

NGK SPARK PLUG Group  
CSR and Sustainability  
Procurement Guidelines

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NGK SPARK PLUG CO.,LTD.

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## Introduction

These days, the world has faced many climate-change-related disasters, such as large-scale typhoons associated with windstorms and floods and repeated forest fires. These phenomena are attributable to the rising average temperature of the Earth. It is said that if this situation continues, we, human beings, will not be able to continue our economic activities. To help ensure that the Earth, where we live, is sustainable, the NGK SPARK PLUG Group will become a sustainable corporate group, contributing to the realization of a sustainable society.

The NGK SPARK PLUG Group announces its intention to “offer new value to the peoples of the world” in its Corporate Philosophy, and our CSR and Sustainability Charter declares that “we contribute to developing a sustainable society, thereby improving our corporate value.” These represent our aspirations to contribute to solving social issues through our business activities, which will lead to sustainability. We will work to realize these aspirations in cooperation with our suppliers, who are good partners for us and with whom we enhance mutual trust and strive to realize mutual development.

We are thus releasing these new CSR and Sustainability Procurement Guidelines. The objective of these Guidelines is to clarify the laws and regulations that must be complied with and the actions that are required to be taken. If you find any action difficult to take, you may start with taking a small step toward the action. We are willing to provide as much support as possible for that.

Please read these Guidelines and promote their understanding throughout the company. And let's put them into practice together. I also ask our suppliers to share these Guidelines with their suppliers and make continuous efforts to promote CSR and sustainability throughout our supply chain, thereby making the entire supply chain sustainable and contributing to the realization of a sustainable society.

Member of the Board Executive Officers  
Sustainability Promotion Dept.  
Mikihiko Kato

Executive Officer  
Company President, Global Procurement Company  
Masaki Sumiya

## Our group's Procurement Policy

The Group's procurement policy is part of the Nittoku Way philosophy system, and is one of the 12 CSR Basic Policies established based on the Corporate Philosophy, the CSR and Sustainability Charter, and the Corporate Code of Conduct. This guideline is based on the procurement policy and is created in accordance with the CSR Basic policy.

### Procurement Policy

We aim to realize globally optimal procurement based on our quality products principle. To this end, we focus on strengthening cooperation with suppliers and promoting our CSR efforts throughout our supply chain system, while at the same time striving to carry out proper purchasing transactions when procuring materials and parts, based on the following guidelines

[Action Guidelines]

- We conduct rational transactions based on fair, transparent, and open competition.
- We comply with procurement-related laws and regulations and foster responsible procurement. We select suppliers based on comprehensive assessment of product quality, technology, prices, deliveries, CSR initiatives, and efforts to continuously make improvements.
- Aiming to procure more eco-friendly products, we strive to promote our green supplier system.
- We enhance mutual trust with our suppliers, who are good partners for us, and strive to realize mutual development.

\* Please see our homepage regarding our Nittoku Way and CSR Basic Policy of NGK SPARK PLUG Group.

Nittoku Way

<https://www.ngkntk.co.jp/english/corporate/philosophy/nittokuway.html>

CSR Basic Policy

[https://www.ngkntk.co.jp/sustainability/pdf/csr\\_policy\\_en.pdf](https://www.ngkntk.co.jp/sustainability/pdf/csr_policy_en.pdf)

## CSR Sustainability Procurement Guidelines

### I Environment

~ The NGK SPARK PLUG Group continues to promote environmental activities with the aim of establishing harmony with the global environment and local communities. ~

\* For details, see the Green Procurement Guidelines.

#### (I-1) Respond to climate change

In response to climate change, suppliers are requested to set targets and make efforts for the reduction of emissions of greenhouse gases, such as carbon dioxide, methane and fluorocarbons. And suppliers will aim to achieve “carbon neutral” (zero CO2 emissions) by 2050.

#### (I-2) Make sustainable and efficient use of water resources and raw materials

Suppliers are requested to set targets for the reduction of their resource consumption and are expected to work continuously to reduce the use and promote recycling of resources.

#### (I-3) Promote environmental protection activities

Suppliers are required to comply with emission standards for wastewater, sludge, exhaust, etc., and are expected to make continuous efforts to reduce waste and improve handling and related processes.

#### (I-4) Control hazardous chemicals

Suppliers are required to identify and manage as per laws and regulations chemical substances contained in products handled by the company. They are also required to identify chemical substances used in production, inspection and maintenance processes, and make efforts to reduce their release into surrounding environments.

#### (I-5) Obtain environmental permits and submit reports

Suppliers are required to deploy managers, and to obtain permits from and submit reports to authorities as required by environmental laws and regulations.

#### (I-6) Effectively implement an environmental management system

Suppliers are expected to build an environmental management system that enables them to effectively implement and manage environmental protection activities.

#### (I-7) Conserve biodiversity and ecosystems

Suppliers are requested to understand that conservation of biodiversity and ecosystems is crucial for a sustainable society and recognize the impact of their use of energy and resources and emission of substances of concern on biodiversity. They are expected to make efforts for conservation to reduce the impact in all their business activities.

### II Human Rights and Labor

~ The NGK SPARK PLUG Group continues to respect the human rights of employees and treat each and every individual with importance. ~

**(II-1) Prohibit forced labor**

Suppliers must employ all employees on a voluntary basis, and must not subject anyone to forced labor.

**(II-2) Prohibit inhumane treatment and infringements of human rights**

Suppliers must respect the rights of employees, and must not subject them to abuse, corporal punishment, sexual harassment, power harassment, or other forms of harsh or inhumane treatment.

**(II-3) Prohibit child labor**

Suppliers must not employ children under the minimum employment age stipulated in local laws, or engage children in work that impairs their natural development.

**(II-4) Prohibit discrimination**

Suppliers must base opportunities and benefits such as hiring, promotion and remuneration on rational factors such as ability, aptitude and performance, and must not discriminate against employees based on age, race, ethnicity, nationality, origin, presence of disabilities, physical characteristics, gender, sexual orientation, cultural background, and the like.

**(II-5) Pay appropriate wages**

Suppliers must pay employees the legal minimum wage, and must not reduce wages in violation of labor laws, etc.

**(II-6) Regulate working hours**

Suppliers must regulate employee working hours, holidays or vacations so as not to exceed the legal ceiling.

**(II-7) Respect the freedom of association**

Suppliers must respect the employees' freedom of association as a means for discussing working conditions, wages and other matters between labor and management.

**(II-8) Ensure preservation of rights**

Suppliers must not discriminate against any of those who are concerned with their business activities based on age, race, ethnicity, origin, gender, presence of disabilities, physical characteristics, sexual orientation, creed, cultural background and the like, and must promote consideration toward the preservation of their rights.

**III Business Continuity Plan (BCP)**

~ The NGK SPARK PLUG Group has made preparations and formulated countermeasures in advance to ensure stable supply of products and services in the event of a disastrous incident.

~

**(III-1) Formulate a BCP**

Suppliers are expected to formulate a BCP in preparation for a situation in which a stable supply of products or services may be inhibited by a natural disaster (e.g., an earthquake, windstorm, flood), the spread of an infectious disease, or other serious incidents, and to keep it available for smooth utilization.

## **IV Business Ethics**

~ The NGK SPARK PLUG Group observes laws and regulations, and acts in a socially acceptable way to conduct business appropriately. ~

### **(IV-1) Conduct fair, transparent, free and proper business**

Suppliers must conduct business in a proper way that ensures fair, transparent and free competition. They must also establish and maintain sound and normal relations with political circles and authorities, and must not commit any acts of bribery that may lead to corruption.

### **(IV-2) Prohibit abuse of power, and offering and acceptance of bribes**

Suppliers must not use their position to inflict losses on third parties, nor offer or accept inappropriate benefits to or from third parties.

### **(IV-3) Protect and respect intellectual property**

Suppliers must protect the intellectual property rights possessed or owned by themselves, and must not illegally obtain or use, or infringe upon the intellectual property of third parties.

### **(IV-4) Use appropriate export procedures**

Suppliers must use proper procedures to export and manage products and technologies. And they must observe the related local laws and regulations.

### **(IV-5) Disclose company information appropriately**

Suppliers are expected to appropriately disclose company information to stakeholders, and to make efforts to promote mutual understanding therewith and maintain their trust.

### **(IV-6) Prevent and promptly rectify inappropriate behavior**

Suppliers are expected to impart educative and awareness activities for employees in order to prevent inappropriate behavior. They are also expected to put systems in place to detect and rectify any such situations as early as possible, and at the same time, they must ensure confidentiality, anonymity and protection of in-house whistle-blowers.

### **(IV-7) Confront antisocial forces**

Suppliers must take a resolute stance against antisocial forces and organizations that pose a threat to civil order and security.

### **(IV-8) Responsibly procure resources and materials**

Suppliers are requested to conduct their procurement activities in consideration of the impact on local communities caused by the use of resources or materials (e.g., conflict minerals from the Congo, etc.) if that use creates social issues because of human trafficking, slavery, forced labor, child labor, torture, war crimes or other inhumane acts, and must take appropriate steps to discontinue procurement of these materials if the possibility thereof exists.

## **V Information Security**

~ The NGK SPARK PLUG Group appropriately protects and manages all information resources.  
~



**(V-1) Secure computer networks against threats**

Suppliers are expected to take measures to ensure computer security, including but not limited to virus checks, and to prevent information leaks from mobile devices, etc., and to impart appropriate education on information security to employees.

**(V-2) Prevent the leakage of confidential information of customers, personnel and third parties**

Suppliers must appropriately protect and manage confidential information belonging to customers, personnel and third parties that is known via business activities.

**(V-3) Prevent accidental leakage and take appropriate countermeasures if leakage occurs**

Suppliers must promote prevention of information leakage. If an accidental leakage occurs, suppliers must take measures to minimize damage and prevent recurrence.

**VI Occupational Health and Safety**

~ The NGK SPARK PLUG Group is committed to maintaining workplace safety and hygiene so that the environments are agreeable to employees. ~

**(VI-1) Take safety measures with equipment and instruments**

Suppliers must evaluate risks associated with equipment and instruments, and to take appropriate safety measures and conduct inspections and maintenance therewith.

**(VI-2) Promote safe activities in the workplace**

Suppliers must evaluate the potential risks of accidents and health hazards in the workplace, and to ensure safety by means of appropriate designs, technologies and management.

**(VI-3) Promote hygiene in the workplace**

Suppliers must grasp workplace conditions in terms of biological and chemical hazards, noise, and odors, which are harmful to health, and take appropriate measures against such events.

**(VI-4) Take appropriate measures against occupational injuries and illnesses**

Suppliers must grasp the situation of occupational injuries and illnesses in the workplace, and provide appropriate measures.

**(VI-5) Properly manage disasters and accidents**

Suppliers must prepare emergency response measures for possible disasters and accidents in order to protect human lives, and inform all people through the workplace.

**(VI-6) Manage physically demanding work**

Suppliers must identify, designate and appropriately manage physically demanding work so that it does not lead to accidents or illness.

**(VI-7) Promote safety and hygiene at all company facilities**

Suppliers must appropriately maintain the safety and hygiene of facilities provided as a part of employee living (dormitories, cafeterias, toilets, etc.).

**(VI-8) Promote health maintenance programs for employees**

Suppliers must appropriately manage the health of all employees via health checkups, etc., and must also pay sufficient attention to their mental health.

## **VII Product Quality and Safety**

~ The NGK SPARK PLUG Group maintains the trust by making and supplying safe, high quality products and services. ~

### **(VII-1) Supply stable quality products and services**

Suppliers are expected to build and manage a quality management system so as to conduct business reliably by continuously supplying safe, high quality products and services, and providing accurate information.

## **VIII Management Systems**

~ For the promotion and continuous improvement of these Guidelines, the NGK SPARK PLUG Group has established a management system that contains the matters below. ~

### **(VIII-1) Express company commitment**

Suppliers are expected to post their policy statements concerning corporate social responsibility approved by their top management at their facilities in local languages.

### **(VIII-2) Clarify accountability and responsibility of management**

Suppliers are expected to clarify the status of operation of the management system and related programs, as well as the managers in charge, and conduct review on a regular basis.

### **(VIII-3) Ensure compliance with laws and satisfy customer requirements**

Suppliers must establish a process to comply with applicable laws and regulations and satisfy customer requirements, including the requirements of these Guidelines.

### **(VIII-4) Assess and manage risks**

Suppliers are expected to build a process to identify key risks from among all the risks related to their business (e.g., manufacturing/supply trouble risk, natural disaster risk, raw materials procurement trouble risk, market risk, climate change risk, deregulation risk, risk associated with entry in new business, information leakage risk, risk of suspension/malfunction of core systems, environmental risk, compliance risk, CS/customer service risk, etc.) and manage them, and observe relevant laws and regulations.

### **(VIII-5) Set improvement objectives**

Suppliers are expected to set objectives and targets to fulfill their social and environmental responsibility, and to formulate implementation plans therefor.

### **(VIII-6) Conduct training**

Suppliers are expected to conduct training for managers and workers toward achieving the objectives.

### **(VIII-7) Communicate information**

Suppliers are expected to provide their suppliers and customers with correct information on policies, details and results of their activities.

### **(VIII-8) Promote employee feedback and participation**

Suppliers are expected to have ongoing processes to assess employees' understanding of and obtain feedback on practices and conditions written in these Guidelines and to lead them to further improvement.

**(VIII-9) Conduct audits and assessments**

Suppliers are expected to conduct evaluations on a periodic basis to ensure their compliance with laws and regulations, and these Guidelines, as well as the customer requirements related to social and environmental responsibility.

**(VIII-10) Establish a process for corrective action**

Suppliers are expected to promptly correct deficiencies identified by assessments.

**(VIII-11) Create documents and records**

Suppliers are expected to create and store documented records on operation of management systems.

**(VIII-12) Ensure supplier responsibility**

Suppliers are expected to communicate the requirements of these Guidelines to their own suppliers and strive to ensure that their suppliers comply with the rules.

\* These Guidelines are based on categories and wording in the Code of Conduct of the Responsible Business Alliance (RBA), the Supply-Chain CSR Deployment Guidebook of the Japan Electronic and Information Technology Industries Association (JEITA) and the CSR Guidebook of the Japan Auto Parts Industries Association (JAPIA).

The End



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