



Green Procurement Guidelines

(6th Edition)

October, 2016

Aisan Industry Co., Ltd.

Contents

1. Introduction-----	1
2. Basic Principles -----	2
(1) Management principles	
(2) Environmental policy	
(3) Green procurement guidelines	
3. Requests to suppliers-----	3
List of requests for green procurement guidelines	
(1) Establishing / organizing an environmental management system	
(2) Managing and reducing environmentally hazardous substances	
(3) Working on improving environment at production stage at suppliers	
(4) For LCA	
(5) Reducing CO ₂ emissions and packing/wrapping materials related to distribution	
(6) Reducing water usage	
(7) Establishing a society in harmony with nature	
4. Terminology-----	8

1. Introduction

While awareness about the environment increases in the society, we are requested to work on preventing global warming by reducing CO₂ emissions, establishing a recycling-oriented society by reducing waste and carrying out recycling, preventing environmental pollution by managing environmentally hazardous substances and protecting the nature and biodiversity that business operations are considering more about the environment.

To follow this growing awareness about the environment, our company promotes business operations considering environment in many aspects such as product development and production based on the management principle: “We contribute to society with prosperity of the company and environmental preservation”.

In this revision of “Green procurement guidelines”, “reducing water usage” and “establishing a society in harmony with nature” are added to the actions that we have been working on.

Our company will promote actions considering more about the environment in the future as well.

We need suppliers’ cooperation to carry out these actions. We would like suppliers to cooperate with us while understanding the principles of our company and the details of this revision.

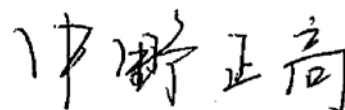
Aisan Industry Co., Ltd.

Masataka Nakano

Executive Senior Managing Officer

Member of the Board

Organizing Purchasing Dept.

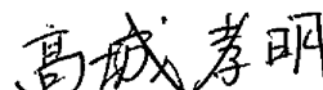


Takaaki Takagi

Executive Senior Managing Officer

Member of the Board

Organizing Safety & Environmental Promotion Center



2. Basic Principle

(1) Management Principle

- 1. Creating products and services with the focus on customers.*
- 2. Achieving “good quality” with innovative thinking and technology.*
- 3. Making a vital company with “respect for human nature”.*

We contribute to society, global growth and environmental preservation.

(2) Environmental Policy

[Environmental principle]

Aisan Industry Co., Ltd. is committed to developing and manufacturing products that inspire its customers, particularly fluid control technologies for all power sources, and contributes to sustainable development of society and the Earth. The company is taking proactive steps to encourage and promote the protection of the environment, an issue that it has identified as one of the most important in its business operations.

[Environmental Policy]

- I. Aisan shall work to establish harmony with the regions and environments within which it is active, valuing dialog with local communities and respecting all laws and ordinances related to the environment, and shall contribute to a society that can co-exist with the nature.*
- II. Aisan shall establish objectives and targets for environmental conservation to improve environmental performance and shall maintain and manage them in keeping with an understanding that the need to minimize the environmental footprint of its business operations is one of its most important management challenges.*
- III. Aisan shall work actively to conserve energy and resources and to reduce the use of environmentally hazardous substances in its products and manufacturing practices in order to prevent pollution and help bring about a sustainable, recycling-based society. To this end, the company shall maintain an accurate understanding of the environmental impact of its business operations, products, and services.*
- IV. Aisan shall encourage an increased awareness of the protection of the environment by ensuring that all employees have a thorough understanding of these policies, allowing them to become conscious of the environmental implications of their own actions and spurring them to take responsibility for improving the company’s environmental record on an ongoing basis.*

(3) Green procurement guidelines

When procuring materials, parts and sub-materials from suppliers to make products of Aisan Industry Co., Ltd., we procure materials, parts and sub-materials that contain less environmentally hazardous substances from suppliers who consider about the environment enough based on the environmental policy of Aisan Industry Co., Ltd.

3. Requests to suppliers

The aim of green procurement is to procure materials, parts and sub-materials that contain less environmentally hazardous substances from suppliers who consider the environment enough and contribute to establishing a recycling-oriented society to promote development of products and environmental preservation at production at plants. To achieve this, suppliers are kindly requested to follow things below.

List of requests for green procurement guidelines

No	Item	Each supplier				
		Product/part	Material/sub-materials	Packing/wrapping materials	Construction/cleaning/g ardening	Distribution
(1)	Establishing/organizing an environmental management system	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2)	Managing and reducing environmentally hazardous substances	Offering information of environmentally hazardous substances and chemical components of materials	<input type="checkbox"/>	<input type="checkbox"/>		
		Offering Non-containment Certificate of prohibited substances by Chemical Substance Control Law/ Declarable Substance List	<input type="checkbox"/>	<input type="checkbox"/>		
		Non-containment regarding prohibited substances and substituting other substances that include less designated substances	<input type="checkbox"/>	<input type="checkbox"/>		
		Managing materials/subsidiary materials that are used at our company		<input type="checkbox"/>		<input type="checkbox"/>
		Offering information of packing /wrapping materials			<input type="checkbox"/>	
(3)	Working on improving environment at production stage at suppliers	Reducing CO ₂ emission	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Reducing emissions of the substance that is applicable to PRTR*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Reducing VOC *emissions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		Reducing amount of waste	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4)	For LCA	<input type="checkbox"/>	<input type="checkbox"/>			
(5)	Reducing CO ₂ emissions and packing / wrapping materials related to distribution	Reducing CO ₂ emissions generated and packing/wrapping materials used by customers on distribution consigned by our company				<input type="checkbox"/>
		Reducing CO ₂ emissions generated and packing / wrapping materials used by customers on distribution for delivery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6)	Reducing water usage	Understand amount of water usage Reducing water usage by improving how to use everyday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(7)	Establishing a society in harmony with nature	Giving maximum consideration to biodiversity and working on establishing a society in harmony with nature	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

○ : Requested item to work on

* Please refer to page 8 for explanations about terminology

(1) Establishing / organizing an environmental management system

Suppliers who deliver parts, materials and sub-materials are requested to work on establishing/organizing an environmental management system based on ISO 14001 to manage and promote environmental preservation action systematically and carry out improvement continuously.

A Supplier who has already established the system is requested to maintain use, improve the level and update the environmental management system. Our company will check supplier's working condition when it's necessary.

The responsible dept. for procurement / environmental promotion dept. will request to submit documents/check at the shop floor in this case, and they will support improvement at supplier's request.

(2) Managing and reducing environmentally hazardous substances

As laws have been legislated in each country, the regulation of environmentally hazardous substances has been becoming stricter year by year. While our company has been trying to reduce usage / emissions of substances that can cause big impacts on the environment in addition to following laws to handle this situation, we have been evaluating environmental risks at planning stage of business operations to prevent pollution caused by environmentally hazardous substances.

Suppliers are also requested to manage environmentally hazardous substances thoroughly.

I. Offering information of environmentally hazardous substances and chemical components of materials

A Supplier who delivers parts/materials/sub-materials is requested to offer the information of designated chemical substances and chemical components of materials by our company.

Also, please submit "JAMA sheet", "Safety data sheet" (SDS) together that have been used since before for materials/sub-materials.

The document to submit to our company and when to submit

The document to submit	When to submit	Where to submit
JAMA sheet	To be announced	Our requesting dept.
Safety data sheet (SDS)		Responsible dept. for procurement

II. Offering non-containment certificate of 4 substances (lead/cadmium/mercury/hexavalent chromium) connected to End of Life Vehicles Directive

Please submit non-containment certificate (evidence) for substances among environmentally hazardous substances that are connected to End of Life Vehicles Directive.

The document to submit to our company and when to submit

The document to submit	When to submit	Where to submit
Non-containment certificate of prohibited substances (evidence)	To be announced	Our requesting dept.

III. Non-containment regarding prohibited substances and substituting other substances that include less designated substances

Our company designates “prohibited substances” to prohibit including some substances in parts/materials/sub-materials and “declarable substance” for products that include some substances with ASTA 035, Aisan Engineering Standard, to reduce environmentally hazardous substances. Please prohibit use of prohibited substances/reduce and manage usage amount of some substances based on this standard.

Please obtain the declarable substance list from URL below.

<http://www.gadsl.org>

Please prohibit use of prohibited substances/reduce and manage usage amount of some substances included in sub-materials that are used at supplier’s place as our company does.

IV. Managing materials/sub-materials that are used at our company

A Supplier who undertakes construction/cleaning/gardening from our company is requested not to include “prohibited substances” designated by our company in materials that are delivered / carried in (including lubricant that is attached to equipment, chemicals including agricultural chemicals, etc.)

V. Offering information of packing/wrapping materials that are delivered to our company

A supplier who delivers packing/wrapping materials to our company is requested to offer information of chemical substances that are contained in packing/wrapping materials that are delivered to our company when requested by our company.

The document to submit to our company and when to submit

The document to submit	When to submit	Where to submit
Information of chemical substances that are included in packing/wrapping materials that are delivered	To be announced	Production Management Dept.

(3) Working on improving environment at production stage at suppliers

Please try to improve environmental performance of supplier's business operations

- Reducing CO₂ emissions
- Reducing emissions of the substance that is applicable to PRTR
- Reducing VOC emissions
- Reducing amount of waste

The document to submit to our company and when to submit

It's not necessary to submit documents to our company. We will check the working condition when it's necessary.

(4) For LCA

Our company uses LCA method to evaluate environmental impacts of products/parts at each stage of their life cycles and develops environmentally-considerate products while aiming for improving environmental efficiency.

It's necessary to understand environmental impacts by supply chains in addition to understanding environmental impacts by our company to carry out LCA.

We will request data from a Supplier who delivers applicable parts/materials when it's necessary, so please cooperate with us.

*We will check changes of environmental burden of existing parts when it's necessary especially when there are new parts/parts that designs are changed.

The document to submit to our company and when to submit

The document to submit	When to submit	Where to submit
LCA sheet	To be announced	Responsible dept. for procurement

(5) Reducing CO₂ emissions and reducing packing/wrapping materials related to distribution

Our company promotes reducing CO₂ emissions and packing/wrapping materials related to distribution.

Suppliers are also requested to work on improving distribution for the environment.

I. Reducing CO₂ emissions generated and packing/wrapping materials used by customers on distribution consigned by our company

A supplier who is in charge of distribution of products and parts is requested to understand the record of CO₂ emissions that are generated by distribution consigned by our company and barometers (fuel consumption / driving distance / fuel efficiency, etc.) that are the basic amount.

*We will request report from a supplier when it's necessary, so please cooperate with us.

II. Reducing CO₂ emissions generated and packing/wrapping materials used by customers on distribution for delivery

A supplier who delivers parts/materials/sub-materials is requested to work on reducing CO₂ emissions and packing/wrapping materials on distribution for delivery to our company.

(6) Reducing water usage

"Depletion of water" has been becoming an important issue in the mid-and long term.

Our company promotes reducing "water usage".

Suppliers are requested to work on the following things to promote reducing water usage.

- Understanding water usage (Understand water usage in the world)
- Promote reducing water usage while considering situation of water in each country and each area (Working on this issue by improving daily operations of each thing, etc.).

The document to submit to our company and when to submit

It's not necessary to submit documents to our company. We will check the working condition when it's necessary.

(7) Establishing a society in harmony with nature

Our company works on establishing a society in harmony with nature for the importance of conservation of nature and biodiversity conservation while understanding that consideration of nature is a prerequisite for business operations. Suppliers are also requested to give maximum consideration to biodiversity and work on establishing a society in harmony with nature.

I. Developing/ manufacturing products that impacts on biodiversity are minimized

- Developing/manufacturing products considering reduction of environmental burden (CO₂, harmful substances, etc.), etc.

II. Considering biodiversity at your company

- Discussing to include details of actions to establish a society in harmony with nature in the environmental policy
- Carrying out actions to improve the natural environment as much as possible including working together with areas or groups, etc that work on preserving the nature.

Ex.: Greenery activities such as planting/trimming trees, cleaning rivers, etc.

The document to submit to our company and when to submit

It's not necessary to submit documents to our company. We will check the working condition when it's necessary.

4. Terminology

- Declarable substance list (GADSL: Global Automotive Declarable Substance List)
"Declarable/prohibited substance list" that is used globally in the automotive industry

- LCA (Life Cycle Assessment)
A method to evaluate environmental impacts of products / parts from production to disposal

- IMDS (International Material Data system)
A system that is to collect information of materials and included substances of parts that are composing cars.

- SDS (Safety Data Sheet)

- PRTR (Pollutant Release and Transfer Register)
Registration of details of emissions /transfer of environmental pollutant

- VOC (Volatile Organic Compounds)

- GHS (Globally Harmonized System of Classification and Labeling of Chemicals)

- JAMA sheet (JAMA/JAPIA Standard Material Datasheet)
The sheet that is agreed by Japan Automobile Manufacturers Association, Inc. (JAMA) / Japan Auto Parts Industries Association (JAPIA) for the purpose of using it for investigating materials / chemical compound included in products to follow environmental regulation.