

In order to address CSR throughout its supply chain, N.E. CHEMCAT shares its procurement policy and CSR procurement guidelines with its suppliers and works with them to resolve social issues.

CSR Procurement

Procurement Policy

N.E. CHEMCAT practices CSR procurement based on its Corporate Philosophy. We established a new procurement policy in April 2022, and have shared it with our suppliers and other stakeholders.

We completely avoid the use of conflict minerals and engage in environmentally friendly green procurement.

Procurement Policy

- 1) We will comply with all laws and regulations, and conduct procurement activities based on social ethics.
- 2) We will select our suppliers with fairness and equity, conduct transactions in good faith, and strive to strengthen and develop mutual understanding and trust.
- 3) We will eliminate conflict minerals and will not procure articles that may be associated with human rights violations.
- 4) We will give attention to conserving the global environment and strive to reduce environmental impacts through our procurement activities.

Management Structure

The company practices CSR procurement under the lead of the Corporate Administration Dept., which cooperates with the purchasing sections of plants in this effort.

Establishment of CSR Procurement Guidelines

In order to practice CSR activities throughout the supply chain, we established CSR Procurement Guidelines in April 2022 to define our approach to CSR procurement including environmental, human rights, and legal compliance.

CSR Surveys

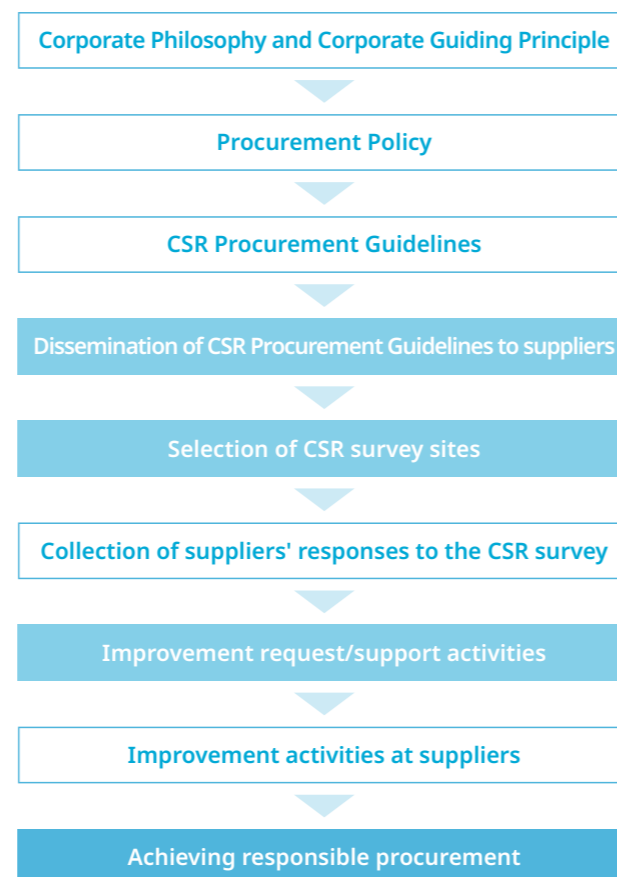
Starting in FY2022, N.E. CHEMCAT has been conducting a CSR survey using the CSR/Sustainable Procurement Self-Assessment Questionnaire developed by the Global Compact Network Japan (GCNJ).

In FY2023, we requested survey responses from 30 major business partners and received responses from 26 companies, with the average score of the responding companies being 91%. Compared to the first year of the survey, the number of companies surveyed has increased from 19 to 30. For one sup-

plier that had a low score last year, we shared the survey results with them and developed and implemented improvement measures, which helped them to raise their score this time.

We will continue to conduct an annual CSR survey and work to ensure responsible procurement.

CSR Survey Process



Conflict Minerals

Trade in minerals such as tin, tantalum, tungsten, gold, and cobalt mined in the Democratic Republic of Congo and adjoining countries in Africa has been identified as a source of funding for armed groups.

N.E. CHEMCAT manufactures products using gold and tungsten, and its CSR Procurement Guidelines stipulate that the company avoids the use of conflict minerals.

The guidelines also stipulate that the company does not procure minerals that may be involved in human rights abuses such as child labor, forced labor, and environmental destruction, which are problems not only in the region but also for the international community.

CSR Procurement Guidelines

1. Environment

- (1) Environmental Management System
Our suppliers establish and operate a general management system for implementing environmental activities.
- (2) Greenhouse Gas Reduction
Our suppliers undertake activities to reduce greenhouse gas emissions generated by their business activities.
- (3) Environmental Impact Reduction
Our suppliers comply with the laws and regulations concerning the prevention of air, water, and soil pollution in each country and region in which they operate, and they continuously work to reduce environmentally hazardous substances.
- (4) Resource Conservation and Waste Reduction
Our suppliers comply with the laws and regulations concerning the proper disposal and recycling of waste in each country and region in which they operate, and they ensure that resources are effectively utilized.
- (5) Chemical Substance Management
Our suppliers comply with the laws and regulations concerning chemical substances in each country and region in which they operate.
Our suppliers strictly control chemical substances throughout the product life cycle to prevent environmental pollution and adverse effects on the human body.

2. Quality

- (1) Quality Assurance Management System
Our suppliers maintain a quality assurance management system to ensure product quality and safety and conduct continuous quality improvement activities.
- (2) Product Safety
In the event a defective product is discovered, our suppliers take all appropriate measures to ensure safety, including sharing information in a timely manner, investigating the cause, and thoroughly implementing measures to prevent recurrence.

3. Human Rights

- (1) Prohibition of Discrimination
Our suppliers do not discriminate in recruitment, hiring, or treatment on the basis of race, creed, gender, social status, family origin, sexual orientation, gender identity, or disability.
- (2) Prohibition of Inhumane Treatment
Our suppliers respect the human rights of their employees and do not tolerate sexual harassment, power harassment, bullying, or any other conduct that may degrade the work environment.
- (3) Prohibition of Forced and Child Labor
Our suppliers hire only employees who work of their own free will, ensuring that they are not forced to work and are free to leave their jobs as desired.
Our suppliers do not use the labor of children who have not reached the legal working age under the laws and regulations of each country and region.
- (4) Compliance with Work Hours and Wage Payment
Our suppliers comply with the maximum working hours set by the laws and regulations of each country and region, as well as with those regarding salaries and wages, including minimum wage, overtime pay, and piece-rate wages.

(5) Freedom of Association

- Our suppliers recognize the right of employees to freely associate with, and choose not to associate with, groups of their choice in accordance with the laws and regulations of each country and region in which they operate.
- (6) Safe and Healthy Working Environment
Our suppliers ensure health and safety in the workplace and strive to prevent accident and injury.

4. Raw Material Procurement

- (1) Conflict Minerals
Our suppliers do not procure minerals that may be associated with child labor, forced labor, or other violations of human rights, or that may cause environmental destruction, or that may provide a source of funding for armed groups.
- (2) Raw Materials Associated with Human Rights Violations
Our suppliers do not conduct business with companies suspected of committing human rights abuses such as forced labor (or those with business ties to such companies).

5. Legal Compliance

- (1) Legal Compliance System
Our suppliers comply with the laws and regulations of each country and region in which they operate and maintain a system to promote compliance.
- (2) Compliance with Competition Laws
Our suppliers comply with the competition laws of each country and region in which they operate and do not engage in unfair restraint of trade (cartels, bid rigging, or other practices), unfair trade practices, or abuse of superior bargaining position.
- (3) Prevention of Corruption
Any political contributions and donations our suppliers make are made in accordance with the laws and regulations of each country and region in which they operate, and they maintain fair relationships with political parties and governments.
Our suppliers do not provide entertainment, present gifts, or give money to, or receive money from, business partners for the purpose of obtaining or maintaining unfair advantage or preferential treatment.
- (4) Respect for Intellectual Property
Our suppliers protect intellectual property rights owned by or belonging to their company and do not infringe on intellectual property rights owned by third parties.
- (5) Confidential Information Management and Protection
Our suppliers maintain a system for managing the confidential and personal information of customers and third parties in accordance with the laws and regulations of each country and region in which they operate. Our suppliers do not illegally acquire, use, or leak this information.
- (6) Exclude Antisocial Forces
Our suppliers do not maintain relationships with such antisocial forces as organized crime groups or corporate blackmailers, or make payments to these groups, under any circumstances.
- (7) Export Transaction Management
Our suppliers follow appropriate export procedures and controls for the export of technology and goods as regulated by the laws and regulations of each country and region in which they operate.