



Showa Green Purchasing Guidelines

Feb 1, 2019 (Revision)

Showa Corporation

<Table of Contents>

| | |
|--------------------------------------------------------|----|
| 1. Introduction | p2 |
| 2. Purchasing Basic Policy | p2 |
| 3. Environmental Policy | p3 |
| 4. Showa Green Purchasing Guidelines | p4 |
| (1) Control of Chemical Substances | |
| (2) Promotion of Environmental Conservation Activities | |
| (3) Monitoring and Submission of Environmental Data | |
| 5. Revision History | p5 |
| 6. Glossary | p6 |
| 7. Issuer | p7 |
| 8. Contact Information | p7 |

1. Introduction

Although Showa has taken steps to mitigate environmental impact through recycling materials and saving resources and energy in each step of product life cycle, we feel that further activities are necessary to keep up with environmental regulations that are expected to become increasingly stringent. To address this need we have established the “Showa Green Purchasing Guidelines.”

To this end, we also ask our suppliers to be in line with the principle of this guideline.

2. Purchasing Basic Policy

Showa strives to become a company that is indispensable to the world. Our purchasing department is committed to the “global procurement of materials/parts of the best quality, technology, price, and eco-friendliness” and thereby aims to co-exist and prosper with all suppliers through just and fair procurement procedures.

①Open and Fair Procurement

Showa opens its door to anyone who is interested in doing business, whether in Japan or abroad, and strives to conduct open and fair business. When selecting new suppliers, we take a holistic approach in assessment based on quality, technology, price, environmental impact, and delivery.

②Establishing Partnerships with Suppliers

We place importance on doing business with our suppliers on even ground through mutual understanding. We respect our supplier’s initiatives and strive to establish stronger partnerships to realize co-existence and co-prosperity.

③Promotion of Green Purchasing

We expect our suppliers to be environmentally conscious and make it a goal to procure materials and parts with minimal negative environmental impact.

④Strict Compliance to Laws and Maintaining Confidentiality

We ensure strict adherence to relevant laws and regulations and confidentiality during purchasing activities.

3. Environmental Policy

Through our business operations of developing, manufacturing, and selling precision functional parts for transport, we have developed methods of harmonizing with the natural environment and coexisting with local communities, and are proactively engaged in global environmental conservation.

Policies of Conduct

1. Observe and obey all environmentally-related requirements, legal and otherwise, in the course of our business operations.
2. Establish environmental objectives, review them regularly, and work towards their continuous improvement.
3. Strive to develop earth-friendly products.
4. Engage in resource and energy conservation, recycling efforts, and chemical substance management of materials throughout the lifecycle of our products, which includes their development, manufacture, sale, servicing, and disposal.
5. Endeavor to minimize and appropriately dispose of waste matter and contaminants that form during each stage of the product manufacturing process.
6. Participate in environmental preservation activities as a collective member of the local community.

4. Showa Green Purchasing Guidelines

(1) Control of Chemical Substances

Please conduct a safety control on chemical substances in your entire supply chain that can potentially contaminate the environment and take actions to ensure that chemical substances prohibited under the laws of each country and local ordinances are not in use.

① Control of Chemical Substances

Showa uses IMDS (International Material Data System) to monitor the chemical substances contained in products and the recycling percentage.

Please provide information regarding materials used in the products and their chemical data using IMDS.

※ When completing and providing IMDS information, affected chemical substances shall be entered according to GADSL (Global Automotive Declarable Substance List).

(The current GADSL can be found at <http://www.gadsl.org/>)

When there is a change to any of the material data, such as in order to comply with REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) Law, please update and submit data promptly.

Investigation and submission of information regarding packaging materials for customer delivery must use Showa-specified investigation format.

② Design and Sustainment of Chemical Substances Control System

Chemical substances risk control, such as the one required by REACH Law, requires a company to know and control substances used in its entire supply chain. To this end, we request our suppliers to establish a system to control chemical substances throughout their supply chains.

~i) Please designate and notify the Chemical Substances Control Representative.

~ii) Please designate and notify the personnel responsible for IMDS activities.

Showa will work with these personnel to promote environmental activities of both companies, such as the ones to comply with REACH Law.

(2) Promotion of Environmental Conservation Activities

Showa is certified for ISO14001 and is committed to continuous improvement in environmental conservation.

To this end, we request our suppliers to establish a system that promotes and continuously improves environmental conservation activities.

※ When establishing the system, suppliers are recommended to obtain third-party certification such as ISO14001.

(3) Monitoring and Submission of Environmental Data

To confirm the results of the supply chain's environmental conservation activities and promote continuous improvement of such activities, Showa will continue to monitor environmental data using Showa specified methods. Because of this, we may ask suppliers for their cooperation at times.

5. Revision history

| Revision No. | Date | Description of revision |
|--------------|------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 0 | AUG-1-2013 | First issue |
| 1 | OCT-1-2015 | <ul style="list-style-type: none">• Chief Operating Officer, Purchasing Operations ⇒ Chief Operating Officer, Sales and Purchasing Operations.• Environmental Policy was partially revised.• Glossary was modified to add "BPR (Biocidal Products Regulation)." |
| 2 | Jun-1-2018 | <ul style="list-style-type: none">• Environmental Policy was partially revised.• Inquiry department names and changes to email addresses |
| 3 | Feb-1-2019 | <ul style="list-style-type: none">• Inquiry department names changes |

6. Glossary

| Terms | Explanations |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CSR (Corporate Social Responsibility) | Corporate social responsibilities |
| Showa Philosophy | Corporate philosophy on which Showa's business activities are based |
| Stakeholders | Customers, owners, people in the organization, suppliers, bankers, unions, partners, or other interested parties in the society |
| Life cycle | All stages of operation from production, transporting, sales, use, and disposal to recycling of products. |
| Environmental Management System | The process (including planning and implementation) used by an organization (e.g., a corporation or business association) to reduce its environmental impacts based on its environmental policy and objective/targets. |
| Green Purchasing | The preferential procurement of products that have as little impact as possible on the environment. |
| ISO14001 | The international standard for environmental management issued by the International Organization for Standardization. |
| GHG (Green House Gas) | A gas (e.g. tropospheric ozone, carbon-dioxide, methane) in an atmosphere that absorbs a part of infrared radiation emitted from the ground to cause the greenhouse effect. |
| Supply Chain | A chain of processes involved in moving a product to the consumer. |
| IMDS (International Material Data System) | Data collection system standardized by the automotive industry that requires the registration and declaration of data concerning materials and their contents used in products. |
| GADSL (Global Automotive Declarable Substance List) | A common list of declarable chemical substances formulated and agreed upon by automobile, component and chemical manufactures in Japan, the U.S., and Europe. |
| REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) | EU directive on registration, evaluation, authorization and restriction of chemical substances. |
| BPR (Biocidal Products Regulation) | Regulation of the European Parliament and of the Council (EU No. 528/2012) concerning chemical substances used in products to control harmful organisms (e.g. pesticide, preservatives, etc.). |

7. Issuer

Issued on: Feb 1, 2019 (Revision3)

Issued by: Showa Sales/Purchasing Operations

8. Contact Information

General

Administration Division Sales and Purchasing Operations

Attn: Person in charge of Showa Green Purchasing Guidelines

TEL : 048-554-1671

Email : showa_koubai@jp.showa1.com

Material - related

Material Research Office, Research & Development Operations

Attn: Person in charge of Showa Green Material Research Division
Material Research Department I

TEL : 0538-23-2200

Email : green_material@jp.showa1.com

Environment-related

Quality Assurance Div., QA Operations

Attn: Person in charge of Showa Green Quality

TEL : 048-554-5520

Email : green_quality@jp.showa1.com

SHOWA