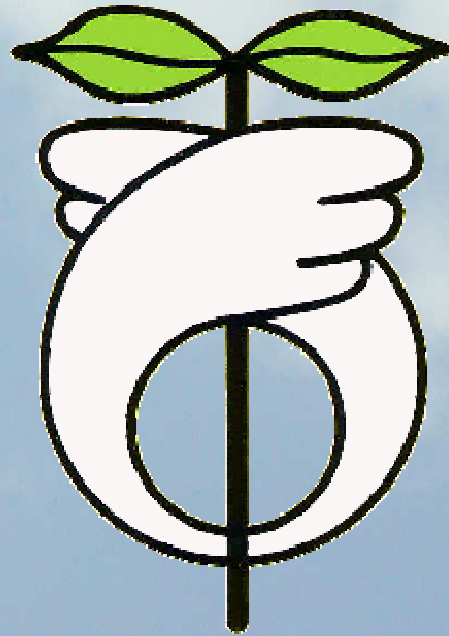


# Green Procurement Guidelines



Stanley Electric Co., Ltd.

Stanley Group

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## 1. Introduction

Because there is a growing global need for solutions to environmental problems, businesses are required to take proactive action to deal with such issues as global warming, ozone depletion, air pollution, waste, hazardous chemical substances, and the depletion of resources.

Stanley Electric Co., Ltd. has taken environmental conservation initiatives over the years. In order to pass rich natural resources on to future generations, we declared that we would intensify companywide efforts to protect the environment and improve our environmental performance by bringing together the abilities of each employee and the whole organization based on our environmental management system.

Environmental conservation activities are carried out not only by us but also through collaboration with suppliers that deliver parts and materials to us. We will purchase environment-friendly parts and materials as part of our procurement policy.

Based on the above recognition, in 2000, Stanley Electric provided suppliers with Green Procurement Guidelines, which explain environmental requirements for suppliers, and has them implement these guidelines.

Since then, approaches to environmental challenges have rapidly changed, environmental laws and regulations have become stricter on a global scale, and chemical substances contained in products have been more tightly controlled. Consequently, the purchasing of parts and materials with less environmental load—so-called green procurement—has rapidly become an important issue.

Considering these trends, the Stanley Group recognizes green procurement as an important corporate responsibility and has revised its Green Procurement Guidelines.

Suppliers' understanding of the Stanley Group's idea about environmental conservation activities and their cooperation in complying with these guidelines are greatly appreciated.

Shigeki Muto Director  
Purchasing Superintendent/Director  
Makio Natusaka, Senior Managing Director  
Environmental Superintendent/Director  
Stanley Electric Co., Ltd.

## **2. Stanley Group's Environmental Activities**

The Stanley Group established its Basic Philosophy on the Environment and Environmental Policy and made its Environmental Declaration to strengthen its commitment to environmental conservation activities.

### **1) Environmental Declaration**

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

### **2) Basic Philosophy on the Environment**

We strive to effectively use resources and sustain/improve the environment in all our business activities so that we can protect the Earth's irreplaceable natural resources and pass them on to next generations in pristine condition.

### **3) Environmental Policy**

We recognize the role and responsibilities that each of us assumes and act in accordance to the Basic Philosophy on the Environment throughout our business activities.

1. Stanley will make our environment healthy by saving energy and resources and reducing waste materials in both our products and services through company activities.
2. Stanley will carry out continuous improvement and also prevention of contamination by company activities, taking into consideration the influence on environment and promotion of preventive activities for the environment.
3. Stanley will not only conform to environmental laws, regulations and other requirements that we have agreed to observe but will also establish management standards as appropriate and keep them under control
4. In order to pursue our environmental policy, Stanley will establish environmental objectives and goals and check them periodically or as the need arises.
5. Stanley will carry out and maintain our environmental policy based upon our environmental management system.
6. Stanley will carry out environmental education and PR activities to make all employees and persons working with us understand environmental principles and keep up environmental awareness, asking for understanding and cooperation from our client companies to make this a matter of public knowledge as well.
7. Stanley will open and make available our environmental principles and policy to the public In addition, our environmental conservation activities will be made known to others upon request and we will establish truthful communication with local societies.

**The Stanley Group is engaged in environmental protection activities with the aim of becoming an environment-friendly corporation. In fiscal 1999, Hatano Factory and Okazaki Factory obtained ISO 14001 certification. The Stanley Group and each Stanley factory have been working to become certified. We will expand our environmental management system to the whole company and actively continue environmental protection activities.**

### 3. Stanley Group's Concept of Green Procurement

In all areas of our environmental conservation activities, we promote environment-conscious procurement (hereinafter called Green Procurement) based on a stronger business partnership with suppliers to reduce the environmental burden.

Green Procurement Guidelines apply basically to the suppliers indicated in the table below.

Suppliers are requested to establish an environmental management system and control the substances that have an impact on the environment.

#### Scope of Application

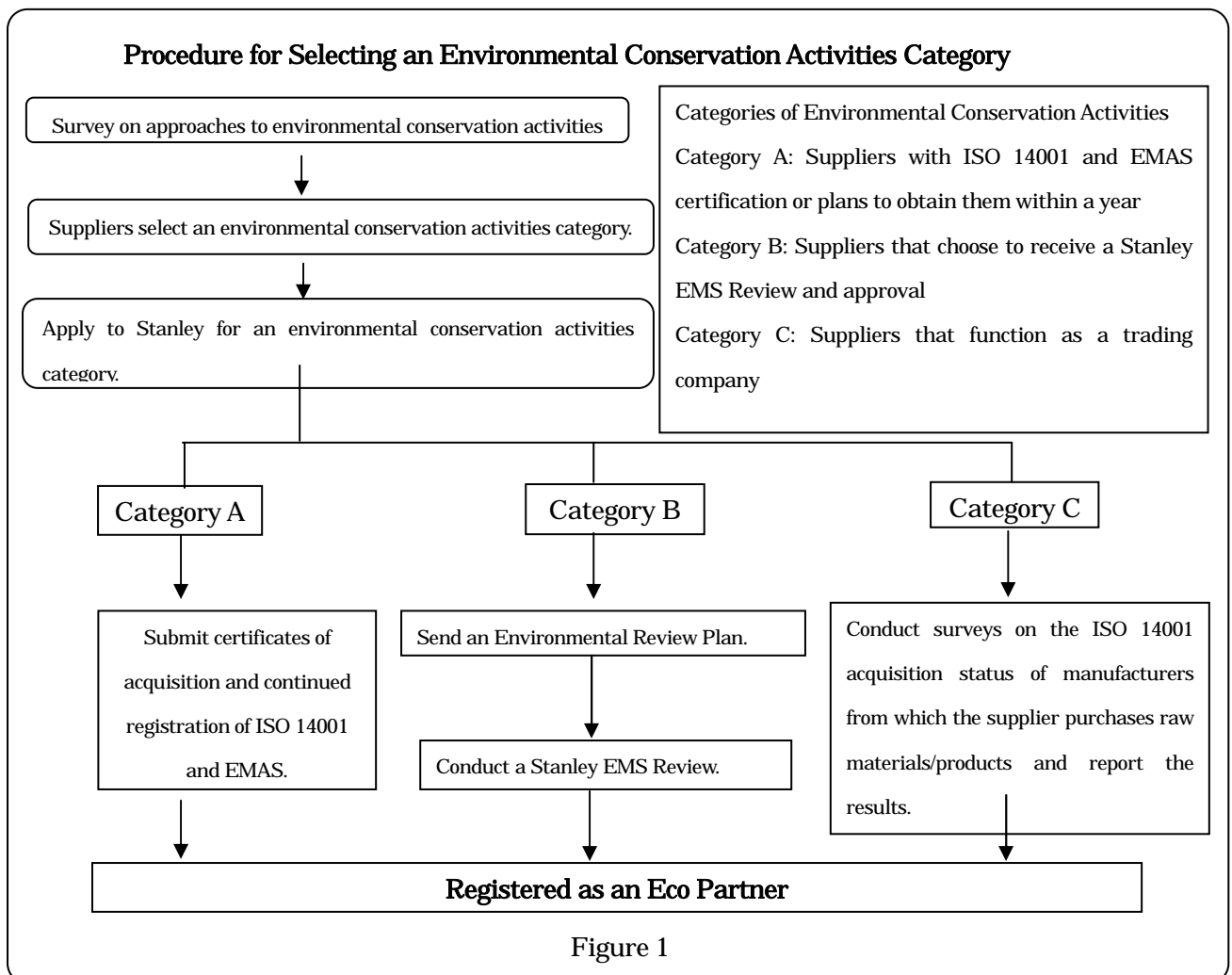
Type of Supplier		Environmental Management System	Management of Environmentally Hazardous Substances ( substances attached to products )
1	<p><b>Suppliers that deliver parts/products* to Stanley (manufacturers)</b> *Auxiliary materials contained or attached to parts/products are included.</p>	○	○
2	<p><b>Suppliers that deliver raw materials/auxiliary materials to Stanley (manufacturers)</b></p>	○	○
3	<p><b>Suppliers that function as a trading company</b> Suppliers are requested to have manufacturers from which they purchase and deliver parts/products/raw materials/auxiliary materials to Stanley meet requirements.</p>	○	○
4	<p><b>Equipment manufacturers Mold builders</b></p>	○	—

**1. We purchase parts and materials from suppliers that promote environmental protection activities.**

We conduct annual surveys on our suppliers' environmental performance and proceed with environmental conservation initiatives in accordance with the procedure shown in figure 1. After confirming our suppliers' compliance with requirements for categories A, B, and C, we approve and register them as Eco Partners.

We will suspend dealings with suppliers that are not qualified as an Eco Partner.

If a supplier is a trading company, the supplier is requested to conduct a Supplier Environmental Survey and Survey on Management Systems for Environmentally Hazardous Substances of manufacturers from which it purchases and delivers parts and materials to Stanley and submit the relevant information to Stanley.



**2. We purchase raw materials/parts/products with less environmental burden.**

To improve environmental performance, the first thing that has to be done is to identify the numerical values of environmentally hazardous substances. Next, decide whether such substances can be used or not or whether switching to substitute materials is necessary.

We study environmentally hazardous substances contained in raw materials, parts, and products, including auxiliary materials, (hereinafter called parts and materials) in accordance with the procedure indicated in figure 2. We conduct a Survey on Management Systems for Environmentally Hazardous Substances annually.

If a supplier functions as a trading company, it is requested to conduct a Survey on Management Systems for Environmentally Hazardous Substances of manufacturers from which it purchases and delivers parts and materials to Stanley and submit the results to Stanley.

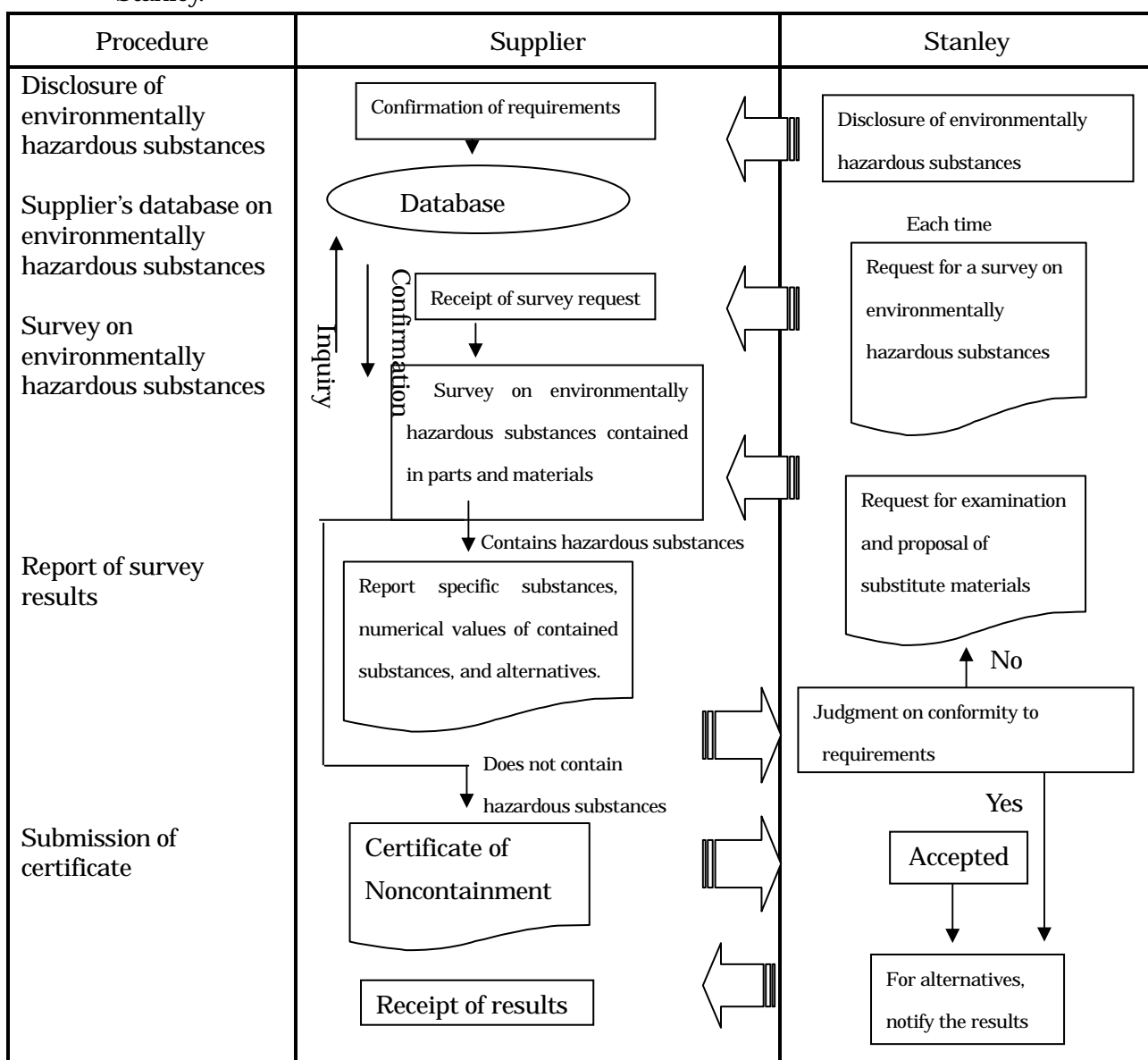


Figure 2

- 1 . We evaluate and judge suppliers' environmental initiatives, environmental policies, and management systems and only deal with suppliers deemed to be excellent.
- 2 . We do not procure parts or materials that contain or use substances that we have prohibited and try to reduce the other substances that we have designated.
- 3 . We promote the three R's (reduce, reuse, and recycle) and procure parts and materials that generate less waste.
- 4 . We promote the recycling and reduction of packaging materials.
- 5 . We take energy saving into consideration when purchasing parts and materials.

Stanley will suspend dealings with suppliers that do not meet requirements.

Stanley will not purchase any parts or materials that do not meet requirements.

## 4. Requirements for Suppliers

### 1) Understanding and Cooperation in Stanley's Environmental Objectives/Targets and Requirements

Using its Basic Philosophy on the Environment and Environmental Policy 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 these documents fully and cooperating in achieving the objectives/targets.

### 2) Environmental Conservation Activities

We classify suppliers' environmental conservation activities into three categories.

Suppliers choose a category based on the Procedure for Selecting an Environmental Conservation Activities Category shown in figure 1. They are then requested to submit an Application for an Environmental Conservation Activities Category.

(1) Requirements for suppliers in Category A: Those that obtained ISO 14001 or an equivalent certification or those that plan to acquire them within a year

Suppliers that have already obtained ISO 14001 certification

Please submit a copy of the registration certificate and appendix issued by the certification body or other documents verifying the acquisition of certification.

Suppliers that plan to obtain ISO 14001 certification within a year

Please submit a timetable for the acquisition.

When certification is acquired, please submit a copy of the registration certificate and appendix or other documents verifying the acquisition of certification.

(2) Requirements for suppliers in Category B

Suppliers are requested to undergo an Environmental Management System (EMS) Review conducted by Stanley. The review date will be decided later based on consultation.

After consultation, we will send a Review Plan.

Stanley auditors will conduct an onsite EMS Review.

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

Based on a final judgment, suppliers will be registered as an Eco Partner.

Stanley will suspend dealings with suppliers that are not registered as an Eco Partner.

(3) Requirements for suppliers in Category C

Suppliers are requested to conduct a Supplier Environmental Survey and examine the status of ISO 14001 certification acquisition of manufacturers from which they purchase and deliver parts and materials to Stanley. These results should be submitted to Stanley. Another requirement is to conduct a Survey on Management Systems for Environmentally Hazardous Substances of such manufacturers and submit the results.

**3 ) Others**

(1) If the supplier is a manufacturer

Suppliers should direct the manufacturers of parts and materials used in manufacturing parts and materials delivered to Stanley Electric, as well as the subcontractors of secondary, tertiary, and quaternary processing that they consign processing to, to engage in environmental conservation activities, including establishing an environmental management system and conducting surveys on substances that have an impact on the environment. Furthermore, suppliers should confirm that the manufacturers and subcontractors meet requirements or direct them to do so. If suppliers would like us to direct/assist the subcontractors of secondary and tertiary processing, please let us know.

(2) If the supplier is a manufacturer of parts and materials designated by Stanley Electric

Manufacturers that have no direct dealings with Stanley Electric but that Stanley Electric instructs processing subcontractors to purchase parts and materials from, such as plastic materials, steel sheets, general electrical parts, and coating materials, are also requested to establish an environmental management system and conduct surveys on substances that have an impact on the environment.

(3) Reporting requirement

If a supplier's noncompliance with environmental laws and regulations is confirmed or if substances that have an impact on the environment are confirmed to be present in products delivered to or scheduled to be delivered to the Stanley Electric Group, the supplier must report that information to Stanley Electric promptly.

(4) Handling of submitted information

Submitted information will be shared within the Stanley Electric Group and basically not be disclosed externally. However, in case the disclosure of information is necessary, Stanley Electric will deal with it after mutual consultation.

(5) On-site inspection and audit of production process

If an on-site inspection and audit of a manufacturer's production process becomes necessary due to a request by Stanley Electric and its customers, the manufacturer is requested to cooperate in their execution.

**4) Environmental Activities Related to Parts and Materials Delivered to Stanley Electric**

(1) Provision of information on parts and materials delivered to Stanley

If the parts and materials delivered to Stanley fall into one of the following cases, please provide information about those parts and materials.

If safety must be ensured when handling and storing the parts and materials

If the parts and materials contain substances that have an impact on the environment (see the attached list)

If substances that have an impact on the environment are used in the production process of the parts and materials

If Stanley Electric needs the information to promote environment-friendly procurement

(2) Proposal at the development stage (design/development)

When we have determined the specifications of our products (what parts and materials are to be used), our design/development department may seek advice from suppliers.

We request that suppliers be cooperative in providing us with information on environment-friendly parts/materials and alternatives as well as information on how to ensure safety.

(3) Recycling and reduction of packaging/packaging materials (cardboard, plastic bags, etc.)

Packaging and packaging materials used in parts and materials delivered to Stanley are one of the major causes of waste generation and dioxins produced by incineration.

To achieve zero waste, we work together with suppliers to reduce waste by improving the type of packaging and returning or reducing/eliminating excessive packaging/cardboard. We appreciate suppliers' cooperation.

If you have any suggestions, please contact our purchasing department.

(4) Material Safety Data Sheet (MSDS) Submission

When we ask for an MSDS for the goods we ordered, please include the following information in an MSDS, which can be in any form, and submit it to our purchasing department.

Data to Be Included in the Material Safety Data Sheet

(MSDS)

Chemical substances and information about manufacturers (name of company, location, department, person in charge, telephone number)

Information on composition and ingredients of materials

Summary of hazard/toxicity

First-aid procedures (in case the chemical comes into contact with the eyes or skin, is inhaled or swallowed, etc.)

Emergency procedures in case of fire (how to extinguish, extinguishing agents to be used, etc.)

Emergency procedures in case of spills and leakages (how to contain a leak, important reminders, etc.)

Measure to observe when storing or handling material

Protective measures and measures to prevent exposure (control concentrations, allowable concentrations, facility improvement, protective equipment, etc.)

Physical and chemical nature of substances

Stability and reactivity of materials

Hazard and toxicity information

Environmental impact information

Measures to observe when disposing of material

Measures to observe when transporting material

Applicable laws and regulations

Other information

**5) Self-Evaluation of Environmental Conservation Efforts**

- (1) Submission of a Supplier Environmental Survey and Survey on Management Systems for Environmentally Hazardous Substances

Suppliers are requested to evaluate themselves and score their current environmental initiatives in accordance with the items in the Supplier Environmental Survey.

Suppliers are also required to fill out a Survey on Management Systems for Environmentally Hazardous Substances and return it to Stanley. This is to check their management systems for environmentally hazardous substances and determine if they know whether these substances are contained in their products or not.

The purpose of these surveys is to identify priority issues that suppliers have to deal with in the future by recognizing their current environmental performance. Also, we encourage suppliers to make improvements and address the problems clarified by these surveys.

### 6) Suppliers' In-House Environmental Training

Suppliers are requested to give in-house environmental training to their employees.

- (1) Please provide employees engaged in work that has an impact on the environment with appropriate education/training.

Work that has an impact on the environment involves operations that entail painting/coating, emissions/wastewater, and environmentally hazardous substances.

- (2) Please provide all employees with environmental education with a focus on the importance of environmental conservation activities, such as energy conservation, the promotion of recycling, and waste reduction.

### Operation Flow of an Environmental Management System (Flow to Acquire Eco Partner Certification)

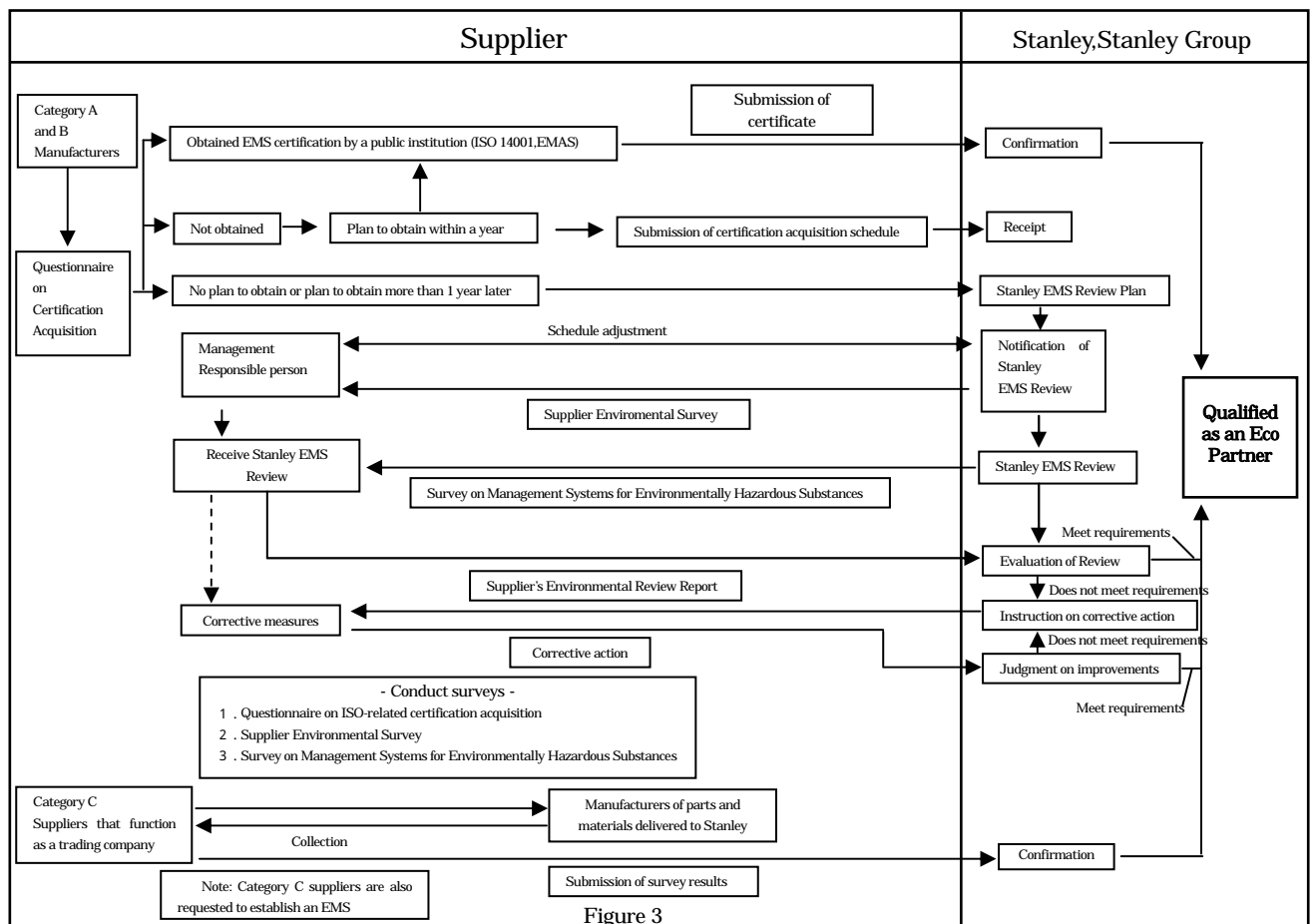


Figure 3

## 5. Environmental Evaluation

Regarding parts and materials purchased from suppliers, Stanley Electric promotes the reduction/switch of environmentally hazardous substances as well as the control/reduction of pollutants.

In selecting the suppliers of parts and materials, Stanley believes that environmental commitment is a prerequisite for businesses. We will suspend dealings with suppliers that are not approved as an Eco Partner, and such suppliers cannot become candidates for the excellent supplier designation.

## 6. Environmentally Hazardous Substances

We define and indicate chemical substances that are contained in raw materials/parts/products that we purchase and use in production in the List of Environmentally Hazardous Substances. We designate environmentally hazardous substances and classify them into four levels based on trends in domestic and international environmental laws and regulations as well as customer concerns regarding toxic properties.

Major environmental laws and regulations:

1) Law concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures, 2) Air Pollution Control Law, 3) Water Pollution Control Law, 4) Agricultural Land Soil Pollution Prevention Law, 5) Waste Management and Public Cleansing Law, 6) Law concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances, 7) Industrial Safety and Health Law, 8) Pollutant Release and Transfer Register Law, 9) EU directives, etc.

Environmentally hazardous substances mean chemical substances that are regulated by domestic and international laws and treaties.

### 1) Classification of Levels

We classify environmentally hazardous substances that are contained in raw materials/parts/products and used in production into four levels.

Classification of levels and environmentally hazardous substances are indicated in separate lists.

These levels are also applied to equipment, tool, and parts upon requests from clients.

(1) Classifications may change in accordance with amendments to laws.

(2) Standard values conform to those that are regulated by laws.

Classification of Levels (for details, refer to the Attachments)

Table 1

- (1) Suppliers must submit a Certificate of Noncontainment to guarantee that parts and materials delivered to Stanley do not contain substances designated as “banned” in the classification of Stanley’s List of Environmentally Hazardous Substances.
- (2) As for substances classified as “reduced,” suppliers must submit a Certificate of Noncontainment based on Stanley’s instructions to guarantee that parts and materials delivered to Stanley do not contain these substances.
- (3) Because controlled substances may change from time to time, suppliers must submit a Certificate of Noncontainment on a regular basis and whenever Stanley’s List of Environmentally Hazardous Substances is revised.
- (4) If suppliers change materials used in parts and materials delivered to Stanley and other factors that may influence products’ quality (4M change), they must submit a Certificate of Noncontainment for each change to guarantee that parts and materials do not contain controlled substances.

## **7. Closing Remarks**

Stanley Electric values suppliers that are actively engaged in environmental conservation activities and continues business relationships with these suppliers.

We hope that suppliers obtain a third-party certification, including ISO 14001, to become our Eco Partner.

- 1) Eco Partners are suppliers that actively promote environmental management systems, carry out structural management as well as the management of environmentally hazardous substances, and strive to eliminate controlled substances. We believe that the status of Eco Partners is the basis of our business relationships.
- 2) Please build a system that basically prevents legally banned substances from being delivered to Stanley and substances classified as “reduced” by Stanley’s classification from being released.

Our purchasing department will give instructions regarding the item numbers of parts/materials and dates subject to these requirements.

Please direct inquiries about this brochure to the following.

Stanley Electric Co., Ltd.

Purchasing Department

Phone: 0463-80-1360

Fax: 0463-82-8081

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