

Nippon Kayaku Group
Sustainable Procurement Guidelines
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Nippon Kayaku Co., Ltd.

The Nippon Kayaku Group is committed to responsible procurement activities in order to realize a sustainable society. Our suppliers are important partners who play a key role in creating value together with us.

This guideline is based on our Group's "[Charter of Conduct and Code of Conduct](#)," "[Human Rights Policy](#)," and "[Basic Procurement Policy](#)," and defines the items that we expect to work on together with our suppliers.

We kindly request your cooperation in promoting sustainability through the implementation and compliance of these guidelines not only within your company but across the entire supply chain.

Sustainable Procurement Guidelines

Section 1: Code of Conduct

1. Legal and Ethical Compliance

1.1 Prohibition of Restrictive Trade Practices and Unfair Competition

Companies are requested to refrain from practices that restrict fair, transparent, and free competition.

1.2 Prohibition of Abuse of Superior Bargaining Position

Companies are requested to refrain from practices that create disadvantage for their own suppliers (sub-suppliers, from Nippon Kayaku's perspective) by abusing their superior bargaining position.

1.3 Preventing Corruption

Companies must not be involved in bribery, corruption, blackmail, or embezzlement in any form.

1.4 Prohibition of the Giving or Receiving of Improper Advantage

Companies are requested to refrain from giving to or receiving from their stakeholders any improper advantage.

1.5 Respect for Intellectual Property

Companies are requested to refrain from infringing upon intellectual property rights.

1.6 Prevention and Early Detection of Improper Practices

Companies are requested to conduct activities designed to prevent improper practices and to establish an early detection system.

1.7 Prevention of Leakage of Personal Information

Companies must comply with relevant laws and regulations and appropriately manage and protect all personal information of suppliers, customers, consumers, and employees.

1.8 Proper Import/Export Control

Companies must maintain a clear management system and conduct appropriate procedures for the import and export of technologies and goods regulated by law.

1.9 Prevention of Leakage of Information about Clients and Third Parties

Companies are requested to appropriately manage and protect confidential information regarding clients and third parties.

1.10 Responsible Minerals Procurement

Companies must not use minerals in their products that can cause social problems such as human rights and the environment.

1.11 Animal Welfare

Companies are requested to consider animal welfare and to treat experimental animals appropriately so as to minimize their pain and stress. Companies are also expected to abide by the 3Rs (replacement, reduction, and refinement) to ensure that animal experiments are conducted properly and in consideration of animal protection.

2. Human Rights and Labor

2.1 Prohibition of Inhumane Treatment

Companies are requested to respect the human rights of employees and to prohibit abuse, harassment, and any other cruel and inhumane treatment. Companies must also provide workers with individually secured accommodations for storing their personal and valuable items, and a reasonable personal space along with reasonable entry and exit privilege.

2.2 Prohibition of Discrimination

Companies must not engage in discrimination or harassment. Companies must also consider requests from workers regarding religious practices where appropriate.

2.3 Working Hours

Companies are requested to manage employee working hours, days off, and leave appropriately and to prohibit excessive overtime work. Companies are also expected to strive to reduce long working hours.

2.4 Respecting Employees' Right to Organize

Companies are requested to respect employees' right to freedom of association and collective bargaining so as to enable negotiations between labor and management over the working environment, wage standards, etc.

2.5 Prohibition of Forced Labor

Companies are requested to employ all employees of their own free will with no employee being subject to forced labor.

2.6 Prohibition of Child Labor

Companies must not allow children who are under the minimum age for employment.

Furthermore, companies must not allow persons under the age of 18 to perform hazardous work that is likely to jeopardize their health or safety, including night shift and overtime work.

2.7 Occupational Accidents and Disease resulting from Employment

Companies are requested to understand the situation concerning occupational accidents and disease resulting from employment, and to establish appropriate measures.

2.8 Giving Due Consideration to Physically Demanding Work

Companies are requested to specify physically demanding work and to appropriately manage workload to prevent accidents or disease.

2.9 Appropriate Wages

Companies are requested to provide employees with fair and equitable compensation that exceeds the minimum wage and to abide by all applicable wage-related legislation, including laws on minimum wages, overtime, and legally mandated welfare measures.

3. Health and Safety

3.1 Emergency Measures

In order to protect the welfare of employees, suppliers are requested to prepare emergency measures as a precaution against possible disasters or accidents, and to ensure that they are fully understood throughout the workplace.

3.2 Health and Safety in Facilities

Companies are requested to appropriately safeguard health and safety in facilities provided to employees (company housing, cafeterias, and restrooms, etc.).

3.3 Safety Measures for Machinery and Equipment

Companies are requested to establish appropriate safety measures with respect to machinery and equipment used by employees.

3.4 Safety in the Workplace

Companies are requested to assess safety risks in the workplace and to use appropriate designs, techniques, and control measures to secure safety. Taking reasonable steps must also be taken to protect pregnant women and nursing mothers.

3.5 Hygiene in the Workplace

Companies are requested to identify situations in which employees are exposed to harmful substances, noises, or odors, and to establish appropriate measures.

3.6 Employee Health Management

Companies are requested to carry out appropriate health management with respect to all employees.

3.7 Health and Safety Communication

Companies must provide training on appropriate health and safety information regarding various workplace hazards that workers are exposed to in the workplace in languages and methods that the workers can understand. A system that enables workers to provide feedback on safety is also required.

4. Concern for the Environment

4.1 Environmental Management System

Companies are requested to establish and run an Environmental Management System.

4.2 Chemical Substance Management

Companies must comply with laws and regulations to identify, label, and manage chemical and other substances posing hazard to humans or the environment, and conduct management to ensure safe handling, transport, storage, use, recycling, reuse, or disposal of such substances.

4.3 Environmental/Government Permits

Companies are requested to obtain permits from governmental bodies in cases where they are required by local laws, and to submit the necessary reports to such bodies.

4.4 Minimization of Impact on Environment (drainage, sludge, emissions)

Companies are requested to comply with laws and regulations on drainage, sludge, and emissions in the country concerned, and to make further improvements to voluntary standards as necessary.

4.5 Sustainable and Efficient Utilization of Water, Raw Materials, etc. and Waste Management

Companies must comply with relevant laws and regulations and ensure appropriate management of resources and materials, including reduction and reuse of water, raw materials, etc. used during manufacturing and promotion of utilization of recycled resources and recycled parts in order to promote the 3Rs (reduce, reuse, and recycle), ensure sustainable and efficient utilization of water, raw materials, etc., and minimize waste.

4.6 Biodiversity Conservation

Companies are requested to conserve biodiversity.

Possible approaches to biodiversity conservation activities include: (1) grasping the relationships between business activities and biodiversity to promote biodiversity conservation activities, (2) promoting conservation of habitats of living organisms, (3) working together with stakeholders, and (4) preventing climate change and using resources effectively.

Companies are also requested to incorporate biodiversity initiatives into their environmental management systems, such as ISO 14001, for ongoing improvement (PDCA cycles).

4.7 Disclosing Environmental Activities

Companies are requested to disclose the outcomes of environmental activities as necessary.

4.8 Reducing Energy Consumption and Greenhouse Gas Emissions

Companies must address energy efficiency and make continuous efforts for reducing greenhouse gas emissions and energy consumption.

5. Product Quality and Safety

5.1 Securing Product Safety

When responsible for product design, suppliers are requested to ensure that the products satisfy safety standards in the countries concerned.

5.2 Quality Management System

Companies are requested to establish and run a quality management system. And must comply with their own quality standards and customer requirements in addition to all laws and regulations applicable to the quality of products and services.

5.3 Control of Chemical Substances Contained in Products

With respect to all of their products, suppliers are requested to control chemical substances specified in the laws of countries where the products concerned are manufactured, imported to, or used in.

5.4 Provision of Accurate Information on Products and Services

Companies are requested to provide consumers and clients with accurate information about their products and services.

6. Information Security

6.1 Protection from Threats to Computer Networks

Companies are requested to establish protective measures against threats to computer networks to prevent any harm arising in their company or other companies.

7. BCP (Business Continuity Plan)

7.1 Disaster-Preparedness Measures

Companies are requested to prepare a BCP manual.

8. Disclosure of Information

8.1 Disclosure of Information to Stakeholders

Companies are requested to proactively disclose information to stakeholders irrespective of whether or not such disclosure is mandated by law.

9. Social Contribution

9.1 Contribution to the Community

Companies are requested to voluntarily carry out activities designed to contribute to the development of the local and global community.

Section 2: Establishing a Management System

1. Establishing a Management System

Companies must establish a management system in order to comply with the code of conduct.

2. Supplier Management

Companies must establish a process for communicating the requirements of the code of conduct to suppliers and monitoring supplier compliance.

3. Establishing a Grievance Mechanism

Companies must establish a grievance mechanism that can be used by stakeholders including workers and suppliers in order to prevent illicit behavior in their inside as well as throughout the supply chain.

4. Disclosing the Activities

Companies must disclose information regarding their actions according to these guidelines and relevant laws and regulations.

These guidelines have been developed with reference to the following materials:

Guidelines for Responsible Business Conduct, Version 1.0 (March 2023)

(JEITA: Japan Electronics and Information Technology Industries Association)

Responsible Business Alliance (RBA) Code of Conduct, Version 8.0 (2024)