

1. Establishment of Environmental Management System

1.1 Establishment of Environment Management System and compliance to laws and regulations

We, SWS, manage environmental protection activities comprehensively, and strive for continuous improvement. Suppliers are required to promote environment protection activities, and to establish an Environment Management System where you can achieve continuous improvement, including compliance to relevant laws and regulations.

Establishment of Environment Management System and compliance to environmental laws and regulations

Obtaining and continuous renewal third party certification such as ISO14001 is required for confirmation of your Environmental Management System, which we are entitled to confirm from time to time.

Continue to promote your business activities to ensure compliance to environment-related laws. Ensure complete supply chain management, monitor, advice and guide the environmental management system of your suppliers, and further promote the aforementioned to suppliers of suppliers as needed to raise their awareness of environmental management.

1.2 Promotion of environment management throughout the lifecycle of products

We evaluate and reduce hazardous substances at each stage of the product lifecycle. Suppliers are required to consider the lifecycle from the development phase, and take measures to reduce hazardous substances throughout the lifecycle.

Promotion of environmental management throughout the lifecycle of products

Regarding the whole lifecycle of delivery products, consider the following in promotion of environmental management "2. Reduction of greenhouse gas" "3. Reduction of impact on waters" "4. Promotion of resource recycling" and "5. Establishment of a society in harmony with nature".

Example of product lifecycle

([1] to [5] in the table correspond to items described in Section 2.)

No.	Item	Application
[1]	Material Procurement	Procurement by suppliers
[2]	Business bases	Production etc. by suppliers
[3]	Logistics	Logistics of delivery to us by suppliers
[4]	Usage	Use of final products
[5]	Disposal / recycling	Disposal and recycling after use of final products

2. Reduction of greenhouse gas (GHG)

We evaluate emissions of greenhouse gas (GHG) throughout the entire lifecycle, and are striving to reduce.

Suppliers are required to take measures to reduce GHG emissions, such as emissions evaluation during product/service lifecycle or setting reduction goals at each phase.

Reduction of GHG emissions in product lifecycle

Consider the entire lifecycle ([1] to [5] above), and develop products with low GHG emissions and implement GHG reduction in whole life cycle.

a) Reduction of GHG emissions in material procurement(lifecycle [1])

Implement the following measures to reduce GHG emissions by reduce materials procurement (from traceable source of raw materials to manufacture):

- Reduction of raw material consumption by reducing the weight of parts
- Promotion of using raw materials with lower GHG emissions in manufacture
- Promotion of using recycled materials or biomass materials

Note: For biomass materials, allow sufficient consideration for biodiversity

(Refer to "5. Establishment of a society in harmony with nature" for details.)

b) Reduction of GHG emissions at business sites (life cycle [2])

Manage the result of GHG emissions and make efforts to reduce them in production activities.

Note: We may check your implementation progress, including non-production sites (e.g. business offices, sales offices), where appropriate.

c) Reduction of GHG emissions in logistics (lifecycle [3])

Reduce GHG emissions in delivery.

Note: We may check your implementation progress, where appropriate.

d) Reduction of GHG emissions in usage (lifecycle [4])

Design and develop delivery products that contribute to the reduction of GHG emissions during the use of the final product (e.g. improvement of energy consumption).

e) Reduction of GHG emissions during disposal or recycling process (lifecycle [5])

Design and develop products that contribute to the reduction of GHG emissions when disposed of or recycled.

Note: Refer to b) of "4. Promotion of resource recycling."

f) Reduction of fluorocarbon emissions (lifecycle [2])

For suppliers using fluorocarbons at your business bases, convert to low-GWP fluorocarbon or non-fluorocarbon products.

GWP: Global Warming Potential

3. Reduction of impact on waters

Long-term "exhaustion of water resources" is becoming an international issue. We promot the reduction of impact on quantity and quality of waters.

We ask suppliers to reduce the impact on the waters.

Reduction of impact on "water resources and quality" at business sites

Consider the situation of waters in each country and region, and evaluate the water risks at your business sites (plants, research centers, business offices, sales offices, logistic facilities, ect), and implement the following measures to reduce the impact on waters:

- Reduction of water consumption
- Utilization of rainwater
- Water recycling in plants, etc.
- Improvement of discharged water quality
- Conservation of water sources

Note: We may check your implementation progress, where appropriate.

4. Promotion of resource recycling

We comply with laws and regulations in Japan and overseas, including Japanese Law on Recycling of End of Life Vehicles and EVL Directions. We also promote resource recycling including waste reduction at business bases.

We ask our suppliers for their kind cooperation in our resource recycling efforts.

Promotion of recycling in products, business sites and logistics

Reduce the use of exhaustible resources in products and develop products that can be appropriately disposed or recycled, to promote recycling and reuse of materials when products or final products are disposed.

Make efforts also to reduce or recycle waste generated from your business bases, and reduce packaging and wrapping materials used in logistics.

a) Technology Development of exhaustible resources utilization in products

To reduce the consumption of exhaustible resources, implement the following measures to develop technologies:

Note: We may check the rate of utilization of recycled materials, where appropriate.

- Promotion of resource-saving design
- Promotion of using recycled materials
- Promotion of Closed Loop Recycling
- Promotion of using biomass materials

Note: For biomass materials, allow sufficient consideration for biodiversity

(Refer to "5. Establishment of a society in harmony with nature" for details.)

b) Development of materials and products for proper disposal, reuse, and recycling when disposed

Implement the following measures for proper disposal, reuse, and recycling when disposed:

- Material selection
- Easy removal or disassembly
- Easy disposal
- Extension of parts service life

Note: We may ask suppliers explain the disposal method or recycling method, where appropriate. For new materials for which proper disposal may be difficult, please contact us.

c) Reduction of waste at business sites and promotion of recycling

Promote reduction and recycling of waste at business sites (e.g. plants, research centers, business offices, sales offices, logistic facilities).

Note: We may check your implementation progress, where appropriate.

d) Reduction of packaging and wrapping materials used in logistics

Make efforts to reduce packaging and wrapping materials used in logistics

Note: We may check your implementation progress, where appropriate.

5. Establishment of a society in harmony with nature

Based on the awareness that caring for nature is a condition for sustainable business activities, we understand the importance of nature conservation and biodiversity conservation, and are working on the establishment of a society in harmony with nature. We ask suppliers to allow sufficient consideration for biodiversity and implement efforts to establish a society in harmony with nature.

Consideration for biodiversity in delivery products and business bases, and promotion of coexistence with nature

Minimize the impact on biodiversity and nature by products and business sites. Make efforts to develop products that can contribute to biodiversity conservation.

a) Consideration for biodiversity in products

Trace raw material, and develop products with minimal impact on biodiversity. In particular, when you use plant-based raw materials, allow sufficient consideration for biodiversity.

Note: We may check the impact on biodiversity in production of raw materials, where appropriate.

b) Consideration for biodiversity in business sites

Establish environment policy on biodiversity, and minimize the impact on nature resulting from development, wherever possible.

Note: We may check your implementation progress, where appropriate.

In addition, participate in activities improving natural environment and conservation wherever possible, including cooperation with communities, institutions, etc.

c) Coexistence with nature by measures 1. to 4.

Promotion of "1. Establishment of Environmental Management System," "2. Reduction of greenhouse gas," "3. Reduction of impact on waters," and "4. Promotion of resource recycling" indirectly results in the establishment of a society in harmony with nature. Therefore, enhance the implementation considering 1 to 4.