

NOK Group
Green Procurement Guideline



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NOK CORPORATION

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1. Introduction

Among increasingly complex global environmental issues, the global warming caused by the mass consumption of fossil fuels, waste generation resulted from mass production, mass consumption, and mass disposal and the issues concerning environmentally hazardous substances including VOC (volatile organic compound) are all related to our business activities.

Our company mainly produces industrial parts such as automotive parts using polymeric materials such as synthetic rubber or resin in our business and we are promoting activities for management of environmentally hazardous substances in the product's manufacturing processes, resource saving, energy saving and waste reduction.

We recognize that it is a corporate social responsibility to contribute to preserve the global environmental and to create recycling society through conducting these activities.

On the other hand, management of environmentally hazardous substances based on the RoHS Directive has strongly been requested by our customers related to electrical and electronic manufacturing. Similar management based on the ELV Directive has also been requested by the customers of automotive industry. After the enforcement of the REACH Regulation in EU and the revised PRTR Law in Japan, the customer demands regarding the management of environmentally hazardous substances became more severe. More recently, Biodiversity Basic Law enforced in June 2008 in Japan requires that the organizations shall care biological diversity in cooperation with their stakeholders. And the future direction is one of the most noteworthy issues.

In these circumstances our company has been engaged in controlling and reducing environmental hazardous substances, considering them to be important quality items. Especially, it is the top priority to control them thoroughly in the purchasing, production and the management system, including the reduction of lead compounds usage and the reduction of articles containing hexavalent chromium.

Since our business activities depend on the materials, parts and sub-materials supplied from our suppliers, in order to fulfill the corporate social responsibility and to satisfy our customers, it is very crucial to reduce environmental hazardous substances in corporation with the suppliers.

Since the issue of environmental hazardous substances is recently a global issue same as the climate change issue or the energy issue, it is very important for our supply chain group to engage in these issues cooperatively, to fulfill the CSR of each company.

Based on the idea, we have revised the "NOK Group Green Procurement Guideline" that was issued in November 2010 as a part of management of environmentally hazardous substances and establishment of the management system about non-containing prohibited substances in the supply chain. We would like to ask for your understanding on our philosophy of our activity, intent of revised guidelines and cooperation in the implementation of these guidelines.

Operating officer
Corporate Procurement Management office
Yukio Yamazaki

2. Basic Principles, Management Principles, Management Policies and Basic Policies on Environmental Conservation

Basic Principles

We, NOK, based on Management Principles formulated in the NOK spirit, not only endeavor to contribute to the economic development of society, but want to be a company with which all stakeholders are proud to be associated, pursuing our dreams together in accordance with our Management Policies, and thus contributing to the betterment of society at large as well.

Both domestically and abroad, we will respect human rights, comply with related laws, regulations, and international rules as well as the spirit behind them, and shoulder our responsibility to society with the highest ethical values.

Management Principles

1. Management shall run the Company in a spirit of caring and compassion for fellow man.
2. Management shall run the Company with free-flowing communication and a strong sense of unity, without the formation of factions.
3. Management shall spare no effort in working to overcome adversity.
4. Management will, at all times, follow a business plan with vision.

Management Policies

1. Focusing our business resources on our core area, we are committed to becoming an ever more competitive, ever more unique manufacturer of parts.
2. We are committed to being a profitable, robust company while carrying out company-wide cost-reduction programs ranging from front-line sales to the manufacturing floor.
3. We are committed to constant striving to improve our quality while producing and selling products worldwide proven to be technologically unique and of benefit to society.

“Aiming to become a company that makes all of its stakeholders proud of”



Basic Policies on Environmental Conservation

On the basis that the company is a member of the society, we give all our employees full recognition to the fact that our business activities, products, and services have diverse relations to the environmental impact in the global scale. We set and implement the basic policy on environmental conservation from a longitudinal perspective in order to contribute to the realization of sustainable development of a society toward future generations.

1. Based on our unique technology, we promote the improvement of technology and development of products with environmental considerations to reduce the negative environmental impacts.
2. We promote energy saving to prevent the global warming, and promote waste reduction, reuse and recycle of resources corresponding to the recycling society.
3. We make continuous efforts to reduce the negative environmental impacts by setting objectives and targets in collaboration with our suppliers for the conservation of global environment and pollution prevention.
4. We comply with related laws and regulations, local government ordinances, and regional agreement, etc., and promote activities for environmental conservation.
5. We comply with self-imposed restrictions by the industry and customers, and positively engage in the requirements from our stakeholders toward environmental issues.
6. We disclose Information on environmental conservation and social contribution activities, and positively communicate with local and broader society.
7. As a good corporate citizen, we promote all employees to recognize the importance of the conservation of global environment, and cultivate the awareness toward the global environment.

Established on 17 September, 2001

Revised on 1 September, 2007

Chairman of the Board and President of NOK CORPORATION

Chairman of Central Environmental Protection Committee

Masato Tsuru

3. Requests to Our Suppliers about Environmental Management

(1) Establishment of an "environmental management system"

Our company conducts systematic activities for the environmental conservation, and is working on continuous improvement. Therefore, we would ask our suppliers who deliver raw materials, parts, sub-materials (which compose a part of our products) and packaging and wrapping materials, to construct the systems to implement the continuous improvement of environmental conservation activities.

For this purpose, in principle, please acquire the external certification of 'ISO14001' or 'Eco-action 21' (or continue if acquired already), or operate a relevant environmental management system. Separately, it is scheduled that we confirm the acquisition status of our suppliers.

(2) Management of Environmentally Hazardous Substances in Materials and Parts to Be Supplied

We intensively manage the risk of environmentally hazardous substances according to national and international legislations. The production and use of environmentally hazardous substances is prohibited by the regulations, therefore our customers require the nonuse of such substances. With that background, we would ask for cooperation of our suppliers in the supplies of materials, parts, sub-materials (which compose a part of our products) and packaging and wrapping materials according to the related regulations and standards indicated by NOK, including the submission of use/nonuse report as described below.

[Requirements of NOK Group Green Procurement Guideline]

| | | |
|---|--|---|
| Management of environmentally hazardous substances at our suppliers | Establishment of an "environmental management system" | Acquisition of the external certification of 'ISO14001' or 'Eco-action 21', or operate a relevant environmental management system |
| | Materials, parts and sub-materials to be supplied to NOK Group | Establishment of management system for environmentally hazardous substances |
| | | Information supplement of environmentally hazardous substances in materials and parts |
| | | Provide evidence of analysis data of RoHS 6 substance according to the request |
| | | Compliance with NOK Group list of environmentally hazardous substances |
| | | Management and reduction of substances on the NOK Group list of environmentally hazardous substances |
| | Activities at our suppliers | Compliance with environmental regulations |
| | | Promotion of environmental conservation activities |
| | CO ₂ emission during distribution | Reduction of CO ₂ emission during the distribution processes |
| | | Reduction of packaging and wrapping materials |

[Definitions]

| | Term | Definition |
|-----------------|--|--|
| Supplied items | Materials (Substances) | Chemical element and its compounds in the natural state or obtained by any manufacturing process (rubber/plastic polymer, compounding agent such as curing agent and anti aging agent, solvent and etc.) |
| | Preparation | Mixture or solution composed of two or more substances (grease, adhesive and etc.) |
| | Article | An object which during production is given a special shape, surface or design which determines its function to a greater degree than does its chemical composition (metal plate, garter spring and etc.) |
| | Sub materials | Materials, which are applied to NOK group products, such as paints, marker, labels, and the materials, which are applied to our facilities and may stick to the products and delivered to customers. NOK group shall prevent the outflow of products that contain environmental hazardous substances. |
| | Packaging materials | Materials delivered to NOK Group, in which the purchased items are packaged and materials, which are used to deliver the items to business partners |
| Submission time | Initiation(or Revision) of the Guideline | After initiation or revision of NOK group green procurement guideline. |
| | Novel transaction | When closing business contract and delivering first item. |
| | Novel item | When supplying new items for NOK group. |
| | Process changes | If there will be a potential of containing the environmentally hazardous substances after manufacturing process change or design change. |

[Documents required and their submission time]

| Documents required | | Supplied items | | | | Submission time | | | | |
|--------------------|---|--------------------|----------|---------------|---------------------|-------------------------|-----------------------|---------------|-----------|-----------------|
| | | Substance /Mixture | Articles | Sub Materials | Packaging materials | Initiation of Guideline | Revision of Guideline | New suppliers | New items | Process changes |
| Format-1 | Agreement on Group Green Procurement | X | X | X | X | X | X | X | | |
| - | SDS*4) | *1)X | | *6)X | *6)X | X | X | X | X | |
| - | JAMP MSDSplus*5) | X | | *3)X | *3)X | | | | | |
| - | JAMP AIS*5) | | *2)X | *3)X | *3)X | | | | | |
| Format-2 | Guarantee of Non-containing | X | *2)X | X | X | X | X | X | X | X |
| Format-3 | Checklist for Management System of Environmentally Hazardous Substances | X | X | X | | X | | X | | |
| - | Containing of substances confirmed the transferred amount | X | | *6)X | *6)X | When NOK Group requests | | | | |

Remarks:

In case you cannot submit anything, please contact Corporate Procurement of NOK Group.

- *1): For metals, if you have submitted the mill sheet when you have delivered the product, SDS is not required.
- *2): It is not required for the articles, which NOK Group specified the materials and sub-materials, manufacturing process and consigned the production.
- *3): Choose MSDSplus or AIS, depending on the category of supplied items.
Choose MSDSplus if the item is preparation (chemicals), or Choose AIS if the item is articles.
- *4): Submit the latest SDS with the format according to JIS Z7253 as far as possible and from 2017 the format is mandatory.
- *5): The format is available from the website of JAMP.
- *6): Submit the report if the items is chemicals (ex. raw materials or preparations).

(3) Management of Environmentally Hazardous Substances within Supplier Processes

a. Compliance of “NOK Group List of Environmentally Hazardous Substances (Prohibited Substances)”

- (a) “NOK Group List of Environmentally Hazardous Substances” specifies the criteria for application of prohibition, reduction, and management of substances. The items to be supplied to NOK Group are required to be free of the prohibited substances, except the items for which NOK Group had permitted to contain the prohibited substances.
- (b) As for the ten substances of leads, mercury, cadmium, hexavalent chromium, PBB, PBDE (1-9 bromine), Deca-BDE, asbestos, HBCD, and PFOS, as the specially managed substance, check contain/no-contain by analysis or obtaining and maintaining the guarantee of nonuse through your supply chain, and submit the documents according to our request.
- (c) We confirm use/nonuse information of prohibited substances with non-containing data or material data.

b. Submission of Data on No-containing of Designated Substances under the RoHS Directive and Storage of its Evidence

In some cases, NOK submits to our customers the data on non-containing of specific substances upon the delivery of initial products. For this reason, we would like to ask our suppliers to report the analysis results the Review of Initial (new) Product Test and Inspection. Especially, the six regulated substances of European Directives (ELV, RoHS), must be stated for their non-containing, namely lead, mercury, cadmium, hexavalent chromium, PBB, and PBDE. In this regard, please keep the evidence of analysis, and submit readily upon our request.

c. **Establishment of Management System for Environmentally Hazardous Substances**

In order to ensure the non-containing of prohibited substances in the items to be supplied to NOK Group, we would like to ask our suppliers to establish the management system for environmentally hazardous substances. To confirm the system, please introduce voluntary inspection, and improve as necessity. Moreover, NOK Group shall properly execute the audit to confirm the status of management systems at our partners.

d. **Notification to NOK**

- (a) Inform to NOK group in advance when an engineering change or a process change, and so on, is made in the supply chain, the change should be.
- (b) Notify to NOK group immediately when a public institution has ordered the person responsible for an operational site to take measures necessary for making improvement or imposed a penalty, regarding environment-related laws and regulations and other applicable legal requirements that are relevant to operational site engaged in development, production, and sales of articles, materials and chemicals.
- (c) Transmit to NOK immediately when the prohibited substances which are defined by "Applicable substances and NOK Declarable Classification" (Table-1 in NOK Group Green Procurement Guideline annex 1) are contained in the supplied products to NOK.
- (d) Inform to NOK group immediately if the delivered products which are not containing the environmental substances of concern with surveys should be managed not to include them. If the products is contained the substances.

(4) **Environmental Activities concerning the Businesses of Our Partners**

We set environmental targets in reducing VOC, CO₂ and other aspects and promote activities. We would like to ask our suppliers to positively promote the environmental conservation activities concerning the businesses as well.

a. **Promotion of Environmental Conservation Activities**

We would like to ask for your cooperation in making substantial engagement in environmental conservation activities concerning the businesses of our partners, especially the following aspects.

[The Environmental Conservation Activities to be promoted at our suppliers]

- (a) Reduction of VOC emission
- (b) Reduction of PRTR substances emission
- (c) Reduction of CO₂ emission
- (d) Reduction of waste generation (and final disposal)
- (e) Reducing water use, and a management of discharged water and its effective utilization
- (f) Promotion of resource recycling
- (g) Reduction of dwindling resource usage
- (h) Contribution to biodiversity
- (i) Management of chemical substances

b. **Compliance with Environmental Regulations**

Please confirm that our suppliers to comply with the governmental laws and regulations about environmental conservation.

4. Handling of the Guideline

We handle the guideline for our suppliers as follows:

1. New partner shall receive the Guideline from our department in charge prior to the commencement of business relations.
2. If you are requested to submit a document by one of NOK group companies, please respond to it.
3. Our suppliers are informed by our department in charge when any revision is made about the Guideline.

5. Handling of Supplier Information

We will use individual information of our suppliers only for the matters related to the green procurement.

6. Glossary

1. ELV (End-of Life Vehicle) Directive
European Directive to restrict the use of four heavy metal materials (lead, cadmium, mercury, and hexavalent chromium) to promote automobile recycles.
2. GADSL (Global Automotive Declarable Substance List)
The global standardized list of the applied substance for declaring in the automotive parts
3. RoHS (the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment) Directive
European Directive to restrict the use of four heavy metal materials (lead, cadmium, mercury, and hexavalent chromium) and specific brominated flame retardants (PBB, PBDE).
4. REACH (Registration, Evaluation and Authorization and Restriction of Chemicals) regulation
The regulation of EU about registration, evaluation, authorization and restriction of chemicals
5. IEC62474
Material Declaration for Products of and for the Electro technical Industry

- 6 JAMP
Joint Article Management Promotion-consortium

- 7 JAMP AIS, JAMP MSDSplus
They are transmission datasheets that JAMP recommends.
JAMP AIS is an information sheet for articles. It is used in order to transfer the information on chemical substance contained in the products. JAMP AIS is used to deliver data items concerning articles such as “mass”, “part”, “material” and “presence of regulated substances, material name, quantity and concentration per articles”.
JAMP MSDSplus is a basic information transmission sheet for information on chemical substances contained in product such as raw materials, mixtures and preparations. It is used in order to transfer the information about the JAMP specified substances, such as “ names of laws regulating the substances”, “existence or non-existence for the JAMP specified substances to be transmitted”, “substance names”, “CAS Number.”, “concentration”.
They are able to be downloaded from the following site (URL), and they should be used the latest version.
URL: <http://www.jamp-info.com/english>

- 8 ISO14001
International standards relevant to environmental management system

- 9 Eco-Action 21
An environmental program, which the Ministry of the Environment is disseminating for small-scale entrepreneurs.

- 10 PRTR Law
Pollutant Release and Transfer Register Law

- 11 VOC
Volatile Organic Compounds

7. Revision History

| Revision No. | Revised Contents | Revision Date |
|--------------|--|---------------|
| Rev. No. 0 | Initial establishment | Oct. 25, 2010 |
| Rev. No. 1 | <p>P6 Change the Word from "wrapping materials" to "packaging materials".</p> <p>P7 Add to the Applied items of documents required "packaging materials". Add to the submission time of documents required "process changes". Add to the document required of Issue of Guideline "Format-3" Delete from the document required of edition of Guideline "Format-3". Mention " Definition of the Applied items and Submission time "</p> <p>P8 In order to comply with the nonuse of prohibited substances, specify the specially managed substances (ten substances), add the requirement of checking contain/non-contain and submission of the documents according to our request. Add to Promotion of Environmental Conservation Activities "reduction of amount of water used"</p> <p>P10 Add to glossary "REACH regulation", "GADSL", and "JIG".</p> <p>Annex Position application as "Annex-2".</p> | Jan. 25, 2012 |
| Rev. No. 2 | <p>P7 Change [Definition of the applied items and Submission time] Change [Documents required and their submission time] Change the format of Contain/non-Contain report into MSDSplus/AIS</p> <p>P10 Add to glossary "IEC62474" and "JAMP".</p> | Mar. 31, 2014 |
| Rev. No. 2.1 | <p>P3 Change the name of procurement manager. (not change of contents)</p> | Jun. 9, 2015 |
| Rev. No. 3 | <p>P7 Change the request of submitting documents about sub-materials.</p> <p>P8 Add to request "Notification to NOK".</p> <p>P9 Change the term in paragraph "e" and add from paragraph "f" to paragraph "i" in "The Environmental conservation activities to be promoted at our suppliers".</p> <p>P11 Add the explanation of JAMP AIS and MSDSplus.</p> | Mar. 31, 2016 |
| Rev. No. 3.1 | <p>Modified Revise No. from 2.1 to 3.1</p> <p>P10 Modified the title of REACH (Registration, Evaluation and Authorization and Restriction of Chemicals).</p> | Oct. 01, 2016 |

For more information on NOK Group Green Procurement Guideline, please contact NOK:

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NOK Group Green Procurement Guideline (Rev. No.3.1)