

CSR PROCUREMENT GUIDELINES

(Request for Sustainable Procurement)

Ver. 1.0
Enacted: September 1, 2025

Nihon Parkerizing Co., Ltd.

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■ **Introduction**

Dear Business Partners,

We hope this letter finds you well. We would like to express our sincere gratitude for your continued support of our production activities.

Based on its corporate philosophy of "contributing to the preservation of the global environment and the creation of a prosperous society by creating new value from resources through the effective use of the earth's limited resources and the surface modification of all kinds of materials," the Nihon Parkerizing Group has established a basic sustainability policy. It promotes initiatives aimed at realizing a sustainable society and enhancing corporate values.

Under this basic policy, we have revised our procurement policies to incorporate social responsibility, including the provision of safe and reliable products and services, consideration for the environment, and fair and equitable transactions.

Therefore, we have formulated the CSR Procurement Guidelines (hereinafter referred to as "the Guidelines"). We ask for your understanding, cooperation, and support in implementing the Guidelines.

■Procurement Policies

- The Nihon Parkerizing Group strives to foster coexistence and co-prosperity with our business partners, built on mutual trust and respect.
- The Nihon Parkerizing Group complies with domestic and international laws, regulations, and social norms. It requires its business partners to do the same.
- The Nihon Parkerizing Group is committed to sustainable procurement practices, giving consideration to environmental, human rights, and corporate ethics.

■CSR Procurement Guidelines

The CSR Procurement Guidelines are based on "the Procurement Policy" and cover all initiatives taken by the company to fulfill its social responsibilities. Additionally, to promote mutual understanding and strengthen cooperation between our business partners and our group, we may request that you confirm the status of implementing these Guidelines as necessary.

The Guidelines will be published on our website. It is essential to continually update the chemical substance management activities outlined in the Guidelines in response to advancements in scientific knowledge and evolving social conditions. Therefore, please visit our website periodically for the latest information and contact us immediately if you have any new matters to communicate.

1. Realizing Coexistence And Co-Prosperity With Our Business Partners

- (1) We will promote fair and transparent business activities through sound management, governance, and internal controls.
- (2) We will manage confidential information and personal information of our business partners appropriately and prevent their exposure. We will also respect the intellectual property rights of third parties.
- (3) We will collaborate with our business partners to develop business continuity plans (BCPs) for natural disasters, major fires, and terrorist attacks, and strive to work together to mitigate risks.

2. Fair and Equitable Transactions

- (1) We will confirm that the quality, price, delivery date, supply stability, and business stability of our business partners' products are appropriate.
- (2) We will confirm that new business partners comply with our procurement standards. When starting a business, we will prioritize business partners who meet our standards for

chemical substance management, and we will continue to give them priority in ongoing business. Please refer to 4 (2) for our chemical substance management standards.

- (3) We will conduct regular reevaluations of existing business partners to confirm the stability of their supply.

3. Compliance with Laws, Regulations, and Social Norms

- (1) We will prevent the abuse of our superior position as part of our sincere corporate activities and engage in fair competition and transactions.
- (2) We conduct transactions in accordance with environmental laws and regulations, trade-related laws and regulations, and local laws and regulations overseas.
- (3) We conduct transactions in compliance with the Subcontract Act and the Antitrust Act.

4. Promotion of Sustainable Procurement

- (1) Promotion of socially responsible procurement

- i) Respect for human rights and prohibition of discrimination

We will not only comply with the framework and regulations of the main international norms related to human rights but also promote corporate activities and human resource development initiatives that respect fundamental human rights and local communities. In addition, we will prohibit inhumane treatment, the promotion of human rights violations, and all forms of discrimination.

*This refers to the 10 principles of the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UK Modern Slavery Act, the Universal Declaration of Human Rights, and other similar principles.

- ii) Sustainable procurement with respect for human rights

We prohibit procurement from business partners who engage in forced labor or child labor.

- iii) Responsible mineral sourcing

We aim to eliminate minerals associated with armed forces and inhumane companies. We will investigate our business partners regarding relevant minerals and disclose the results upon request from our customers.

- iv) Elimination of anti-social forces

We take a firm stance against anti-social forces and organizations and have no involvement whatsoever with them. Furthermore, we do not engage in any activities that could encourage their activities.

- v) Information security measures

By building defensive measures against threats to the intranet and cloud and

implementing appropriate management, we prevent the exposure and outflow of confidential information related to procurement.

(2) Promotion of environmentally conscious procurement

i) Compliance with environmental regulations and laws in business processes

We will comply with all applicable domestic and international laws and regulations related to environmental conservation.

*Chemical Substance Control Law, Industrial Safety and Health Law, Water Pollution Control Law, Air Pollution Control Law, TCSA, REACH regulations, etc.

ii) Efficient use of resources (energy, water, raw materials)

We promote the effective use of resources through resource conservation and energy conservation.

iii) Reduction of greenhouse gases

We will promote the reduction of greenhouse gases (GHG) to prevent climate change caused by global warming.

iv) Environmentally conscious procurement activities

We will promote procurement from business partners who are mindful of biodiversity conservation and provide support to our business partners. We will promote the procurement of RSPO-certified palm oil to ensure the sustainable procurement of palm oil.

■Green Procurement Guidelines (Chemical Substance Screening and Confirmation)

Green procurement refers to activities that prioritize purchasing products (raw materials) and containers with low environmental impact, as well as actively engaging with environmentally conscious business partners who are committed to such initiatives. It also includes collaborative efforts with business partners to reduce the use of hazardous substances.

4. Chemical Substance Management

To achieve CSR procurement, we will screen our business partners and verify the following.

- (1) Review "Self-Assessment Report"
- (2) Confirm compliance with "Nihon Parkerizing Chemical Substance Management Standards".
Confirm compliance with "the List of Prohibited and Controlled Substances for Packaging".
- (3) Confirm GHG-compliant SDS
- (4) Pre-label verification
- (5) Confirm prior notification of changes that violate our chemical substance management standards.
- (6) Confirm thorough awareness of measures to prevent leakage of liquid raw materials.
- (7) Confirm the conclusion of "Memorandum on Management of Chemical Substances Contained in Products"