

# **NSK**

## **Supplier CSR Guidelines**

**August 2010**

**NSK Ltd.**

## **Introduction**

An essential component of corporate growth is the ability to meet the expectations of society—that is, to carry out CSR activities. At NSK, all officers and employees work together to ensure that all the products, technologies, services, and information that we offer is of the highest quality for our customers and the broader society. In other words, we constantly aim to be “No. 1 in Total Quality.”

Conversely, numerous incidents of corporate misconduct in recent years have made it clear that companies which act counter to society's expectations will be judged severely. Indeed, such incidents can turn into risks that threaten a company's very existence. For this reason, it is critical to provide safe products, comply with laws and corporate ethics, prevent harm to the environment, pay due consideration to human rights and labor issues, and otherwise respond appropriately to society's expectations. We have detailed the compliance expectations for NSK's officers and employees in the NSK Code of Corporate Ethics, and we also conduct educational activities and strive to raise awareness in the context of daily work.

Going forward, we believe that NSK and its suppliers must reduce risks throughout the entire supply chain and seek to drive further growth by sharing a common recognition of what society expects and closely cooperating on the needed initiatives. These *NSK Supplier CSR Guidelines* are intended to assist with these goals.

We ask you to understand the importance of these initiatives and to carry out activities in accordance with these guidelines.

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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.

### **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

Properly handle confidential and personal information, and put in place and operate a management structure for the proper handling of confidential and personal information in order to prevent leaks.

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 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.

#### 1.1.9 Information disclosure

Ensure reliable disclosure to stakeholders in a timely and appropriate manner 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.

## **1.2 Human Rights and Labor**

#### 1.2.1 Non-discrimination

Do not discriminate on the basis of personal characteristics 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.).

#### 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 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 of the country or region where business is conducted.

Ensure that all labor is voluntary and guarantee that employees are free to leave their jobs. Do not require the surrender of passports, government-issued identification, or work permits as a condition of employment.

#### 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. Grant the right to days off established by law and paid annual vacation time if applicable.

#### 1.2.6 Appropriate wages

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.

#### 1.2.7 Development of human resources

Strive to form careers and develop human resources possessing the knowledge, skills, abilities, and other requirements underpinning business.

#### 1.2.8 Creation of safe and healthy workplaces

Place the highest priority on ensuring the safety and health of workers 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

Identify laws related to your company's activities as well as 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

Identify chemical substances that affect or could affect human health or ecosystems, manage them in a safe manner, and strive to reduce their use.

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.

Safely dispose of wastes via proper means, and strive to conserve living and natural environments.

#### 1.3.4 Advancement of global warming countermeasures

Strive to save energy throughout all business activities, including development, manufacturing, distribution, and administrative tasks.

Strive to develop and disseminate products that contribute to energy savings.

#### 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 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 waste.

### **1.4 Risk**

#### 1.4.1 Risk reduction

Identify factors that could have an adverse effect on your company's business activities, and strive to minimize those risks by taking necessary countermeasures.

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

Formulate a plan to avoid the interruption of important work or business during a disaster or accident or to resume business as soon as possible if it is interrupted, and strive to reexamine the content of the plan through drills.

## **2 Extension to Your Suppliers**

Strive to disseminate the contents of these guidelines to your suppliers and encourage them to undertake the needed initiatives in order to make progress in these efforts throughout the entire supply chain.



### **3 Handling of Information**

We may ask you to provide information via a self-assessment check sheet or have NSK personnel make a visit to verify the on-site situation in order to ascertain the status of your initiatives regarding these guidelines. In such cases, we will not externally disclose, without your permission, any personal or confidential information NSK may obtain in this process.

### **4 Attachments**

Document 1: Self-Assessment Check Sheet for Supplier CSR Guidelines

### **5 Revisions**

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

#### 5.1 Revision history

<b>Category</b>	<b>Version</b>	<b>Date</b>	<b>Proposing department</b>
Established	Ver. 1	August 25, 2010	Procurement Headquarters, IR & CSR Office

### **6 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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