



# Supplier environmental assessment

## Promotion of CSR-based procurement

GRI 308-2/414-2

### Promotion of CSR-based procurement

The importance of CSR initiatives in the international community is becoming increasingly diverse and sophisticated, and their scope is expanding beyond the company's own efforts to include the entire supply chain.

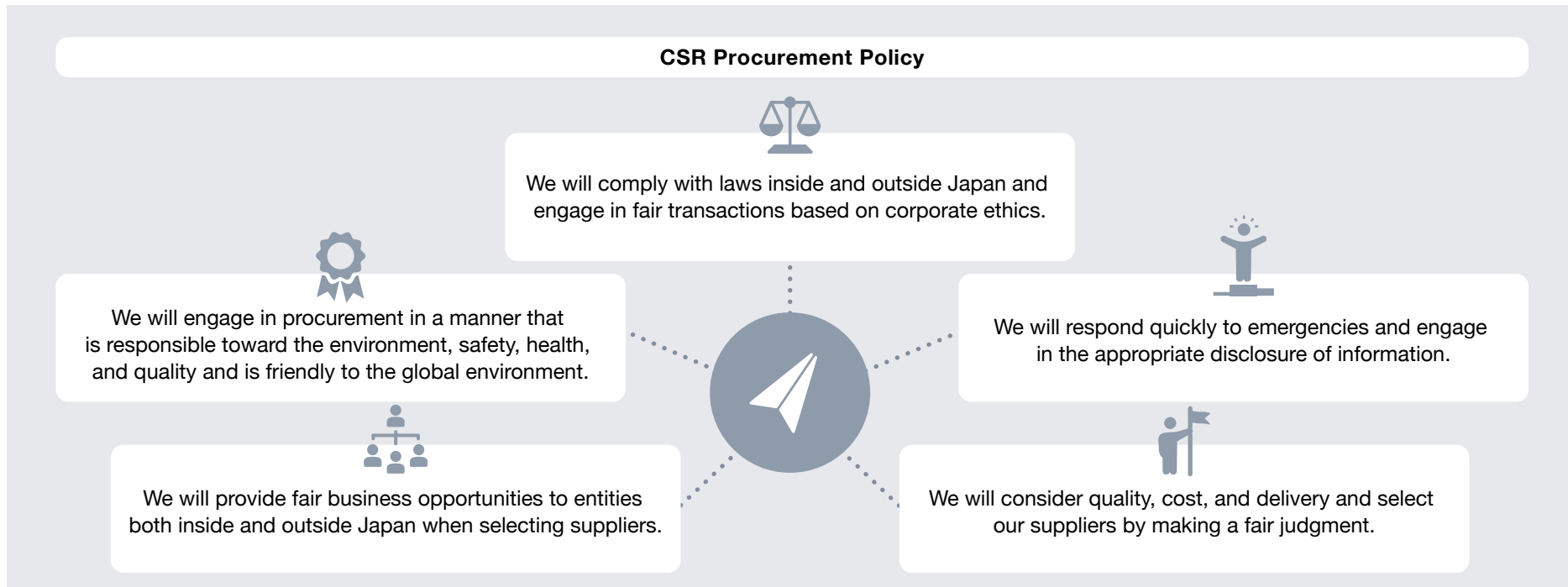
To address these issues and ensure stable and sustainable procurement, NOF has established the CSR Procurement Policy. Furthermore, we have

compiled the CSR Procurement Guidelines that we implement and request our business partners to implement. We request that our business partners understand the purpose of this policy and guidelines, and work together with NOF to implement initiatives in accordance with these guidelines.

### CSR Procurement Policy

In the procurement of its raw materials, NOF will

fulfil its social responsibility by viewing the entire supply chain in order to respect human rights, comply with laws and regulations, and give due consideration to labor conditions, the environment, and safety. In order to realize its corporate philosophy, NOF is committed to deal sincerely with its suppliers based on the concept that all of them are important partners.





## CSR Procurement Guidelines

NOF established CSR Procurement Guidelines in 2022.



## Inclusion of CSR clauses in basic purchasing contracts

When signing a new basic purchasing contract, we decided to add a clause stating efforts to comply with NOF's CSR Procurement Policy and CSR Procurement Guidelines.

In addition, we will gradually revise our basic purchasing contracts that have already been concluded.

## CSR questionnaire

In the procurement unit, we will provide our main suppliers with necessary explanations on NOF's CSR Procurement Policy and commence questionnaires on the status of CSR activities at our main suppliers, using the global compact format to improve the objectivity of the questionnaire.

## Business continuity plan (BCP)

As part of our BCP, our procurement unit is striving to purchase multiple raw materials and reviewing our supply chain in order to ensure stable raw materials procurement in the event of an emergency, such as a natural disaster, equipment malfunc-

tion, or transportation disruption.

## Fair trade practices

The NOF Group is promoting fair trade practices by stipulating compliance with laws such as the Antimonopoly Act and the Subcontract Act, as well as the prohibition of bribery, in the Global Compliance Manual and the Compliance Manual (Japan version) and carrying out ongoing employee education.

The above-mentioned initiatives are further promoted under the NOF Group's Basic Anti-Bribery Policy.

In addition, in order to avoid the risk of violations of "prevention of delay in payment" and "prohibition of reduction of payment" under the Subcontract Act, the NOF Group has standardized payment terms and conditions that comply with the Subcontract Act in a comprehensive and uniform manner at all Group companies in Japan.

## Green procurement

NOF has added "environmental friendliness" to its previous criteria for procurement of materials, which are "quality, cost and delivery time." In order to confirm the status of suppliers or products in terms of environmental measures, and to procure products with lower environmental load from suppliers that make greater environmental efforts,

we have established a list of managed substances, based on which we conduct a survey of suppliers. The managed substances list is decided on the basis of the POPs treaty, RoHS directives, and REACH regulations, as well as Japan's Chemical Substances Control Act, Industrial Safety and Health Act, and Poisonous and Deleterious Substances Control Act. The list is reviewed once a year.

## Procurement of sustainable palm oil

NOF joined the Round-table on Sustainable Palm Oil (RSPO) in 2012 and obtained supply chain certification from the organization in 2014. NOF, a founding member of the Japan Sustainable Palm Oil Network (JaSPON) which was launched in Japan in 2019, conducts activities to procure sustainable palm oil.



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### Dealing with conflict minerals

When using the four minerals of tin, tantalum, tungsten and gold, we use the prescribed Conflict Minerals Reporting Template (CMRT) agreed by the Responsible Minerals Initiative (RMI) and conduct questionnaire surveys of all key business partners to investigate their origins, to avoid using conflict minerals, or the four minerals extracted in the Democratic Republic of Congo and neighboring countries, which may potentially impact human rights, among other things.

### Education on CSR procurement

NOF holds meetings for materials-related personnel twice a year, which are attended by materials-related personnel from the Head Office and plants, to exchange information and discuss solutions to issues related to CSR procurement.

In addition, with the aim of extending the CSR procurement activities implemented at NOF to our affiliates, a meeting of materials-related personnel of manufacturing-related affiliates is held once a year with the participation of materials-related personnel from those companies.

### Participation in the Declaration of Partnership Building

We have announced the "Declaration of Partnership Building" in support of the aims of the "Council on Promoting Partnership Building for Cultivating the Future" promoted by the Cabinet Office, the Small and Medium Enterprise Agency, and others. We aim to build new partnerships by promoting collaboration, co-existence, and co-prosperity with our supply chain business partners and businesses that create value.



\* Acronym for Responsible Minerals Initiative.

\* Acronym for Conflict Minerals Reporting Template.