Initiatives to Strengthen CSR/ESG Management

Supply Chain Management

Why Supply Chain Management Matters
NSK’s business is supported by many suppliers. We strive to build trusting relationships and grow continuously with them by improving our technical expertise as well as product quality. However, there are various issues, including human rights and environmental protection, in our global supply chain, that could pose risks to our business continuity. NSK has been tackling these issues in an effort to minimize risks, and help achieve a sustainable society.

NSK’s Approach
NSK has formulated NSK Group Basic Policy for Procurement with the aim of engaging in procurement practices that are fair, environment friendly and care for society. We share this policy with suppliers, while promoting CSR and Green procurement throughout the global supply chain. Our goal is to realize a sustainable society.

Holds Procurement Policy Briefings
Every year, NSK holds a supplier conference with major suppliers. Through this opportunity, we share the procurement policy and ask suppliers to implement more CSR-conscious management. At the last conference held in January 2019 at NSK’s headquarters, we raised issues regarding cybersecurity, appropriate terms of employment / working conditions for foreign workers, and the importance of continuously improving CSR activities across the entire supply chain.

Initiatives to Enhance Supplier Quality
NSK regularly holds seminars for suppliers on technical and quality assurance topics. We share current issues and engage in initiatives with suppliers to continuously improve quality. NSK also strives to increase the level of quality by having personnel from NSK headquarters, regional headquarters, and plants around the world visit suppliers, audit their processes, and exchange information.

Building a Disaster Resistant Supply Chain
NSK has implemented a Supplier Safety Confirmation System. The system can be used to quickly confirm the situation at suppliers in the event of a disaster. This enables NSK to proactively work with suppliers to resolve supply chain issues in challenging situations. Drills are conducted regularly to ensure suppliers properly utilize the system. NSK has also asked major suppliers to create their own business continuity plans and verified their progress.

Strong Awareness of Human Rights in Procurement Activities
NSK has a policy of not using conflict minerals and takes care in its procurement activities to avoid benefiting armed groups that violate human rights. NSK has conducted a conflict mineral survey every year of suppliers of parts and materials used in NSK products. Surveys to date have not identified any case of conflict minerals produced in restricted regions. NSK takes steps to avoid using parts or materials that are suspected to be related to armed conflict. We put more effort on human rights protection throughout the supply chain, as society urges global manufacturers do more in this area (for example, the Modern Slavery Act 2015 UK). Accordingly, we revised the NSK Supplier CSR Guidelines along with the CSR self-assessment checklist.

Promoting and Enhancing CSR Activities
NSK distributes NSK Supplier CSR Guidelines and NSK Group Green Procurement Standards, asking suppliers to supply safe products, comply with laws and regulations, protect human rights, safety, and health, and give consideration to preserving the environment. Our basic business contracts contain clauses that pertain to environmental, social, and governance (ESG) conduct and performance. Furthermore, for CSR self-assessments conducted in Japan and China in 2018 we added assessment items that include the status of compliance to labor and environmental laws as well as the listing of environmental pollution and labor accidents, while feeding back evaluation results to suppliers in an effort to spread these activities and improve their performance. NSK has also begun an initiative to introduce CSR audits based on its new objective standards.

NSK Group Basic Policy for Procurement

1. Economic Rationality
   Conduct transactions that are economically rational.

2. Fairness and Impartiality
   Conduct transactions in a fair and impartial manner regardless of region, company size, or whether the counterparty is a new or existing business partner.

3. Compliance with Applicable Laws
   I. Strictly follow the procurement laws and regulations of each country, and maintain awareness of their important societal role.
   II. Conduct training and education programs to ensure strict observance of procurement laws and regulations.

4. Respect for Moral Standards
   I. Adhere to strict moral standards.
   II. When entering into transactions with subcontracting firms, strive to build a strong, cooperative partnership and maintain a stable supply.

5. Environmental Preservation, Resource Conservation (Green Procurement)
   Promote environmental protection by procuring environmentally-conscious products from counterparties that make positive efforts toward the preservation of the environment.

6. Employee Training and Education
   Provide procurement training and education to employees.

CSR Self-Assessment Results (2018 Japan)

Other related supply chain information

NSK’s Website: Home>Sustainability>Supply Chain Management https://www.nsk.com/sustainability/supplier/index.html