

SOMAR Corporation

Green Procurement Guideline

Dec. 2018 (Ver. 6th)



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1. Introduction

SOMAR Corporation regards environmental conservation as one of its important missions and has published its own "Environmental Policy," from which the company is currently developing "The design, development and sales of environmentally friendly manufactured products".

In order to achieve this mission, it is essential to procure raw materials and auxiliary materials that have a minimal effect on the environment. Additionally, our supplier's attitude towards environmental conservation is an important factor that SOMAR takes into consideration when purchasing.

In addition to price, delivery terms and quality, SOMAR prioritizes procuring raw materials from suppliers who are active in environmental conservation.

This guideline outlines the minimum standards that SOMAR Corporation would like to follow regarding its raw material and auxiliary material procurement. In the future, SOMAR will revise these guidelines accordingly as law and regulations change. Please note that SOMAR's subcontractors are included in this guideline as "suppliers".

2. Scope

This guideline applies to all raw materials and auxiliary materials procured by SOMAR, as well as raw materials and auxiliary materials of outsourced products procured by SOMAR's subcontractors. SOMAR and its subcontractors are required to meet the criteria and threshold level specified in this guideline.

3. SOMAR's approach to green procurement

Regarding the following ideas based on SOMAR's Environmental Policy, SOMAR aims to reduce the environmental burden of its manufactured products through partnership activities with its suppliers. We appreciate all suppliers' understanding and cooperation.

- ① Priority is given to purchasing products that are environmentally friendly.
- ② Environmental conservation efforts will be taken into consideration when selecting suppliers.
(such as acquisition of ISO 14001 certification or activities based on ISO 14001, implementation of green procurement initiatives, etc.)
- ③ Expand circle of environmental conservation to include suppliers.

SOMAR Environmental Protection Policy (excerpt)

1. Implementation of environmental management system that comply with ISO-14001 Standard.
(Continued measures to be taken)
 - 1) Design products that conform to environmental protection requirements.
 - 2) Control of discharge of industrial waste.
 - 3) Prevention of contamination due to the use of chemical substances.
 - 4) Reduction of energy consumption.
 - 5) Take measures for green procurement
2. Compliance to each one of the regulations applied to the factory and setting of self-control standards.

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4. Definition of terms

4.1 Green procurement

Procurement priority is given to suppliers whose materials have less of an environmental burden, and who are taking the environment into consideration, etc.

4.2 SOMAR's controlled substances

Substances contained in raw materials, manufactured products, auxiliary materials, etc. which are restricted by laws, regulations and customers, and which SOMAR has deemed necessary to manage.

"SOMAR controlled substances" have been classified into the following categories to manage.

Specific target substances, applications, standards/thresholds, laws and regulations are listed in "SOMAR controlled substances list - separate sheet".

If a country/region has its own laws and regulations, those laws will be prioritized.

① Prohibited substances

Substances whose manufacture or use is prohibited or restricted by law, etc.
Prohibit intentional use or usage exceeding reference values.

② Level 1 controlled substances

(process control substances and substances targeted for reduced levels of use)

Substances whose use is restricted by law, or which are strongly restricted by customers
In its operations, SOMAR will regulate to reduce inclusion in delivered goods and aim to reduce substance emissions.

③ Level 2 controlled substances (substances targeted for reduced levels of use)

Substances whose use is restricted by law, or which are strongly restricted by customers
Strive to reduce the inclusion of substances in delivered goods.

④ Level 3 controlled substances (content understanding)

Content understanding is required by law; other substances whose management is required
Understand and manage the contents of goods to be delivered.

⑤ Substance management

Substances whose management is required by law
Understand and manage the contents of goods to be delivered.

⑥ Notification of substance quantity

Substances whose notification to the government is required by law
Understand and manage the contents of goods to be delivered.

4.3 Substances remain

Whether intentional or not, substances remain due to addition, contamination, adhesion, etc.

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5. Request to suppliers

Please cooperate with SOMAR on the following points based on our green procurement approach.

5.1 Survey on environmental management system effort

Prior to the start of trading, new business partners are requested to submit a certificate concerning the environmental management system (ISO 14001 or equivalent). Established suppliers are requested to submit their environmental management system certificate (ISO 14001 or equivalent) every time their certification is updated. SOMAR will conduct audits of production plants, etc. if deemed necessary.

5.2 Survey of contained chemical substances in deliverables and commissioned goods

Please investigate whether controlled substances specified by SOMAR are present in outsourced products and delivered goods. Please inform us promptly whenever report contents have been changed due to amendments in the law or new content has been discovered.

<Table of document submission>

| | Documents | Transaction commencement | New material purchase start | Change occurrence |
|------------------|--|--------------------------|-----------------------------|-------------------|
| Reference 5.1 | Quality and environmental audit evaluation table | ○ | - | ※ |
| | Copy of ISO14001 (or equivalent) certificate (when certification is acquired) | ○ | - | ※ |
| | Quality and environmental audit check table (when certification is not acquired) | (○) | - | ※ |
| Reference 5.2 | Safety data sheet (SDS) | - | ○ | ※ |
| | Check-Sheet for environment-related substances to be controlled in the product | - | ○ | ※ |
| | Information on chemical substances on products (chemSHERPA) | - | ○ | ※ |
| | Analysis data (RoHS, halogens, etc.) | - | ○ | ※ |
| | Other survey materials etc. requested as necessary | - | ○ | ※ |

※Please submit all documents related to matters that were changed.

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5.3 Attention to reducing environmental impact

In order to further reduce the environmental impact in the procurement stage, we would like to ask our suppliers to cooperate in developing the following activities, as well.

- ① Please understand and adhere to environmental laws applicable to suppliers.
- ② Please prevent environmental pollution caused by suppliers.
- ③ Please take into consideration energy (electricity, fossil fuels, etc.) and resource (water, paper, etc.) savings.
- ④ Please take into consideration waste reduction, recycling and resource recovery.
- ⑤ Please understand and reduce the environmental burden in all supplier processes.
- ⑥ Please understand and reduce the environmental burden related to everything supplied to SOMAR.
- ⑦ Please properly manage the storage, handling, transportation, etc. of chemical substances.