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Sanden Green Supply Guideline

(5th Edition)

October 1st, 2020
Sanden Holdings Corporation
Sanden Automotive Climate Systems Corporation
Sanden Automotive Components Corporation

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1.Introduction

The business operation of Sanden Group (hereinafter referred to as Sanden) is worldwide and conducts business with leading companies globally. In order to maintain business relations with such companies, Sanden and its suppliers must remain first class too. In addition, Sanden and its suppliers have to develop activities that are in harmony with society as a member of the global community and carry out its corporate social responsibility role as “good corporate citizen” to move hand-in-hand with each local community. Sanden advocates "good corporate citizen" and "harmony with the society" as the first principle of the Corporate Philosophy in its conduct of business activities. Additionally, our important principal is “Environment”.

Environmental preservation is an important theme for this century. It will be an increasing matter for Sanden, enterprises and stakeholders in future.

In order to earn trust and meet expectations from people around the world, Sanden set up the mid-term plan called “SCOPE 2023” in May 2019 and it has been started. Our vision is that “To realize the wealthy society combined with environment and harmony, pioneering the times and become a company trusted by everyone” and promote sustainable corporate activities.

In order to promote Sanden’s business activities, it is necessary for suppliers to deal with Sanden based on Sanden’s Corporate Philosophy.

This “Green Supply Guideline” details Sanden’s requirements of environment-friendly purchasing.

Sanden would like to request all suppliers to understand the content of “Green Supply Guideline” and promote environmental preservation activities together with Sanden.

Sanden Holdings Corporation

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2. Environmental Efforts of Sanden

“To preserve the environment to ensure that future generations will inherit our beautiful, irreplaceable earth”.

This is one of Sanden’s Corporate Philosophy to develop social responsible companies. This mission is getting more and more serious for every company.

Sanden regards Environmental Activities as an absolute requirement in the company’s management activities, and is also an essential requirement for the company’s survival and success. Sanden plans to switch from activities for pollution prevention and environmental preservation to Environmental Management.

As a Corporate Citizen developing business globally, Sanden established “Sanden Environmental Charter” in 1993. This charter was deployed globally in order to ensure environment-friendly activities in the conduct and growth of the businesses while reducing environmental burdens.

Its basic concept is “Elimination of all Muda (needlessness)”.

This applies to every field of our business activities, for example, in product development, purchasing, production, logistics, sales, and so on. Sanden promoted environmental activities in all these fields based on ISO14001.

Continuous practice of environmental management is now being promoted in 48 Sanden sites inside and outside of Japan.

Sanden Environmental Chapter

“Environment” is regarded as a universal value in Sanden’s Corporate Philosophy. All Sanden staff perform eco-friendly actions based on the concept and attitude that are demonstrated in the Corporate Philosophy.

The “Sanden environment charter” was established and deployed in each group company inside and outside of Japan to ensure the performance of such actions.

【 Environmental Doctrine】

Sanden, as a worldwide corporate citizen, recognizes that preserving the earth’s environment is the most-important shared responsibility of mankind. In order to pass on a safe and clean earth to the next generation, Sanden will take appropriate steps in all areas of business activities to preserve the environment.

【Environmental Principles of Action】

1. Sanden will establish a specific organization to promote activities to preserve the earth’s environment. Environmental audits will be conducted to assure compliance, and to maintain and improve the activities.
2. Sanden will collect precise information regarding the environmental burden arising from these activities. Environmental objectives / targets will be set, and actions taken to continuously reduce the environmental burden as much as technologically and economically possible.
3. Sanden will, in addition to complying with all environmental regulations, set up voluntary environmental standards, and engage in the prevention of pollution in order to ensure further preservation of the earth’s environment.
4. Sanden will eliminate, as far as possible, any toxic substance which causes a burden to the earth’s environment through the adoption of alternative technologies, conversion into alternative materials, collection, and recycling.
5. Sanden will engage in saving resources and energy, recycling, and minimizing industrial waste in all areas of business activities.
6. Sanden will conduct in-house environmental educational for all its employees at all levels, in order to enhance consciousness of preserving the earth’s environment.
7. Sanden will contribute to society as a community member by voluntary participation in the environmental preservation activities of the local communities.
8. Sanden will, in order to obtain better understanding and cooperation with regard to the preservation of the earth’s environment, offer PR activities on a broad base to the community, and provide information as required.

3. “Green Supply”

(1) What is Green Supply?

Sanden defines Green Supply as procuring eco-friendly products, parts, materials, logistics, and other services from suppliers that deal with environmental activities proactively, in addition to the traditional criteria of quality, price, and delivery.

(2) Purpose of Green Supply

The purpose of Sanden’s Green Supply is to promote environmental preservation together with suppliers in order to contribute to the development of a recycling-oriented society. This creates a sustainable community and nature by promoting eco-friendly products and protection of global environment.

(3) Green Supply Guideline

Green Supply Guideline explains the contents of green supply.

We would like all suppliers to understand this guideline, and to take a proactive stance to the protection of the environment.

Request of your cooperation to “Green Supply”

Our customers require us to reduce environmental burdens in the supply chain and product life cycle (procurement, production, usage, and disposal). This includes management of chemical substances of products, resource saving, energy saving, and prevention of environmental pollution.

In order to respond to such requests, Sanden will have preferential procurement from suppliers that understand and cooperate with green supply.

We would like to seek your cooperation.

4. Applicable items and required actions

Applicable items and required actions are shown in the table 4 -1.

a) We put “X” at the items for which we request suppliers to take actions.

b) “EMS” is the abbreviation of “environmental management system”.

c) Please see the explanation in the next and following clauses regarding the concrete actions for Green Supply.

d) Please contact the purchasing department of each operating companies.

Table 4-1

action Items	Required	Disclosure of the environmental information	Management of regulated and prohibited chemical substances	Construction of EMS
Material, Part, Assembling Associated Materials	X	X	X	X
Processed Goods on commission	X	X	X	X
Facilities, Mold	X	X	X	X
Other indirect materials Stationary, Furniture, IT equipment, and others	X			X
Logistics	X			X

5. Our request to suppliers

(1) Disclosure of environmental information

In order to meet the European chemical substances regulation and other regulations, it is necessary for Sanden and its suppliers to respond to the request of investigation on environmental burdens from our customers in Japan and overseas within a reasonable time.

We would like all suppliers to cooperate and respond positively to requests for the investigation of environmental information.

1) Environmental burden substances investigation

When there is an investigation or inquiry on environmental burden substances in products, systems and services which you deliver to Sanden, please submit the following data:

a) Automobile System Business

- IMDS
- JAMA/JAPIA Unified Data Sheet
- SDS

(2) Management of Regulated and prohibited chemical substances

In "raw materials, parts, assembling associated materials", "Processed goods in commission", and "Facilities, mold", which are supplied to Sanden, all suppliers are requested :

a) to guarantee that products do not contain substances prohibited by laws and ordinances, and

b) to guarantee that they satisfy the "Standard of Objectives to be Managed" for chemical substances as required by Sanden.

1)Materials which are prohibited in laws and ordinances

Please see the laws and ordinances of major countries in table 5-1.

Regarding the prohibited substances, we observe these laws and ordinances, and clarify the applicable laws and ordinances in the article 2) Standard of Objectives to be Managed.

Table 5-1 Laws and Ordinances in Major Countries

Region	Law/Ordinance	Regulated/Prohibited Substances	Remarks
Japan	Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.	Subjected to the list of Class I Specified Chemical Substances of Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. Please see the original sentences of the related law.	Simplified information can be checked on JAMP site. Please see the URL below. http://www.jamp-info.com/list
	Industrial Safety and Health Act	Subjected to the list of prohibited substances of Industrial Safety and Health Act. Please see the original sentences of the related law.	
	Poisonous and Deleterious Substances Control Act	Subjected to the list of specific poisonous substances of Poisonous and Deleterious Substances Control Act. Please see the original sentences of the related law.	
EU	RoHS (Restriction of Hazardous Substances)	Subjected to the object substances list of 2011/65/EC (ROHS) by EU. Please see the original sentences of the related law.	
	ELV (End-of-Life Vehicle)	Subjected to the object substances list of 2000/53/EC (ELV) by EU. Please see the original sentences of the related law.	
	REACH (Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals)	Subjected to the object substances list of REACH by EU. Please see the original sentences of the related law.	

2) Standard of Objectives to be Managed

“Standard of Objectives to be Managed” for chemical substances management, which Sanden requires, is defined depending on the product delivery place and customers’ requirement. At every technical meeting with a customer, we clarify “Standard of Objectives to be managed”. Please see examples in table 5-2.

Table 5-2 Standard of Objectives to be managed (Examples)

Category	Standard of Objectives to be managed	Content of Standard
Automobile System	GADSL	Subjected to the international unified declared substances list, which was deliberated cooperatively by manufacturers of automobile, automobile parts, chemical industry, and so on in Japan, US, and Europe.
	Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.	Subjected to the list of Class I Specified Chemical Substances of Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. Please see the original sentences of the related law.
	Industrial Safety and Health Act	Subjected to the list of prohibited substances of Industrial Safety and Health Act. Please see the original sentences of the related law.
	Poisonous and Deleterious Substances Control Act	Subjected to the list of specific poisonous substances of Poisonous and Deleterious Substances Control Act. Please see the original sentences of the related law.
	ROHS (Restriction of Hazardous Substances)	Subjected to the object substances list of 2011/65/EU (ROHS) by EU. Please see the original sentences of the related law.
	REACH (Regulation concerning the Registration, Evaluation, Authorization and Restriction of Chemicals)	Subjected to the object substances list of REACH by EU. Please see the original sentences of the related law.
	CLP (Classification, Labeling and Packaging of substances and mixtures)	Subjected to the substance list of carcinogenicity, reproductive toxicity, and mutagen in table 3.1 and 3.2 of Annex VI of CLP by EU. Please see the original sentences of the related law.
	POPs (Persistent Organic Pollutants)	Subjected to Annex I of 850-2004-EU (POPs) by EU. Please see the original sentences of the related law.
	ESIS PBT European chemical Substances Information System Persistent, Bio accumulative, and Toxic	Subjected to the ESIS PBT list by EU. Please see the original sentences of the related law.
	Customers' Requirement	Subjected to the required specifications of customers

*“Substances prohibited by laws and ordinance” and “Standard of Objectives to be managed” are subject to change.

*Please check the latest information.

(3) Construction of the environmental management system

All suppliers are requested to perform the following items.

1) Existing suppliers and new suppliers.

- a) Acquisition of “Environmental Management System” , ISO14001, is requested before start of business
- b) All renewal of certifications are to be reported to Sanden.

2) We may check the continuation situation of “Environmental Management System” to confirm whether the activities are continuously carried out.