

# **Nichiden Group Sustainable Procurement Guidelines**

**NICHIDEN Corporation**

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## **1. Introduction**

As a general trading company specializing in mechanical parts and systems, the Nichiden Group places importance on social responsibility throughout the entire supply chain in order to contribute to the realization of a sustainable society. These guidelines summarize our basic approach to procurement as well as stipulate the matters with which we ask our business partners to cooperate. We ask for our business partners' understanding with regard to the purpose of these guidelines and ask that they work together with us towards building a sustainable society.

## **2. Basic Policy on Sustainability**

The Nichiden Group complies with the laws and regulations of all relevant countries, as well as all applicable company rules and manuals, regarding purchasing transactions and provides opportunities for free and fair competition by engaging in fair transactions on an equal footing with business partners.

In addition to quality, price, delivery time, and stable supply, we also place importance on environmental and social considerations when selecting business partners and items to procure. In particular, before entering into any new business relationship, we check the reliability, stability, and sustainability of our business partners. This helps ensure for both parties that responsible and sustainable procurement is achieved, which contributes to addressing social issues. Additionally, if there is a serious compliance violation by a business partner, we will communicate with them about remedial measures, including terminating business transactions, to be taken until the situation has been rectified.

## **3. Request to Our Business Partners**

Promoting responsible corporate behavior in the supply chain is essential to advancing sustainable management within the Nichiden Group. The Group will make fair judgments regarding the procurement of all products and services, taking into consideration the quality, technology, and sustainable stability of products and services, as well as whether business partners are following the code of conduct below. We ask that our business partners fully understand and comply with these matters. At the same time, we ask that business partners not only manage, supervise, and thoroughly inform their own employees to ensure compliance with these guidelines but also that they do so with their relevant suppliers.

## **4. Code of Conduct**

### **(1) Compliance with Laws and Regulations**

Comply with the laws, regulations, and rules of your own country and the countries and regions in which you do business, and respect international norms of behavior.

### **(2) Consideration for the Global Environment**

#### **a. Climate Change**

Set greenhouse gas emission reduction targets and strive to reduce greenhouse gas emissions through energy conservation and the use of renewable energy.

**b. Biodiversity**

Work to conserve biodiversity and the natural environment.

**c. Chemicals and Hazardous Substances**

Strive to prevent and mitigate the impact of environmental pollution caused by chemical substances, oil, and other harmful materials; reduce emissions of air pollutants; and reduce and properly dispose of hazardous waste and wastewater.

**d. Waste**

Reduce and recycle waste and contribute to the creation of a circular economy.

**e. Water**

Strive to reduce water consumption through efficient use and recycling, and ensure proper treatment of water.

**f. Raw Materials Procurement**

Ensure traceability of raw materials and source them with consideration being given to resource conservation and the environment.

**(3) Health and Safety****a. Employee Safety**

Conduct worker safety assessments and implement safety measures in the workplace and in company-provided accommodations.

**b. Safety of Equipment and Facilities**

Perform regular inspection of production machinery, vehicles, and other equipment, and implement safety measures.

**c. Physical Work**

Put in place safety measures for work that puts a heavy physical strain on workers.

**d. Hygiene**

Provide clean toilet facilities, access to potable water, and sanitary eating facilities in the workplace and in company-provided accommodations.

**e. Health Management**

Perform appropriate health management focused on maintaining employee health.

**(4) Human Rights and Labor****a. Prohibition of Forced Labor and Child Labor**

Do not engage in any form of slave labor or forced labor, including human trafficking. In addition, do not employ children under the minimum age for employment. Workers younger than 18 must not be given night work, overtime work, or work that endangers their health or safety.

**b. Elimination of Discrimination and Ensuring Equal Opportunity**

Prohibit discrimination of any kind in the hiring and treatment of employees, including on the basis of race, ethnicity, birth, nationality, religion, sex, age, disability, sexual orientation, ideology, or the type of employment contract with the company.

**c. Prohibition of Harassment**

Prohibit all forms of harassment, including workplace bullying and sexual harassment.

**d. Freedom of Association and the Right to Collective Bargaining**

Respect freedom of association and the right to collective bargaining. Comply with laws, regulations, and labor-management agreements, and engage in honest dialogue and consultation with employees or their representatives.

**e. Legally Compliant Working Hours**

Do not make employees work more than the legally permitted working hours.

**f. Legally Compliant Wages and Benefits**

Pay wages and provide benefits to employees in accordance with the law.

**(5) Corporate Ethics**

**a. Prohibition of Bribery and Corrupt Practices**

Do not engage in corrupt practices, including all forms of bribery, graft, extortion, and embezzlement.

**b. Prohibition of Relations with Antisocial Forces**

Do not engage in any transaction with anti-social forces.

**c. Anticompetitive Practices**

Comply with relevant laws and regulations and refrain from engaging in anti-competitive practices, such as collusion.

**d. Disclosure of Company Information**

Disclose appropriate information about business activities to stakeholders in a transparent manner. Additionally, respond appropriately to requests from business partners in accordance with laws, regulations, industry standards, and similar obligations, and strive to provide accurate and honest information.

**(6) Management System**

**a. Establishment of a Management System**

Establish an appropriate internal management system and operate it to ensure compliance with this code of conduct.

**b. Quality Control**

Ensure the quality and safety of products and services, and other deliverables.

**c. Information Management**

Appropriately manage and protect the internal information of other companies, including intellectual property, as well as personal information of relevant parties.

**d. Grievance Mechanism**

Operate a system that accepts reports from stakeholders about any conduct that violates this code of conduct and which then takes corrective action.

## Revision

Number of editions	Date of revision	Revision details
1.0	April 1, 2025	First published

## Contact information

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