

# **NSK**

## **Supplier CSR Guidelines**

**October 2022**

**NSK Ltd.**

## Introduction

To contribute to a sustainable society and achieve corporate growth, companies today must fulfill their social responsibilities and create new value to solve social issues.

NSK holds to the core values of safety, quality, environment, and compliance as it strives to build an unshakable business foundation, on top of which it practices ESG management. In this way, NSK aims to proactively address social expectations. The NSK Code of Corporate Ethics spells out detailed compliance expectations for all officers and employees. NSK uses educational and other training programs to ensure that its officers and employees are familiar with the Code and to raise their awareness of the Code and legal compliance. At NSK, we are determined to ensure that people everywhere can count on us to meet their expectations by providing safe, highly functional products, reducing CO<sub>2</sub> emissions, and developing and popularizing environmentally friendly products.

NSK issued its *Supplier CSR Guidelines* in 2010, seeking to ensure that its suppliers shared its understanding of the importance of social responsibility. The guidelines request suppliers to make their own efforts to fulfill their social responsibilities.

Moreover, in the few years since then, there has been a growing demand for companies to disclose information that validates their efforts to protect the environment and respect human rights in procurement activities, not only within each company, but across the entire global supply chain. For example, Europe has been tightening regulations on environmental and human rights due diligence.

With this background in mind, and to reflect the evolving demands of the global community, the NSK Supplier CSR Guidelines have been partially updated in this fourth edition.

As valued NSK suppliers, we trust you to respect the intent of these guidelines and to keep ensuring that all of your activities comply with them.



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## **1 Matters that Suppliers Should Address**

NSK and its suppliers should share a common recognition concerning, and comply with, the following matters in order to meet the expectations of society and the requirements of customers.

(Underlines indicate revisions made since the previous edition.)

### **1.1 Compliance**

#### 1.1.1 Creation of a structure for complying with laws and corporate ethics

Make a policy declaration to your corporate group from the management team, draw up and disseminate action guidelines and manuals, put in place a whistleblower system that enables employees to report compliance issues without suffering prejudiced treatment or other retaliation, and provide education and training for officers and employees in order to ensure they all thoroughly comply with corporate ethics and the laws in countries and regions related to your business.

#### 1.1.2 Compliance with competition laws

Comply with competition laws (antitrust laws) in countries and regions related to your business. Do not engage in such practices as private monopolies, improper restraint of trade (cartels, bid rigging, etc.), or unfair business practices (abuse of a dominant position, etc.).

#### 1.1.3 Preventing corruption and bribery

Strive to forge transparent and fair relations with the government/administration and public institutions and, if making political contributions and donations, do so in accordance with the laws of countries and regions related to your business.

#### 1.1.4 Preventing the giving or acceptance of improper benefits

Do not accept from customers, suppliers or other business partners any entertainment, gifts or money whose aim is to gain or retain improper benefits or inappropriate preferential treatment. Do not provide improper benefits to powers or groups that negatively affect social order or sound corporate activities.

#### 1.1.5 Compliance with export-related laws and regulations

Confirm whether parts, products, technologies, equipment, software or other exports are subject to regulations under international law or the laws of countries and regions related to your business, prepare and provide documentation of such confirmation, and otherwise thoroughly implement export controls.

#### 1.1.6 Protection of intellectual property

Take sufficient care to prevent infringement by others of all intellectual property rights owned by or belonging to your company. Do not improperly obtain or use the intellectual property of third parties or make illegal copies of software or publications.

#### 1.1.7 Protection of confidential and personal information

Put in place and operate a management structure for the proper handling of confidential and personal information and for ensuring that information is not acquired by persons who do not have access privileges, nor misused, falsified, disclosed, or leaked.

Strictly manage your company's confidential information and use such information in an appropriate manner. Obtain confidential information concerning other companies only from authorized personnel by legitimate means. Verify the permissible scope of use and other conditions concerning such confidential information and use it within the scope allowed, while maintaining its confidentiality and not infringing upon the rights of the other companies. Obtain personal information about employees, customers, suppliers, and other business partners by legitimate means. Manage and protect such information in a secure manner, and use the information only within the scope allowed.

#### 1.1.8 Provision of safe, quality products and services

Provide only products and services that meet safety standards specified by laws in relevant countries and regions and that fulfill customer quality criteria. Establish and operate a quality assurance system in order to guarantee the quality of all products and services and to maintain and improve quality continuously.

Strive to develop and improve products and services, paying consideration to matters such as safety, quality, price, delivery time, and the environment in order to meet social expectations and the needs of customers and consumers.

## 1.2 Human Rights and Labor

Understand, support and implement the NSK Human Rights Policy.

NSK Human Rights Policy

[https://www.nsk.com/sustainability/human\\_rights/pdf/NSK\\_HumanRightsPolicy\\_en\\_221020.pdf](https://www.nsk.com/sustainability/human_rights/pdf/NSK_HumanRightsPolicy_en_221020.pdf)

In accordance with the United Nations Guiding Principles on Business and Human Rights, respect international norms related to human rights, and human rights of the stakeholders involved in our business activities.

- Identify adverse impacts on human rights and implement measures to prevent or mitigate them.

- Periodically evaluate and review the progress of human rights initiatives, and strive to disclose the status of progress to the public.
- Handle any grievances through a point of contact in each region, and cooperate in solving problems or implementing remedies.

#### 1.2.1 Non-discrimination

Do not discriminate on the basis of personal characteristics (race, physical characteristics, principles, sex, social status, lineage, ethnicity, nationality, age, marital status, sexual orientation, gender identity, disabilities, etc.) protected by the laws of countries and regions related to your business in any aspect of employment or treatment (including recruitment, hiring, promotion, compensation, access to training, job assignment, wages, benefits, discipline, termination and/or retirement, etc.). In addition, promote diversity and inclusion initiatives.

#### 1.2.2 Respect for human rights

Do not allow inhumane treatment in the workplace, including sexual harassment, power harassment (harassment through verbal abuse or coercive conduct committed by persons in positions of superiority), maltreatment, and corporal punishment, etc.

#### 1.2.3 Prohibition of child labor

Verify at the time of hiring that workers have reached the legal age for employment and take other steps to exclude child labor, so as never to deprive children of educational opportunities and hinder their development by forcing them to work from an early age, in all types of work. Do not allow young workers under the age of 18 to engage in dangerous or hazardous work that could impair their sound development.

The minimum age for employment shall be 15 years of age, the legal minimum age for employment, or the age for completing compulsory education, whichever is greatest under the laws of the country or region where business is conducted. However, employment of persons under this age shall be allowed in bona fide job training or apprenticeship programs within the scope permitted by law.

#### 1.2.4 Prohibition of forced labor

Employees must be employed legally in accordance with the laws and regulations of the country or region where business is conducted.

Compulsory labor, bonded labor, prison labor, slavery, and labor via human trafficking are prohibited. Ensure that all labor is voluntary and guarantee that employees are free to leave their jobs or end the employment relationship. Do not require the surrender of

passports, government-issued identification, work permits, and applications for immigration as a condition of employment. Do not permit actions that would be considered unfair under international norms, such as a worker himself/herself paying a recruitment fee.

#### 1.2.5 Management of working hours

Employees' working hours (including overtime) must not exceed the limit established by the laws of the country or region where business is conducted. Allow workers to take at least one day off every seven days, and grant the right to days off established by law and paid annual vacation time.

#### 1.2.6 Appropriate wages and benefits

Pay wages in compliance with the laws relating to minimum wages, overtime, wage deductions, performance-based pay, and other remuneration in the country or region where business is conducted. Provide benefits required by law.

#### 1.2.7 Development of human resources

Offer educational and training programs to provide staff with the knowledge, skills, and abilities required to perform their duties, as well as those required by applicable laws and customer requirements.

#### 1.2.8 Creation of safe and healthy workplaces

Place the highest priority on ensuring the safety and health of workers, establish a system to promote occupational safety and health activities, and strive to prevent accidents and injuries so that each employee can work without anxiety. Support efforts to improve the health of employees through health promotion activities, guidance for preventing illness, and other means.

#### 1.2.9 Open communication with employees

Ensure employees or employee representatives have the right to communicate directly with management without fear of reprisal, intimidation, or harassment.

Share information about issues including the business environment and business conditions and challenges, and engage in dialogue and consultation regarding the workplace environment and working conditions, etc.

## 1.3 Environment

### 1.3.1 Establishment and operation of an environmental management system

Put in place a system for undertaking a wide range of environmental conservation activities.

Set your own goals and carry out activities toward the achievement of those goals.

### 1.3.2 Compliance with environment-related laws and fulfillment of administrative procedures

Comply with the environment-related laws and regulations of each country and region related to your company's activities, identify community and customer requirements, and make necessary responses. Always obtain the latest information and respond appropriately.

Obtain necessary permits and licenses, submit notifications and reports, appoint persons of responsibility and contact persons, and fulfill all other administrative procedures.

### 1.3.3 Prevention of environmental pollution

Comply with and appropriately implement relevant laws and regulations, including labeling and providing information on product handling, recycling, and disposal.

Identify chemical substances handled in processes that affect or could affect human health or ecosystems, manage them in a safe manner, and reduce the use of these chemical substances.

Identify events that could cause environmental pollution accidents, and strive to prevent them. Assume situations in which accidents have occurred and make the necessary preparations to mitigate the effects.

Regularly monitor and properly manage emissions of air and water pollutants, and strive to reduce their emissions. Safely dispose of wastes via proper means, and strive to conserve living and natural environments.

### 1.3.4 Advancement of measures to reduce greenhouse gas emissions

Aiming to help build a carbon-neutral society, strive to create and promote products and services that contribute to the reduction of greenhouse gas emissions throughout their lifecycle, from raw material extraction to manufacturing, distribution, use, and disposal/recycling.

Monitor greenhouse gas emissions throughout all business activities, including development, procurement, manufacturing, distribution, and administrative tasks to identify issues. Establish and carry out specific measures to reduce greenhouse gas emissions at your company and throughout your entire supply chain from a medium- to long-term perspective.



### 1.3.5 Advancement of resource saving measures

Strive to conserve water and other resources used in all business activities, including development, manufacturing, distribution, and administrative tasks. Strive to reduce the use of resources for which possible depletion is a concern, especially rare metals, by making effective use of them or substituting other resources.

Strive to develop and disseminate products that contribute to resource savings, including products that are more compact and lighter and have longer service life and simplified packaging and containers, etc.

Implement a 3R (reduce, reuse, and recycle) policy for wastes.

### 1.3.6 Preservation of biodiversity

Recognizing the importance of biodiversity, ascertain the impact on biodiversity of your company's business activities, provision of products and services to customers, and procurement of parts, raw materials, and services from suppliers, and take preservation steps.

In addition to these guidelines, we may also ask that your company practice management based on the NSK Group Green Procurement Standards (by requesting your written agreement to do so).

## 1.4 Local Communities

### 1.4.1 Responsible procurement

When procuring mineral resources, natural resources, and raw materials (tantalum, tin, tungsten, gold, cobalt, etc.), ensure that there is no direct or indirect involvement with organizations that exert a serious, adverse influence on local societies, including regional conflicts, human rights violations, and destruction of the environment. If involvement with such organizations has been identified, implement measures to avoid the situation.

In particular, minerals (conflict minerals<sup>1</sup>) that fund or profit destructive armed forces responsible for human rights violations in the vicinity of the Democratic Republic of the Congo (DRC) must not be used in products. If an investigation<sup>2</sup> raises concerns that conflict minerals are being used, employ measures to avoid using the parts or raw materials in question.

1 Minerals originating from the DRC and neighboring countries that have directly or indirectly contributed to the financing of armed groups.

2 NSK Group offices may request an investigation of the status of conflict mineral usage as well as the results and pertinent information.

#### 1.4.2 Social contribution

Ascertain the social challenges facing the local communities where your company does business, and strive to conduct business activities and social contribution activities that help to resolve these challenges, working together with community members to promote community development.

### 1.5 Risk

#### 1.5.1 Risk reduction

Assess risks that could have an effect on your company's business activities, such as earthquakes, wind storms, flooding, fire, occupational or other accidents, the occurrence of legal violations in products or business activities, and leakage of confidential information, and strive to implement measures to reduce those risks.

Also, ascertain the risks your suppliers face and take the necessary steps to ameliorate the potential impact of those risks on your business.

#### 1.5.2 Business Continuity Plan (BCP) formulation and improvement

Formulate a BCP and make the necessary preparations to avoid the interruption of important business activities in the event of a disaster or, if they are unavoidably interrupted, to resume business operations as soon as possible. Also, reexamine the BCP by conducting periodic drills.

If an envisioned interruption could last a long time in the event of a disaster, secure alternative production sites and/or inventory in advance. Also, develop a contact system, secure means of contact, and decide on contact procedures to enable the extent of damage to be ascertained and communicated.

### 1.6 Information Disclosure

Ensure reliable, timely, and appropriate disclosure to stakeholders of information related to management and financial affairs, information related to social and environmental activities, and information related to products and services, including the handling of products, safety, quality, and chemical substances.

If your company is assessed a penalty or reprimand of some kind from a government authority as a result of a legal violation, promptly contact the NSK office with which you conduct transactions.

## **1.7 Application of These Guidelines to Your Company's Suppliers**

Request your company's own suppliers to undertake the same initiatives indicated in these guidelines and perform corrective actions as necessary in order to help drive progress in these efforts throughout the entire supply chain.

## **2 Confirming the Status of Initiatives**

NSK may request your company to provide information in order to confirm the status of your initiatives and use of conflict minerals. Your company may also be asked to allow NSK personnel to visit your business site(s) to verify the situation on-site.

If you encounter any situations of non-compliance with these guidelines, please report them promptly and take steps to remedy the situation.

## **3 Handling of Information**

NSK will not provide, without your company's permission, any corporate or personal information NSK may obtain about your company to persons outside the NSK Group. However, we may provide the NSK Group's customers with general information relating to the use of conflict minerals.

## **4 Attachments**

Document 1: Self-Assessment Check Sheet Supplier CSR Guidelines

## **5 References**

Please see the following references regarding establishment and revisions to these guidelines.

- NSK Ltd.  
NSK Code of Corporate Ethics, NSK Compliance Guidebook 2022
- Nippon Keidanren (Japan Business Federation)  
Charter of Corporate Behavior, The Charter of Corporate Behavior and Its Implementation Guidance
- Japan Auto Parts Industries Association  
CSR Guide Book
- Japan Electronics and Information Technology Industries Association  
JEITA Supply-Chain CSR Deployment Guidebook
- The EICC Code of Conduct
- Section 1502 of The Dodd-Frank Wall Street Reform and Consumer Protection Act (US)
- Modern Slavery Act 2015 (UK)

## 6 Revisions

We may revise these guidelines without prior notice in response to requests from customers, changes in social conditions, or other reasons.

### Revision history

Category	Version	Revision	Date	Proposing department
Established	Ver. 1	Newly established	August 25,2010	Procurement Headquarters, IR & CSR Office
Change	Ver. 2	Changed content of 1.5.2 Business Continuity Plan (BCP)	September2,2013	Procurement Headquarters, Crisis Management Office, IR & CSR Office
Change	Ver. 2	Moved 1.1.9 Information disclosure to 1.6, and changed content	September 2, 2013	Procurement Headquarters, IR & CSR Office
Addition	Ver. 2	Added 1.3.6 Preservation of biodiversity	September 2, 2013	Procurement Headquarters, Global Environment Department, IR & CSR Office
Addition	Ver. 2	Added 1.4 Local Communities	September 2, 2013	Procurement Headquarters, IR & CSR Office
Addition	Ver. 3	Added 1.2.1 Non-discrimination characteristics	March 2, 2016	Procurement Headquarters, IR & CSR Office
Change	Ver. 3	Changed 1.2.4 Prohibition of forced labor details	March 2, 2016	Procurement Headquarters, IR & CSR Office
Addition	Ver. 3	Added 1.2.6. Provision of benefits	March 2, 2016	Procurement Headquarters, IR & CSR Office
Change	Ver. 3	Changed 1.2.7. Human resources development details	March 2, 2016	Procurement Headquarters, IR & CSR Office
Change	Ver. 3	Changed 1.4.1. Responsible procurement	March 2, 2016	Procurement Headquarters, IR & CSR Office
Addition	Ver. 3	Added section 5 References	March 2, 2016	Procurement Headquarters, IR & CSR Office
Addition	Ver. 4	Added 1.1.7 issues other than handling of confidential and personal information Added subject of personal information	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.2 the NSK Human Rights Policy	September 5, 2022	Procurement Division HQ, Corporate Communications Dep., HR and General Affairs Division HQ
Addition	Ver. 4	Added 1.2.1 personal characteristics in Non-discrimination Added diversity and inclusion	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.2.3 child labor content	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.2.4 unfair practice in Prohibition of forced labor	September 5,2022	Procurement Division HQ, Corporate Communications Dep.

Addition	Ver. 4	Added 1.2.5 taking day off in “Management of working hours”	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.2.8 promoting occupational safety and health	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.3.2 compliance with environment-related laws and regulations	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.3.3 compliance with laws and regulations in prevention of environmental pollution Added reduction of emissions of air and water pollutants	September 5,2022	Procurement Division HQ, Corporate Communications Dep., EHS Promotion Office, Manufacturing Strategy Division HQ
Change	Ver. 4	Changed 1.3.4 Advancement of measures to reduce greenhouse gas emissions	September 5,2022	Procurement Division HQ, Corporate Communications Dep., Carbon Neutrality Dep.
Addition	Ver. 4	Added 1.3.5 content on rare metals in “Advancement of resource saving measures”	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.3.6 importance of biodiversity	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.4.1 cobalt in “Responsible sourcing”	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.5.1 confidential information leakage	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 1.7 request for corrective action	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Addition	Ver. 4	Added 2. response to problems when they occur	September 5,2022	Procurement Division HQ, Corporate Communications Dep.
Change	Ver. 4	Changed 5. NSK Compliance Guidebook 2022	September 5,2022	Procurement Division HQ, Corporate Communications Dep.

## 7 Inquiries

Please contact the NSK office that distributed these guidelines or the following department if anything is unclear or you have any questions.

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