Green Procurement Guidelines

(Edition 12)

Date implemented: September 2, 2019

STANLEY ELECTRIC CO., LTD.
Stanley Group
1. Introduction...........................................................................................................................................1
2. Stanley’s Environmental Activities .....................................................................................................2
   1) Environmental Policy......................................................................................................................2
   2) Basic Philosophy on the Environment ............................................................................................2
   3) Environmental Policy......................................................................................................................2
3. Request for Suppliers............................................................................................................................3-8
   1) Understanding and cooperation with Stanley’s environmental objectives, targets and requirements...3
   2) Request to establish Environmental Management System (EMS) ..................................................3-6
   3) Approach to understand and reduce greenhouse gas emissions (GHG) ........................................6-7
   4) Request to promote the activities for reduction of the amount of waste generated and the amount of water usage ......................................................................................................................7
   5) Request to promote resources recycling ........................................................................................7
   6) Other requests ..................................................................................................................................7-8
4. Request to conduct thoroughgoing management of the substances of environmental concern ........9
5. Publication History .............................................................................................................................9-10
1. Introduction

Recently, global and environmental problems such as global warming, hazardous substances contained in products, and destruction of the ecosystem have been expanding, and thus the roles of companies have become more and more important.

Since Stanley Group (hereinafter referred to as “Stanley”) positions these problems as the most important subject of management, we will put individual and organizational powers together, enhance approaches to the environment, and drive forward to have the next generations take over the rich nature on the earth.

In addition, the reduction of environmental impacts related to the life cycle of products as a whole through procurement, production, sales, application, disposal, and recycling in terms of raw materials is required for environmental conservation activities, and environmental approaches taken by individual companies are still insufficient.

For this reason, we, Stanley, will carry out a reduction of environmental impacts and risks together with suppliers by promoting the eco-friendly procurement of materials as a link in the chain of procurement policies. Suppliers understanding of Stanley’s idea about environmental conservation activities and their cooperation in complying with these guidelines are greatly appreciated.

Stanley Electric Co., Ltd.
Yutaka Hiratsuka, Senior Managing Director
In Charge of Environmental Affairs and Procurement
2. Stanley’s Environmental Activities

With the aim of proactively engaging in environmental conservation activities, Stanley has established “Basic Environmental Philosophy” and “Environmental Policies” as well as announced an “Environmental Statement.”

1) Environmental Statement

We are committed to making environmental conservation efforts to achieve the goal of “not producing,” “not using” and “not disposing” of substances that have an impact on the environment in order to become more environmentally friendly.

2) Basic Environmental Philosophy

Stanley group will strive to “create new values in harmony with the environment” through all our corporate activities by reducing the environmental impact to a bare minimum, so that we can pass on the immeasurably rich blessings of our earth and its ecosystem to the next generation in a healthy state.

3) Environmental Policies

We recognize the role and responsibilities that each of us assumes, and act in accordance with the Basic Environmental Philosophy throughout our business activities.

(1) Throughout the life cycle of our business operations, products and services, we promote activities such as pollution prevention and the conservation of natural resources and energy, thereby reducing the environmental impact globally.

(2) In addition to carefully observing the environmental laws and regulations of each country and region as well as other environmental agreements we conclude with other parties, when necessary, we apply voluntary environmental standards of our own on the basis of those regulations and agreements.

(3) To implement our Environmental Policies, we specify environmental objectives, set up environmental targets, and regularly or extraordinarily re-examine the objectives and targets in view of current progress, thus ensuring continuous and proactive improvement.

(4) We communicate our Basic Environmental Philosophy and Environmental Policies to all the persons working for Stanley Group, and we also gain the understanding and cooperation of our suppliers through informational efforts.

(5) We make our Basic Environmental Philosophy and Environmental Policies accessible to the general public, and we report the progress of our environmental activities in order to increase communication with the local community, when requested.

(6) We actively participate in the environmental conservation activities of the local communities in collaboration with governmental agencies or other local or affiliated organizations.
3. Request for Suppliers

1) Understanding and cooperation with Stanley’s environmental objectives, targets and requirements

Using its Basic Environmental Philosophy and Environmental Policies as a basis, Stanley prepares documents that explain environmental objectives, targets and requirements and distributes them to its suppliers (specifically, management or those responsible). We appreciate suppliers’ understanding of these documents fully and cooperating in achieving the objectives and targets.

2) Request to establish Environmental Management System (EMS)

(1) Suppliers are requested to acquire Eco Partner Certificates to establish, maintain and improve the Environmental Management System (hereinafter referred to as “EMS”) by obtaining ISO14001 or equivalent certificates or by receiving a Stanley EMS audit. Procedures to acquire the Eco Partner Certificate are as follows.

<Procedures to acquire an Eco Partner Certificate>
When a supplier begins a new transaction, chose A, B, or C of “Environmental Conservation Activities Category” based upon the “Procedure for Selecting an Environmental Conservation Activities Category” shown in Fig. 1 and submit an “Application for an Environmental Conservation Activities Category” and “Questionnaire regarding Acquisition of Approval Certificate.” The supplier is requested to acquire an Eco Partner Approval Certificate by following the procedure mentioned below. If he is not approved as an Eco Partner, transactions with Stanley shall be reconsidered.

[Refer to Fig. 2 for (Operation Flow of the Environmental Management System (Flow to Acquire Eco Partner Certification)].

(1) “Category A”

- Suppliers that have already obtained ISO 14001 Eco-Action 21, Eco-Stage and EMAS certification are requested to submit a copy of the registration certificate and appendix issued by the certification body or other documents verifying the acquisition of certification. Please submit these once again when the certification has been renewed.

- A supplier that plans to acquire ISO 14001, Eco Action 21, Eco Stage and EMAS certifications is required to submit a copy of the contract document with the certification body that has granted the certification or a certification acquisition plan to which the company seal is affixed. When certification is acquired, submit a copy of the registration certificate and appendix or other documents verifying the acquisition of certification.

(2) “Category B”

- Suppliers are requested to undergo an Environmental Management System (EMS) Audit (hereinafter referred to as EMS Audit) conducted by Stanley. The audit date will be decided later based on consultation.

- When the audit date has been decided, we will send you an “Audit Plan”.

- Stanley auditors will visit the supplier and conduct an onsite EMS Audit.

- If nonconformity is revealed by the EMS Audit, a Supplier's Environmental Audit Report will be issued. We ask the supplier to take corrective action and submit a progress report.

- Based on a final judgment, the supplier will be registered as an Eco Partner.

(3) “Category C”

- If a supplier is a trading company, the company is requested to examine the status of acquisition of ISO 14001, Eco Action 21, Eco Stage and EMAS certification of the manufacturers from which the supplier purchases the articles. The supplier is also
requested to submit “a copy of the registration certificate and appendix of the audit / registration body or other documents verifying the acquisition of the certification” or “the supplier’s environmental survey sheet” and “a copy of the registration certificate and appendix of the audit /registration body or other documents verifying the acquisition of the certification” of the trading company itself or “the supplier’s environmental survey sheet”.

Fig. 1 Procedure for Selecting an Environmental Conservation Activities Category

Categories of Environmental Conservation Activities

- **Category A**: Suppliers with ISO 14001, Eco-action 21, Eco-stage and EMAS certification or plans to obtain them within a year
- **Category B**: Suppliers that choose to have a Stanley EMS Audit
- **Category C**: Suppliers that function as trading companies

Survey on approaches to environmental conservation activities

Suppliers select an environmental conservation activities category

Apply to Stanley for an environmental conservation activities category

**Category A**

Submit certificates of acquisition and continued registration of ISO 14001, Eco-action 21, Eco-stage, and EMAS.

**Category B**

Send an Environmental Audit Plan

Conduct a Stanley EMS Audit

**Category C**

Conduct surveys on the ISO 14001, Eco-action 21, Eco-stage, and EMAS acquisition status of manufacturers from which the supplier purchases raw materials/products and report the results.

Registered as an Eco Partner
Fig. 2: Environment Management System Development Flow (Flow of qualification of an Eco Partner)
Regarding submission of “Supplier’s Environmental Survey List” and “Questionnaire regarding Application Form for Environmental Conservation Activities Category and Acquisition of Approval Certificate”

In addition to a document reporting your efforts being made, the supplier is requested to submit “a copy of the registration certificate and appendix of the audit / registration body or other documents verifying the acquisition of the certification”, “the supplier’s environmental survey sheet” and “the questionnaire regarding the application form for environmental conservation activities category and acquisition of approval certificate”. The supplier is requested to answer these queries without fail (requests to target suppliers).

3) Approach to understand and reduce greenhouse gas emissions (GHG)

Suppliers are requested to determine the amount of GHG emissions first and then to engage in activities to reduce GHG emissions. As Stanley will carry out these activities according to the following procedure given in Fig. 4, your cooperation will be greatly appreciated.

<Fig. 3 Flow of Determination and Reduction of GHG Emissions>

<table>
<thead>
<tr>
<th>Activities</th>
<th>Our partners</th>
<th>Stanley</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organize a regime to determine GHG emission amount</td>
<td>Check requested matters</td>
<td>Convey a request to organize a regime; Inform of Stanley's investigation standards, etc.</td>
</tr>
<tr>
<td></td>
<td>Organize a regime for GHG investigation</td>
<td></td>
</tr>
<tr>
<td>Investigate the amount of energy used</td>
<td>Accept the request for investigation</td>
<td>At least once a half year</td>
</tr>
<tr>
<td></td>
<td>Investigate energy consumption for production</td>
<td>Request to investigate energy consumption</td>
</tr>
<tr>
<td>Report the investigation results</td>
<td>Report energy consumption amount, variation, etc.</td>
<td>Receive the report</td>
</tr>
<tr>
<td>Reduce the amount of GHG emissions</td>
<td>Plan and implement the reduction of GHG emissions</td>
<td>Indicate reduction targets</td>
</tr>
</tbody>
</table>
(1) Determination of GHG emissions and submission of achievement results
Suppliers are each asked to organize a regime capable of adopting the Stanley-designated method of determining GHG emissions amounts and supplying GHG emissions data to Stanley.

(2) Reduction of GHG emissions amount
Suppliers are each asked to undertake activities to reduce GHG emissions, such as more efficient use of energy. The reduction targets will be shared by suppliers and Stanley through briefing meetings and other opportunities. Suppliers are also asked to present plans and actual results on their GHG emissions reduction efforts. GHG (greenhouse gases) denotes the following six types of gases whose reduction is required in the Kyoto Protocol:

\[
\text{(1) CO}_2 \text{ (carbon dioxide) \ (2) CH}_4 \text{ (methane) \ (3) N}_2\text{O (nitrogen monoxide)} \\
\text{(4) HFCs (hydrofluorocarbons) \ (5) PFCs (perfluorocarbons) \ (6) SF}_6 \text{ (sulfur hexafluoride)}
\]

4) Request to promote the activities for reduction of the amount of waste generated and the amount of water usage
Our company is actively promoting the activities to reduce the amount of waste generated and the amount of water used in production processes and physical distribution. We ask the suppliers to set goals and make utmost efforts for achieving those goals in your business activities in accordance with the activities promoted by the government bodies or the organizations you belong to (such as industry associations).
Please note that we may request you to monitor the amount of waste generated and the amount of water usage and report the results.

5) Request to promote resources recycling
When deciding specifications of our products, our design and development departments may consult with suppliers. Suppliers are kindly requested to propose materials that may contribute to promotion of recycling-oriented production based upon Stanley’s philosophy by making best use of resources and adopting such activities. Materials that will contribute to recycling-oriented production are as follows:

- Materials that will contribute to reduction of input materials
- Materials that will contribute to expanding use of recycled resources
- Materials that will contribute to reduction of packaging materials for product transportation

6) Other requests
(1) Request for submission of data
Submission data in Table 3 is kindly requested to be submitted within a specified time limit. Further, notification of forms to be submitted, regarding (1), (3), (4), (6), and (7) will be sent at the time of submission requests from Stanley.
(2) Dealing with provided information
We will never disclose the information to outside but share it inside the company. However, if it is necessary to disclose provided information, this will be handled via consultations.
<table>
<thead>
<tr>
<th>Approached Items</th>
<th>Data to be submitted</th>
<th>Time to submit</th>
<th>Remarks</th>
</tr>
</thead>
</table>
| Establishment of EMS             | (1) Application Form for Environmental Conservation Activities Category and Acquisition of Approval Certificate |                | • To be submitted when a new certification is acquired or the existing certification has expired  
• To be distributed by Stanley when requested to submit                                                                                   |
|                                  | (2) Copy of EMS certificate of registration by third party certifying body             |                | • Suppliers with EMS certificates are targeted.                                                                                                                                                    |
|                                  | (3) Supplier EMS check sheet                                                          |                | • Applicable to the suppliers who have not acquired the EMS certification and wish to have our audit / inspection  
• Drafted / recorded by Stanley auditors                                                                                                     |
|                                  | (4) Supplier’s Environmental Survey sheet                                             |                | • Applicable to the suppliers who have not acquired the EMS certification designated by our company  
• To be distributed by Stanley when requested to submit                                                                                          |
|                                  | (5) SDS sheet (Safety Data Sheet)                                                     |                | • Latest version complying with GHS and the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (PRTR Act)   |
| Understanding and reduction of GHG emissions | (6) GHG Emissions Achievement Data                                                   |                | • To be distributed by Stanley when requested to submit                                                                                                                                          |
|                                  | (7) GHG Emissions Reduction and Achievement Data                                       |                |                                                                                                                                                                                                       |
4. Request to conduct thoroughgoing management of substances of environmental concern

1) Compliance with the Stanley Product Chemical Substance Management Standard (SPCS)
   - We ask that you please comply with the Stanley Product Chemical Substance Management Standard (SPCS) attached separately regarding the chemical substances contained in the raw materials, parts, products (including sub-materials), and packaging materials (hereinafter referred to as “articles”) procured by Stanley, as well as the chemical substances used during the manufacturing stage.

5. Publication History

<table>
<thead>
<tr>
<th>Edition</th>
<th>Date of publication</th>
<th>Revised contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>April 1, 2000</td>
<td>Newly established</td>
</tr>
<tr>
<td>2</td>
<td>April 1, 2005</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>August 1, 2009</td>
<td></td>
</tr>
</tbody>
</table>
| 4       | September 1, 2010   | - Addition of forms  
                      - Content modification of environmental conservation activities |
| 5       | September 1, 2011   |                  |
| 6       | April 1, 2012       | - Addition of “Understanding and reduction of GHG emissions” |
| 7       | September 1, 2013   | - Review of “Basic Environmental Philosophy” and “Environmental Policies” |
| 8       | April 1, 2015       | - Combined with former “Green Procurement Guidelines Appendices”  
                      - Annex 1, Form 1 and Form 2 are added.  
                      - Definition of terminology is added.  
                      - “Name of Rank Category and Definition of Category” is modified.  
                      - Modification and addition regarding contents related to “Submission Forms for Information on Chemical Substances Contained in Products”  
                      - Addition of “3) Regarding information management at change point”  
                      - Modification of “Certificate of the Non-containment of Prohibited Substances”  
                      - Addition of “Fig. 3. Chemical Substances Investigation Flow (at 4M change)”  
                      - Addition of “Request to promote resources recycling”  
                      - Addition of “Table 3 List of data to be submitted”  
                      - Updating of “Management Criteria for Substances of Environmental Concern”  
                      - Deletion of SVHC list  
                      - Addition of revision history, and other items |
| 9       | April 1, 2016       | - Revised the Management Criteria for Substances of Environmental Concern (Annexes 1 – 5)  
                      - Reviewed the definitions for the management classifications in Table 1  
                      - Entry added on handling information on chemical substances contained in products |
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>June 1, 2017</td>
<td>· Entry added on calculating containment concentrations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revised “Form 1. Certificate of the Non-containment of Prohibited Substances”</td>
</tr>
<tr>
<td>11</td>
<td>September 3, 2018</td>
<td>· Revisions to our Management Criteria for Substances of Environmental Concern (Annexes 1, 2, 4, and 5-2)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revised “Form 1. Certificate of the Non-Containment of Prohibited Substances”</td>
</tr>
<tr>
<td>12</td>
<td>September 2, 2019</td>
<td>· Revision of “2) Request to establish the Environmental Management System (EMS)”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revision of “Table 2: Submission Forms for Information on Chemical Substances Contained in Products”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revision of “Table 3: List of data to be submitted”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Addition of “5) Request to promote the activities for reduction of the amount of waste generated and the amount of water usage”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revision of Management Criteria for Substances of Environmental Concern (Annexes 1, 2, 4 and 5-1)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revision of “Form 1: Certificate of the Non-Containment of Prohibited Substances”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· The requirements pertaining to the Managing Chemical Substances in Products were removed from the Green Procurement Guidelines and enacted in the form of the Stanley Product Chemical Substance Management Standard (SPCS).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>· Revised “Table 1. Timing for submitting the list of data to be submitted”</td>
</tr>
</tbody>
</table>

If you have any question, please feel free to contact us.

Stanley Electric Co., Ltd.

Environmental Conservation Section, Environmental Planning & Management Department

Tel: +81-463-80-3956  Fax: +81-463-80-1926