliers to advance efforts to ensure no improperly mined conflict minerals are used.

Voice



Moving forward, still your best partner

Toshiaki Yamashita
Managing Executive Officer
General Manager,
Automotive Steel Business Unit
Daido Steel Co., Ltd.

Daido Steel supplies spring steel materials used by NHK Spring in automotive suspension springs (coils, stabilizers, torsion bars, etc.). Since 1958, when NHK Spring merged with Daido Spring that split off from our company (Daido Steel at the time), we have continued to engage in a long and close business relationship. In doing so, we support them in their efforts to proactively deploy business operations overseas, including their new development as a specialized steelmaker meeting the needs for high-strength and weight reduction, and low-cost products. This support includes building up a framework for an export supply of jointly developed spring steel and facilitating stable procurement at their production sites.

Among the strengths of NHK Spring is their status as a world-leading company with a worldwide production and product supply framework they have built up ahead of other companies. Their core business is in the suspension springs and sheet steel products for which demand remains solid, even amid the rapid development of the automotive industry toward electric vehicles. In addition, we know them to be a company abounding in the vitality that drives business forward. Continually engaging in the new development and improvements that never cease improving the competitiveness of their existing products, they also proactively take on new business efforts.

While deepening this cooperative relationship cultivated over many years, we will furnish our solid support by developing and recommendations of new steel materials which meet their demand, as well as stable global steel materials procurement. In this way, we hope to continue being a "best partner" to them that helps bring even greater competitive strength to NHK Spring products.