



IKO Group Supplier CSR Procurement Guidelines

Second Edition, August 2026

Nippon Thompson Co., Ltd.

■ Introduction

It is essential for a company to grow sustainably not only to fulfill its legal responsibilities, but also to fulfill its social responsibilities as a member of society through corporate activities, in other words, CSR initiatives. Through implementation of green procurement based on our basic philosophy “to accomplish environment-friendly corporate activities as a corporate social responsibility, to reduce our environmental loads, and to contribute to creating a rich global environment,” we have promoted our CSR initiatives with an awareness of global environment conservation since FY1998. However, to achieve a broader scope of social responsibility, one that embraces human rights and labor issues, as well as environmental issues, we hereby formulate the IKO Group Supplier CSR Procurement Guidelines.

In response to the growing interest in CSR throughout business processes, we are required not only to promote CSR activities within our own Group but also to give due consideration to CSR throughout our supply chain. By ensuring that our entire supply chain meets current social standards, we believe we can achieve prosperity based on mutual trust.

We request that our business partners understand the purpose of these Guidelines, implement them within their own companies, and urge their own suppliers to acknowledge and implement these Guidelines.

■ Management Philosophy

A company centered on technology development that contributes to society

Nippon Thompson is a company that has earned the trust of our customers by focusing on their needs and through the manufacture and sale of important mechanical components such as bearings and bearing-related equipment. In order to further grow as a global company and have a strong presence, we aim to become a company centered on technology development that focuses all of our expertise and passion into solving the problems of our customers.

■ Basic Procurement Policy

- We will engage in fair and optimal procurement from suppliers with competitive prices, focusing on quality, cost, and on-time delivery.
- We will comply with all laws and regulations and conduct fair transactions.
- We will promote green procurement as part of procurement efforts that consider the global environment.
- We will build a supply chain that will develop sustainably and fulfill our social responsibilities through our corporate activities.

<Implementation of Proper Procurement Activities (Code of Ethical Conduct for Procurement)>

The Group will comply with its code of conduct in procuring products and services in order to establish fair and sound relationships with our suppliers based on a strict sense of moderation and ethics.

- We will not accept entertainment from our suppliers, including meals, golf outings, and travel, except for events officially authorized by our company or entertainment that is generally considered socially acceptable.
- We will not accept gifts from our suppliers, including seasonal gifts, that exceed what is generally considered socially acceptable.
- We will not accept money, including gift certificates and similar vouchers, from our suppliers.
- We will not acquire unlisted shares of our suppliers or trade shares based on insider information.
- We will not engage in any other conduct that could objectively be perceived as accepting personal benefits.

■ CSR Procurement Operation Policy

- We seek the understanding and cooperation of our business partners regarding these Guidelines. Alongside them, we seek to promote CSR procurement across the entire supply chain.
- We strive to promote CSR procurement by understanding the circumstances of our business partners and, where necessary, requesting improvements. (We may request that you provide relevant information; we very much appreciate your cooperation in this regard.)
- Before commencing transactions with you, we will assess your circumstances in light of these Guidelines and confirm whether you agree to and will willingly work in line with our CSR initiatives.
- We request that you engage in efforts to promote these Guidelines within your own supply chain.

Table of Contents

1. Human Rights and Labor.....	5	(8) Contributions to local communities	
(1) Prohibition against forced labor		(9) Excluding ties to antisocial forces or groups	
(2) Prohibition against child labor and consideration for young workers		(10) Proper import/export controls	
(3) Consideration for working hours			
(4) Decent wages and welfare		5. Information Security	9
(5) Prohibition against inhumane treatment		(1) Defense against cyberattacks	
(6) Prohibition against discrimination		(2) Protecting personal information and privacy	
(7) Freedom of association and right to collective bargaining		(3) Preventing leaks of confidential information	
(8) Respect for religious traditions and customs			
2. Safety and Health	6		
(1) Workplace safety and health			
(2) Emergency preparedness and business continuity planning (BCP)			
(3) Occupational accidents and work-related illnesses			
(4) Physically demanding work			
(5) Employee health management			
(6) Facility safety and hygiene			
(7) Providing safety and health information			
3. Environment	7		
(1) Environmental permits and reporting			
(2) Reducing energy consumption and greenhouse gas emissions			
(3) Atmospheric emissions			
(4) Water management			
(5) Effective use of resources and waste management			
(6) Control of chemicals			
(7) Material restrictions			
(8) Environmentally friendly products			
4. Fair Trade and Ethics	7		
(1) Preventing corruption			
(2) Prohibition against illicit provision and acceptance of benefits			
(3) Appropriate information disclosure			
(4) Respect for intellectual property			
(5) Fair business execution			
(6) Whistleblower protection			
(7) Responsible mineral procurement			

Matters We Request Our Business Partners to Implement

To meet social expectations and customer requirements, we have summarized below the matters that the Group and its business partners should mutually recognize and comply with.

1. Human Rights and Labor

(1) Prohibition against forced labor

- Do not engage in forced, bonded, or slave labor, or involuntary and inhumane prison labor.
- Do not impose unreasonable restrictions on access to company-provided facilities (including employee dormitories and residences) or on employee freedom of movement inside the facilities.
- As part of the employment process, provide all employees with written employment contracts specifying the conditions of employment in their native language or a language they can understand.
- Employ workers in accordance with applicable laws, regulations, and rules in the countries in which business is conducted, as well as with contractual agreements. Do not require employees to surrender their officially-issued identifications, passports, or work permits as a condition of employment.
- Ensure that all labor is voluntary and guarantee that employees have the freedom to leave their employment or terminate their employment relationships.

(2) Prohibition against child labor and consideration for young workers

- Child labor is prohibited. In this context, a “child” refers to any individual whose age does not exceed 15 years or the compulsory schooling completion age or minimum working age as defined by the laws and regulations of the countries/regions in which business is conducted, whichever is the later.
- Do not assign young workers under the age of 18 years any night work, overtime work, or hazardous or harmful work that may impair their sound development.

(3) Consideration for working hours

- Comply with the statutory working hours of the countries in which business is conducted, prohibit exceeding the maximum working hours with overtime hours counted in, and strive to reduce working hours.
- Provide statutorily mandated holidays and paid leave.

(4) Decent wages and welfare

- Comply with wage and welfare laws and regulations of the countries in which business is conducted, including those related to minimum wage, overtime, and statutory benefits.
- Beyond statutory requirements, strive to provide employees with fair and market-competitive wages and welfare that enable them to maintain an appropriate standard of living.

(5) Prohibition against inhumane treatment

- Do not engage in any form of cruel or inhumane treatment, or harassment, such as sexual harassment and power harassment, physical punishment, mental or physical coercion, or verbal abuse.

(6) Prohibition against discrimination

- Do not engage in harassment or discrimination in the workplace.
- With regard to wages, promotion, compensation, education, recruitment, and employment practices, eliminate all forms of discrimination against job applicants and employees based on race, skin color, age, gender (including sexual orientation), pregnancy, ethnicity, nationality, disability, religion, political orientation, labor union membership, marital status, veteran status, or other such factors.

(7) Freedom of association and right to collective bargaining

- Respect the rights to freely organize into associations, join labor unions, and engage in collective bargaining in accordance with the laws and regulations of the country in which business is conducted.
- Guarantee that employees can engage in dialogue with the management team regarding their working conditions without fear of retaliation, threats, or harassment.

(8) Respect for religious traditions and customs

- Respect the traditions and customs of the countries and regions in which business is conducted, as well as the religious traditions and customs of employees. Give due consideration to ensure that such traditions and customs are not hindered by the application of uniform work rules or other measures.

2. Safety and Health

(1) Workplace safety and health

- For machinery and equipment, implement safety measures such as the use of safety devices, interlocks, and protective barriers, and appropriately maintain such equipment.
- In cases in which employees are directly exposed to living creatures or chemical substances in the course of their work, manage their safety and health.
- Implement workplace safety measures and manage workplaces via appropriate technological/managerial means. Provide employees with proper protective equipment.

(2) Emergency preparedness and business continuity planning (BCP)

- To ensure readiness for disasters, accidents, and other emergencies that may endanger human life or safety, identify potential emergencies and assess the likelihood of their occurrence, prepare emergency response procedures, install necessary equipment, and conduct education and drills to ensure appropriate responses in the event of a disaster.
- Identify and assess risks to business continuity, and develop a business continuity plan (BCP) that summarizes business impact assessments, necessary medium- to long-term proactive measures, and the implementation status of such measures.
- Promptly resume business activities and seek to minimize business impact in accordance with appropriate recovery plans and procedures so that supply responsibilities can be fulfilled even under critical conditions, such as a major disaster or the spread of an infectious disease.

(3) Occupational accidents and work-related illnesses

- Assess the circumstances of occupational accidents and work-related illnesses and implement the necessary corrective measures.

(4) Physically demanding work

- Assess the circumstances in which physically demanding work takes place and appropriately manage such work. Furthermore, provide employees with suitable tools for their work.

(5) Employee health management

- Arrange statutorily mandated health checkups, etc. for all employees. Implement health management such that illnesses can be prevented or detected at the early stages.

(6) Facility safety and hygiene

- Provide employees with clean toilet facilities, safe drinking water, sanitary dining facilities, and safe and clean dormitories.

(7) Providing safety and health information

- Provide employees with education and training on workplace safety and health in their native language or a language they can understand, and post related information within the facilities in such language.

3. Environment

(1) Environmental permits and reporting

- Comply with environmental laws and regulations, obtain environmental permits and registration as prescribed by such laws and regulations, maintain and renew the registered details, and submit required reports.

(2) Reducing energy consumption and greenhouse gas emissions

- Set voluntary reduction targets for energy consumption and greenhouse gas emissions, and strive to achieve those targets.

(3) Atmospheric emissions

- Comply with applicable laws and regulations of the countries and regions in which business is conducted regarding volatile organic compounds (VOCs), aerosols, corrosive substances, particulate matter, ozone-depleting substances, combustion by-products, and other such substances, and implement appropriate measures to reduce emissions.

(4) Water management

- Properly manage water sources, water withdrawal volumes, and wastewater discharge volumes, and strive to use water efficiently and conserve water.
- Properly treat sewage water and waste generated in manufacturing processes and wastewater treatment processes before discharge or disposal.

(5) Effective use of resources and waste management

- Promote effective use of resources and minimize waste generation through active use of recycled materials and other measures.
- Promote the 3Rs (Reduce, Reuse, and Recycle) in waste management and strive to establish a circular economy.

(6) Control of chemicals

- Identify chemicals, waste, and other substances that may adversely affect human health and the environment, properly manage their labeling, handling, transport, storage, use, recycling, reuse, and disposal, and strive to reduce their usage.

(7) Material restrictions

- Comply with laws and regulations that ban or restrict the use of specified substances in products and manufacturing processes.
- Comply with laws and regulations related to recycling and disposal labeling.

(8) Environmentally friendly products

- In product planning, development, and design, assess potential environmental impact during product lifecycles and strive to improve energy efficiency, promote resource savings, and enhance recyclability.

4. Fair Trade and Ethics

(1) Preventing corruption

- Maintain a high standard of ethics. Do not engage in corruption, extortion, or embezzlement in reciprocal business relationships.

(2) Prohibition against illicit provision and acceptance of benefits

- Do not offer or accept gifts or entertainment for the purpose of influencing decisions or other illicit purposes.
- Understand <Implementation of Proper Procurement Activities (Code of Ethical Conduct for Procurement)> in our Group's Basic Procurement Policy; do not provide entertainment or gifts to

individuals affiliated with our company; and do not engage in any other conduct that constitutes the provision of personal benefits.

- In situations involving conflicts of interest between employees and the company, actions detrimental to the interests of the company and the receipt of personal benefits are prohibited.

(3) Appropriate information disclosure

- Appropriately disclose information regarding the business activities, organizational operations, financial conditions, business performance, ESG information, risks, and supply chain of your company in accordance with applicable laws and regulations and customary practices.

(4) Respect for intellectual property

- Respect not only your company's own intellectual property but also the intellectual property of customers and suppliers, and other third parties, and appropriately manage the transfer and handling of technologies and know-how to protect intellectual property.

(5) Fair business execution

- Engage in fair transactions, fair advertising, and fair competition. Appropriately manage customer information.
- Strictly manage confidential information obtained through transactions, and do not disclose it to any external party without the consent of the business partner associated with the confidential information concerned.

(6) Whistleblower protection

- Establish a system that enables employees to report, seek advice on, or raise concerns regarding issues related to human rights, safety and health, the environment, ethics, or violations of laws, regulations, or internal rules.
- Protect the confidentiality of the reported matters and the anonymity of whistleblowers, and do not subject whistleblowers to any form of adverse treatment.

(7) Responsible mineral procurement

- Recognize it as a key responsibility to prevent the use of minerals associated with risks of supporting armed groups, human rights abuses, corruption, or environmental destruction in the Democratic Republic of Congo and its neighboring countries (DRC countries) and other conflict-affected and high-risk regions ("target regions" hereinafter).
- Promote responsible mineral procurement in cooperation with suppliers to prevent the use of conflict minerals originating in the target regions (e.g., tin, tantalum, tungsten, gold, cobalt).

(8) Contributions to local communities

- Promote activities that contribute to local communities and support their social and economic development.
- Particularly for businesses operating overseas, work to ensure not only compliance with the laws and regulations of each country in question, but also respect for the country's history, culture, and customs and contribution to the development of its society.

(9) Excluding ties to antisocial forces or groups

- Exclude ties to organized crime groups, corporate extortionists, and other antisocial forces.

(10) Proper import/export controls

- With regard to exports of technologies and goods (e.g., parts, finished products, technologies, equipment, software) regulated by the laws and regulations of each country or region, establish a clear export control system and conduct proper export procedures.

5. Information Security

(1) Defense against cyberattacks

- Implement defense measures against computer network threats, including cyberattacks, and manage such threats to prevent damage to your company and other parties.

(2) Protecting personal information and privacy

- Properly and reasonably manage and protect personal information and the privacy of all individuals involved in your company's business, including suppliers, customers, consumers, and employees, in compliance with applicable laws and regulations in each country.
- Collect, store, modify, transfer, share, or otherwise process personal information only to the extent necessary to achieve the specified purposes of use.

(3) Preventing leaks of confidential information

- Properly manage and protect not only your company's confidential information (*) but also confidential information received from customers and third parties.

(*) Confidential information: Information disclosed through documents (including electronically or optically recorded data) agreed to be confidential, or information disclosed orally after notice that it is confidential

■ References

- Code of Conduct, RBA (Responsible Business Alliance)
<https://www.responsiblebusiness.org/code-of-conduct/>
- Responsible Business Conduct Guidelines, JEITA (Japan Electronics and Information Technology Industries Association)
<https://www.jeita.or.jp/japanese/pickup/category/2020/200331.html>
- The Ideal Approach to CSR / Sustainable Procurement, GCNJ (Global Compact Network Japan) (in Japanese)
https://www.ungcjin.org/common/frame/plugins/fileUD/download.php?type=contents_files&p=elements_file_7529.pdf&token=42761663f056e6c41383bf753511b6cc72829266&t=20260722175227
- Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, OECD (Organization for Economic Co-operation and Development)
https://www.oecd.org/en/publications/oecd-due-diligence-guidance-for-responsible-supply-chains-of-minerals-from-conflict-affected-and-high-risk-areas_9789264252479-en.html

■ Revision History

No.	Month/year	Overview
1	July 2022	Established first version of IKO Group Supplier CSR Procurement Guidelines.
2	August 2026	Revised to the second version. Added "Implementation of Proper Procurement Activities (Code of Ethical Conduct for Procurement)." • Added "2.(6) Facility safety and hygiene." • Added "2.(7) Providing safety and health information." • Added "3.(3) Atmospheric emissions." • Added "3.(8) Environmentally friendly products." • Added "4.(6) Whistleblower protection." • Added "4.(9) Excluding ties to antisocial forces or groups." • Added "4.(10) Proper import/export controls." • Added "5. Information Security."