

NHK SPRING Group Sustainability Procurement Guidelines

NHK SPRING Co., Ltd.

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I. Introduction

In recent years, the social environment has undergone significant changes and become more complex. To achieve sustainable development of society, it has become essential for companies to address a wide range of issues, including environmental conservation and respect for human rights. These challenges are present not only within their own operations but also throughout their globally deployed supply chains via procurement activities.

Under these circumstances, the NHK SPRING Group aims to realize a sustainable society while growing sustainably together with society and consistently providing "indispensable key parts" that support social transformation. To this end, we will build mutual understanding and trust with our own stakeholders—including customers, business partners, employees, shareholders and investors, government agencies and local communities—and fulfill our social responsibilities. We also recognize the need to create new value to help solve social issues.

We also request that our suppliers understand the NHK SPRING Group's sustainability initiatives and work with us to co-create value throughout the supply chain, based on mutual cooperation and trust.

As part of these initiatives, we have established the "NHK SPRING Group Sustainability Procurement Guidelines." We kindly ask our business partners to carry out these initiatives in accordance with these guidelines. Furthermore, we request that they encourage their own business partners to understand the purpose of these initiatives and promote their further adoption.

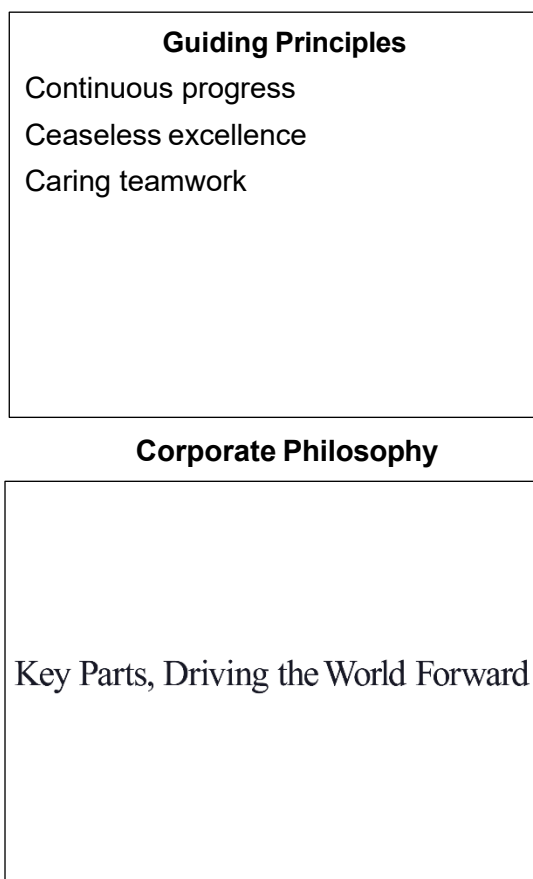
Kazuhisa Uemura

President & COO

II. Sustainability of the NHK SPRING Group

1. Guiding Principles and Corporate Philosophy

Based on our Guiding Principles and Corporate Philosophy, NHK SPRING Group contributes to the resolution of various social issues through manufacturing.



2. NHK SPRING Group Basic Sustainability Policy

On the basis of our Corporate Philosophy, we will conduct responsible activities grounded in sound governance, thereby striving through Group-wide efforts to realize a sustainable society and enhance corporate value.

- We will make every effort to preserve the global environment.
- We will respect people and nurture talent.
- We will respect human rights in all of our corporate activities.
- We will conduct our business in a transparent, sincere, and sustainable manner.
- We will comply with international norms as well as the laws and regulations of each country and act with integrity.

3. NHK SPRING Group Procurement Policy

We have established three basic policies for procurement: "Building long-term partnerships based on mutual trust", "Fair and open procurement", and "Compliance and confidentiality".

POLICY01

Building long-term partnerships based on mutual trust

We aim to build long-term relationships of trust as the best partner and grow together, through mutual efforts and fair transactions.

POLICY02

Fair, equitable and open procurement

We are open to all suppliers, regardless of country of origin, size, or affiliation, and select suppliers based on comprehensive consideration of quality, price, delivery, service, technology, and development capabilities.

POLICY03

Compliance and confidentiality

All our procurement activities are premised on compliance (adherence to laws and regulations, work rules, corporate ethics, and social norms). We do not make any unauthorized disclosures to third parties of any confidential information we may acquire through our business partners.

III. Sustainability Procurement Guidelines

1. Safety and quality

(1) Providing products that meet the needs of customers and consumers

We understand customer needs and produce and provide socially beneficial*, safe and high-quality products and services in a safe manner.

We strive to develop competitive, value-added technologies, products and services in order to provide high-quality, safe products and services.

* Socially beneficial products refer to those that are accessible to everyone, regardless of age, gender, or disability, for example, or those with low environmental impact designed to conserve energy and resources or support environmental preservation.

(2) Providing appropriate information about products

We provide customers and consumers with appropriate information about products and services.

(3) Ensuring product safety

We produce and provide products and services that comply with the safety laws and regulations of each country or region, and incorporate safety requirements that are generally expected to be met.

(4) Ensuring product quality

We establish and operate a company-wide system to ensure quality, such as ISO 9000, and continuously improve it.

2. Human rights and labor

(1) Respect for human rights

We strive to gain understanding of and support for the “NHK SPRING Group Human Rights Policy”, and put it into practice. We support the “United Nations Guiding Principles on Business and Human Rights”, and respect the “International Bill of Human Rights” as well as other international norms on human rights.

We strive to implement initiatives to respect the rights of all people—including women, children, and socially vulnerable groups—by, for example, creating a safe and appropriate work environment with full consideration for employee human rights, and preventing all forms of harassment.

(2) Elimination of discrimination

We respect diversity, fairness, and inclusiveness, and do not discriminate on the basis of nationality, race, ethnicity, creed, ideology, gender, social status, religion, age, sexual orientation, gender identity, mental or physical disability, illness, or place of origin.

- We do not discriminate, as described above, in all aspects of employment—including application, hiring, promotion, wages, termination, job assignments, and disciplinary actions—and provide equal opportunity.
- Aiming to create a workplace free of discrimination and harassment, we do not engage in any offensive or inhumane treatment of workers—including violence, sexual harassment, sexual abuse, corporal punishment, mental or physical oppression, or bullying.

(3) Prohibition of child labor

We never permit child labor under the legal working age as defined by the laws and regulations of each country or region.

- “Children” are defined as those under the age of 15, the age at which compulsory education is completed, or the national minimum age for employment, whichever is the highest.
- We do not permit workers under the age of 18 to perform tasks that may jeopardize their health or safety, including night shifts and overtime work.
- We manage student workers appropriately in accordance with the laws and regulations of each country or region, and provide appropriate support and educational opportunities for all of them.
- If child labor is discovered, we will provide support and take remedial measures.

(4) Prohibition of forced labor

We ensure that all work is voluntary, that employees are free to leave their jobs or the company, and that forced labor is strictly prohibited. We also actively work to eliminate modern slavery and forced labor within our sphere of influence.

- We do not engage in any form of forced labor—including bonded or indentured labor, involuntary or exploitative prison labor, slavery or human trafficking.
- We do not impose unreasonable restrictions on workers’ entry to or exit from company facilities, nor on their freedom of movement within those facilities.
- We never retain, destroy, conceal, or confiscate employees’ identification or immigration documents, except when required by law or regulation.
- Employees are not required to pay any commissions related to their employment. If a commission is found to have been paid, it will be refunded to the employee.
- We provide all workers with a written employment agreement that outlines the terms and conditions in a language they understand. Workers may leave the company or terminate their employment at any time without penalty, provided reasonable notice is given. This right shall be clearly stated in the terms and conditions of employment.

(5) Wages

We comply with the laws and regulations of each country or region regarding minimum wages, overtime, wage deductions, piece-rate wages, and other benefits.

- We provide wages that exceed the legal minimum in each country or region, or that meet the standards of a living wage.

(6) Working hours

We comply with the laws and regulations of each country or region when determining employee working hours (including overtime), granting vacations and annual paid leave, and addressing other matters.

- Weekly working hours shall not exceed 60 hours per week, including overtime, except in emergencies. All overtime work must be performed with the employee's consent.
- We ensure that employees are provided with at least one day off in every seven-day period.

(7) Dialogue with employees, consultation, and freedom of association

We engage in sincere dialogue and discussion with employees directly or with their representatives. We respect employees' rights to freely associate or not to associate, as well as their right to collective bargaining, in accordance with the laws and regulations of each country or region.

- Employees or their representatives may openly communicate and express their views and concerns about working conditions and management issues to management, without fear of discrimination, retaliation, intimidation, or harassment.
- Even when freedom of association or the right to collective bargaining is restricted by laws and regulations, we respect employees' rights by establishing lawful alternatives.

(8) Safe and healthy working environment

We place the highest priority on ensuring the safety and health of our employees at work, and strive to prevent accidents and disasters in accordance with the laws and regulations of each country or region.

- We identify, evaluate, and mitigate potential employee exposure to health and safety hazards—e.g., chemicals, electrical and other energy sources, fire, vehicles, and falling objects. If proper control is difficult, we provide appropriate protective equipment and other measures to reduce risk. We also take gender-specific measures, including consideration for the working environment for pregnant women.
- We establish appropriate procedures or systems that allow employees exposed to hazards to leave dangerous situations and ensure they are not required to return to work until the issue has been resolved.
- We identify, evaluate, and control the hazards of physically demanding work carried out by employees—e.g., moving heavy objects, standing for long periods of time, assembly work that requires a lot of strength, etc. We appropriately manage machinery in use that may pose a risk of injury to employees.
- We provide employees with well-maintained environments and facilities to ensure hygienic living and dining conditions.
- We provide health and safety training in the employee's native language or in a language they understand.

(9) Human resources development

We support individuals who are motivated to grow independently by utilizing the organization's support, and manage a personnel system that supports employees' career and skill development in an integrated and balanced manner.

(10) Indigenous rights

We respect the rights of minorities, indigenous peoples, and local communities that may be affected by our business activities. We do not engage in actions that deprive them of their rights to land, forests, or water; forcibly evict them; or destroy their cultural heritage.

(11) Use of security forces

We respect internationally recognized human rights

when using private or public security forces in connection with business activities.

* For details on human rights and labor, please refer to the NHK SPRING Group Human Rights Policy.

<https://www.nhkspg.co.jp/en/sustainability/society/humanrights>

3. Environment

(1) Environmental management

Recognizing that global environmental preservation supports the sustainable growth of businesses, we will continue to engage in our activities with consideration for the global environment. To this end, we establish and operate a company-wide environmental management system (e.g., ISO 14000), systematically prevent environmental risks, and address new environmental issues.

(2) Reduction of greenhouse gas emissions

In response to climate change issues caused by recent global warming, we will work to significantly reduce CO₂ emissions, improve energy use efficiency, and introduce renewable energy sources, in line with our Carbon Neutral Declaration: Achieving Virtually Zero CO₂ Emissions by 2039.

- We will set and report company-wide CO₂ emission reduction targets.
- We track, document, and disclose data on energy consumption and key categories of Scope 1, Scope 2, and Scope 3.

(3) Prevention of environmental pollution (air, water, soil, etc.)

We comply with the laws and regulations of each country or region concerning the prevention of pollution of air, water, soil, and other environmental media. We also strive to maintain and improve their quality through continuous monitoring and the reduction of pollutants.

- Specific measures include installing equipment to prevent contamination and modifying processes related to production, maintenance, and equipment.
- If any of the following substances is generated by our business, we will evaluate, monitor, and treat it as necessary before releasing them into the atmosphere: volatile organic compounds, aerosols, corrosives, particulates, ozone-depleting substances, and combustion by-products. We will specifically control ozone-depleting substances in accordance with the Montreal Protocol and relevant regulations.

(4) Conservation of water resources

We strive to reduce water consumption and promote water recycling at our business locations.

- We document, evaluate, and monitor information on water usage and discharge.
- We evaluate, monitor, and treat effluent as necessary prior to discharge or disposal.

(5) Resource conservation and waste management

We comply with the laws and regulations of each country or region regarding the proper treatment and recycling of waste. We also strive to reduce the volume of waste sent for final disposal through effective resource utilization, thereby contributing to the development of a

recycling-oriented society.

- We track, document, and manage data on waste.

(6) Chemical substance management

We comply with the laws and regulations of each country or region concerning chemical substances that may cause environmental pollution. Additionally, we ensure that our products sold in each country or region do not contain chemical substances prohibited by local laws and regulations. We safely manage chemical substances and strive to prevent environmental accidents caused by leakage of hazardous substances.

(7) Biodiversity conservation

We comply with international regulations on biodiversity and strive to minimize the impact of our activities on ecosystems, including those related to land use and deforestation.

*For more information on the environment, please refer to the Green Procurement Guidelines.

[guideline_green202601.pdf](#)

4. Compliance

(1) Compliance with laws and regulations

We comply with the laws and regulations of each country or region. We establish and implement a company-wide policy and system to ensure thorough compliance, as well as action guidelines, a reporting system, and employee education.

(2) Compliance with competition laws

We comply with the competition laws of each country or region, including the Antimonopoly Act and the Subcontract Act in Japan. We do not engage in private monopolies, unfair restraints of trade (such as cartels or bid rigging), unfair trade practices, or abuse of a superior bargaining position.

(3) Anti-corruption

We make political contributions and donations in accordance with the laws and regulations of each country or region. We strive to build sound and appropriate relationships with political and governmental bodies.

- Specific corrupt practices include corruption, money laundering, and conflicts of interest, as well as giving or receiving entertainment, gifts, or money to or from customers or suppliers for the purpose of obtaining or maintaining undue advantage or preferential treatment.

(4) Management and protection of personal and confidential information

As a countermeasure against information security threats on computer networks—such as cyberattacks—we establish and operate an information security management system to prevent harm to our company, our supply chain (including customers and suppliers), and third parties.

We obtain personal and confidential information of customers, suppliers, third parties, and employees in a legitimate manner, and strictly control it in accordance with the laws and

regulations of each country or region to prevent leakage and use it within an appropriate scope. We do not engage in insider trading, which refers to the buying or selling of stocks or other securities based on material non-public information.

(5) Export transaction control

We implement appropriate procedures and controls for the import and export of technology and goods regulated by the laws and regulations of each country or region. We impose restrictions, as necessary, on the export or re-import of technologies or goods, and on trade involving certain countries, regions, companies, organizations, or individuals, as necessary.

(6) Protection of intellectual property rights

We protect intellectual property rights—including patent rights, utility model rights, design rights, trademark rights, copyrights, etc.—owned by or affiliated to the company. We do not unlawfully acquire, use, or infringe the intellectual property rights of third parties.

(7) Whistleblower system

If an employee becomes concerned about the ethics of their own or someone else's behavior, or has noticed illegal or unethical conduct in the workplace, they should promptly consult with or report it to the internal reporting office. We take all consultations and reports seriously and expressly prohibit retaliation against informants or anyone involved in investigating the matter.

(8) Financial responsibility

We comply with all laws and regulations regarding financial reporting, accurately record financial transactions, and provide transparent financial information.

5. Disclosure of information

We proactively and fairly disclose corporate information—including financial and non-financial information such as labor, health and safety, environmental activities, business activities, financial conditions, business performance, etc.—as well as risk information such as damage caused by a major disaster, occurrence of adverse impacts on environment or society, discovery of serious legal violations, etc.—to stakeholders in accordance with relevant regulations and general industry practices. We also strive to maintain and develop mutual understanding and trust with stakeholders through open and fair communication.

6. Risk management

(1) Establishment and operation of risk management framework

We analyze risks related to the company's business activities and establish control measures to prevent them and minimize damage if they occur. We build and operate a company-wide management framework that includes system development, implementation of countermeasures, and employee awareness programs.

- Specifically, we will implement processes to identify risks related to legal compliance, environmental health and safety, labor practices, and ethics associated with our operations—including risks that could seriously impact human rights or the environment.

(2) Formulation and operation of business continuity plan (BCP)

We will establish a BCP for early recovery from emergency situations such as disasters, accidents, riots, and other incidents. To ensure the effective implementation of the BCP, we will conduct the following three key elements in an integrated manner: strategy development, practical training, and action review.

- We will conduct disaster drills at least once a year, or more frequently as required by the laws and regulations of each country or region.
- Emergency preparedness also includes installing appropriate fire alarms and extinguishing equipment; maintaining unobstructed exits and facilities with proper emergency exits; providing contact information for emergency response personnel; and establishing recovery plans.

7. Responsible sourcing of raw materials

We strive to avoid using raw materials that contribute to social problems, including human rights abuses such as forced labor and child labor, bribery and other ethical violations, environmental destruction, and the funding of armed groups.

- Examples of such raw materials include conflict minerals—such as tin, tantalum, tungsten, gold, and cobalt—mined in conflict-affected and high-risk areas, including the Democratic Republic of the Congo and its neighboring countries.
- Specifically regarding conflict minerals, we will establish procurement policies and conduct due diligence in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, or another equivalently recognized framework.

8. Contribution to society

We will continue efforts to build a better future society, including initiatives in the communities where our business offices are located, and will conduct our operations with respect for the culture and customs of each country or region.

9. Deployment to business partners (suppliers)

We fully recognize the importance of sustainability and establish and operate company-wide policies or systems, action guidelines, educational programs, and other mechanisms. We will also strive to understand the actual sustainability activities of our business partners (suppliers) and provide awareness-raising initiatives and support as necessary.

IV. Requests to our business partners

We ask our business partners to cooperate in the following matters.

1. Understanding and adherence to guidelines

We request that all of our business partners fully understand and comply with these guidelines. We also ask that our business partners to convey the intent of these guidelines to their own business partners (suppliers) and to promote broader acceptance.

2. Requests for cooperation in surveys, etc.

Business partners may be asked to cooperate with various surveys, including the SAQ (Self-Assessment Questionnaire for Sustainability) to confirm their compliance with these guidelines and the status of their sustainability initiatives. If necessary, we may also request their cooperation in additional surveys, hearings, or audits.

3. Policy for handling problems as they arise

If a violation of these guidelines has occurred or if any issue may arise, business partners may be asked to promptly report it to us and implement appropriate remedial measures. In the event of any significant deviation from these guidelines or intentional concealment, we will consider reviewing the business relationship.

[Reference guidelines]

- RBA (Responsible Business Alliance) Code of Conduct 8.0
- CSR Guidebook (revised in April 2010) from Japan Auto Parts Industries Association
- Drive Sustainability: Sustainability Guidelines for the Automotive Industry 4.0