



# Tsubaki Group Green Procurement Guidelines

Created: December 11, 2006

Revised: April 1, 2021

Tsubakimoto Chain Co.

## Contents

1. Introduction
2. Tsubaki Group Environmental Philosophy, Basic Environmental Policy, and Environmental Objectives
  - 2.1 Environmental Philosophy
  - 2.2 Basic Environmental Policy
3. Green Procurement Initiatives
  - 3.1 Objectives and Measures
  - 3.2 Scope of Application
4. Requests to Business Partners
  - 4.1 Prerequisites
  - 4.2 Requests to Business Partners
5. Using These Guidelines
6. Document Management
7. Information Handling
8. Glossary
9. Contact Information

## 1. Introduction

In 2017, in celebration of the Tsubaki Group's 100th anniversary, we established Tsubaki Spirit as a new corporate philosophy that embodies and systematizes Tsubaki's mission, aspirations, and Code of Conduct for the next 100 years. Our goal is to refine our technologies and advance the "art of moving" through innovative ideas as we establish ourselves as a socially essential company that exceeds expectations.

At the same time, we have a corporate social responsibility to help solve pressing environmental concerns such as climate change caused by global warming, environmental pollution, and depleting energy resources, and to address various other problems.

This responsibility led us to revise our Environmental Philosophy and Basic Environmental Policy in 2017, when we adopted a stronger focus on strengthening efforts to become a company that contributes significantly to global environmental conservation efforts. To fulfill these social responsibilities and to contribute to the realization of a sustainable society requires dedication throughout the entire supply chain, so the cooperation of our business partners is essential.

Following a complete revision of the Tsubaki Group Green Procurement Guidelines, we have prepared a list of requests for our business partners that—along with our Environmental Philosophy and these guidelines—we hope will inspire further environmental conservation activities across the globe.

Isamu Osa  
Chairman and CEO, Representative Director

## 2. Tsubaki Group Environmental Philosophy and Basic Environmental Policy

### 2.1 Environmental Philosophy

The Tsubaki Group recognizes that environmental conservation is one of the most important issues shared by humankind, and seriously considers the environment in all aspects of its global business activities and contributes to the “development of a sustainable society” by generating environmental value and economic value through manufacturing.

### 2.2 Basic Environmental Policy

#### (1) Promote environmental conservation

In addition to strictly adhering to the laws and agreements applicable in each region, we will continually improve the environmental management system, committing ourselves with sincerity to the conservation of our global environment.

#### (2) Reduce CO<sub>2</sub> emissions

In accordance with the guidelines of the Paris Agreement, we will set an appropriate target for CO<sub>2</sub> reduction, and promote activities to reduce emissions.

#### (3) Reduce environmental impact

We will promote the efficient utilization of energy and resources and appropriate management of wastes and hazardous chemicals, work hard to reduce our environmental impact through the lifecycles of products and services, and realize a recycling-oriented society.

#### (4) Coexist with nature

We will, as a good corporate citizen, work to coexist with nature in our regions of operation, in a manner that respects biodiversity.

#### (5) Develop and spread SDG-oriented products, including eco-products

We will actively develop and spread SDG-oriented products in pursuit of sustainability (of the environment, society, and economy) and aim to achieve both economic benefits and contribution to the environment and society.

#### (6) Promote environmental communication

In addition to promoting sustainability training for employees of the Group, we will proactively disclose appropriate environmental information to our stakeholders to increase the level of trust placed in us by society.

### 3. Green Procurement Initiatives

#### 3.1 Objectives and Measures

To reduce environmental impacts throughout the supply chain and further boost global environmental conservation efforts, the Tsubaki Group ensures strict compliance with laws and regulations in all countries and regions, and proactively procures products containing fewer environmentally hazardous substances and products with a low environmental impact throughout their product lifecycle from business partners who also strive to reduce their environmental impacts.

#### 3.2 Scope of Application

This objective applies to all items procured by the Tsubaki Group domestic sites, including raw materials, parts, packaging materials, supplemental materials, and all items used in the manufacturing process, including jigs, tools, and production equipment. However, if a specific business unit is required to adhere to separate procurement standards in addition to these guidelines, those requirements will take precedence.

### 4. Requests to Business Partners

To promote green procurement, we submit the following requests to our business partners.

Requests to Business Partners

Requests/Orders		Raw materials, parts, packaging materials, sub-materials, etc.	Jigs, tools, production equipment, etc.
Prerequisites	4.1. (1) Compliance with environment-related laws on products and business activities	Required	Required
	4.1. (2) Management of hazardous chemical substances		Recommended*
What we ask of business partners	4.2. (1) Establishment of an environmental management system	Recommended	Recommended
	4.2. (2) Reduction of greenhouse gas emissions		
	4.2. (3) Promotion of resource recycling		
	4.2. (4) Effective use of water resources	Optional	Optional
	4.2. (5) Environment-friendly design and product proposals	Recommended	Recommended

\* Management of hazardous chemical substances is required in the event of hazardous chemical substances scattering or falling from equipment onto products or in the event of hazardous chemical substances becoming attached to or transferred onto products through contact with equipment.

#### 4.1 Prerequisites

All our business partners must comply with the following items to do business with us.

- (1) Compliance with environment-related laws (Air Pollution Control Act, Water Pollution Prevention Act, Soil Contamination Countermeasures Act, Act on the Regulation of Manufacture and Evaluation of Chemical Substances, etc.) on products and business activities
- (2) Control of hazardous chemical substances in products delivered to the Tsubaki Group and response to the Group survey requests

The Tsubaki Group has prohibited certain substances based on applicable national and international laws and regulations (see Appendix Table 1). For products delivered to the Tsubaki Group, we ask our business partners to identify and manage the applicable information and to comply with these regulations.

In addition to these guidelines, we also ask our business partners to meet any requirements established by the business unit per EU REACH Regulation, GADSL, and any other regulations. Business units may also require submission of an SDS when doing business with a new procurement item. Business units may also request information on the use of substances that are not prohibited but require identification and reporting of their use.

#### The Tsubaki Group's Approach to Management of Hazardous Materials

Category	Explanation	Referenced law/regulation	Controlled substance group/Control standards
Prohibited	Intentional addition is prohibited. Amounts above any specified threshold are prohibited.	RoHS Directive (EU), ELV Directive (EU)	Substances Banned by the Tsubaki Group (Appendix Table 1)
		Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Law)	Refer to the Ministry of Economy, Trade and Industry (METI) website for a list of applicable substances. (Some items included in Appendix Table 1) <a href="http://www.meti.go.jp/policy/chemical_management/kasinhou/about/substance_list.html">http://www.meti.go.jp/policy/chemical_management/kasinhou/about/substance_list.html</a>
		EU REACH Regulation, GADSL, and other regulations	Any requirements established by the business unit must be met. (Some items included in Appendix Table 1)
Management	Any amounts above the specified threshold must be	EU REACH Regulation, PRTR	Any requirements established by the business unit must be

	reported. Amounts below the specified threshold shall be considered as zero amounts.	system, GADSL, and other regulations	met.
--	--------------------------------------------------------------------------------------	--------------------------------------	------

#### 4.2 Requests to Business Partners

We ask our business partners for their cooperation in addressing the following items.

Item	Reference
(1) Establishment of an environmental management system	<ol style="list-style-type: none"> <li>ISO 14001 or third-party certification (Eco Action 21, KES, Eco Stage, etc.) Voluntary implementation of ISO 14001 requirements regardless of certification</li> </ol>
(2) Reduction of greenhouse gas emissions	<ol style="list-style-type: none"> <li>Identification of on-site energy consumption and greenhouse gas emissions (Initiative examples) <ul style="list-style-type: none"> <li>Identifying the amount of electricity, fuel oil, gas, etc. used in factories and offices</li> </ul> </li> <li>Reduction of greenhouse gas emissions at production sites (Initiative examples) <ul style="list-style-type: none"> <li>Reducing energy consumption by installing energy-saving equipment and improving thermal efficiency</li> <li>Reducing energy consumption by improving efficiency in production processes</li> <li>Switching from fuel oil to natural gas, etc.</li> <li>Switching from fluorescent lighting to LED lighting</li> <li>Adopting renewable energy sources such as solar power</li> </ul> </li> <li>Reduction of greenhouse gas emissions in logistics (Initiative examples) <ul style="list-style-type: none"> <li>Improving logistics efficiency by adopting new transportation methods (modal shifts, etc.), joint transport and delivery, milk run systems (circulating collection), etc.</li> </ul> </li> </ol> <div style="text-align: center; margin-top: 20px;"> <pre> graph LR     A[Material purchasing] --&gt; B[Business partner manufacturing site]     B --&gt; C[Logistics]     C --&gt; D[Tsubaki manufacturing site]     </pre> </div>
(3) Promotion of resource recycling	<ol style="list-style-type: none"> <li>Appropriate monitoring and management of on-site generated waste and disposal methods</li> </ol>

	<p>(Initiative examples)</p> <ul style="list-style-type: none"> <li>• Managing industrial waste and disposal methods</li> </ul> <p>2. Reduction and recycling of on-site waste (Initiative examples)</p> <ul style="list-style-type: none"> <li>• Improving the recycling rate by sorting industrial waste</li> <li>• Reducing waste by reviewing product designs and production processes</li> </ul> <p>3. Reduction of packaging and packaging materials used in logistics (Initiative examples)</p> <ul style="list-style-type: none"> <li>• Reducing packaging materials, reusing materials, using returnable containers</li> </ul>
(4) Effective use of water resources	<p>1. Identification of water consumption amounts (Initiative examples)</p> <ul style="list-style-type: none"> <li>• Identifying consumption amounts of tap water and well water</li> </ul> <p>2. Reduction of usage amounts and promotion of reuse (Initiative examples)</p> <ul style="list-style-type: none"> <li>• Recycling water at plants, collecting rainwater</li> </ul>
(5) Environment-friendly design and product proposals	<p>1. Promoting reduction of greenhouse gases (Initiative examples)</p> <p>Development of products that are lighter, smaller, made of different materials, or offer higher accuracy or efficiency</p> <ul style="list-style-type: none"> <li>• Reducing additional processing performed by the Tsubaki Group</li> <li>• Promoting energy saving when used by the Tsubaki Group (production equipment, etc.)</li> <li>• Reducing the amount of raw materials used by reducing the weight of parts</li> <li>• Promoting the use of raw materials with low greenhouse gas emissions</li> </ul> <p>2. Promotion of reductions in hazardous chemical substances (Initiative examples)</p> <ul style="list-style-type: none"> <li>• Development of products with reduced levels of chemical substances even below regulated values, modification of parts</li> </ul>

## 5. Using These Guidelines

### 5.1 Self-evaluations and requests for improvement

The Procurement Department periodically sends out evaluation forms based on the green procurement standards to our business partners so that they can perform self-assessment.

Based on the submitted responses, the Tsubaki Group may request improvements or other actions. Please note that the information in the submitted evaluation will not be released publicly.

\* Refer to the Green Procurement Survey for Business Partners (Appendix Table 2) for more information.

## 5.2 Request for cooperation in evaluating current conditions

Depending on the information in the submitted evaluation, the Tsubaki Group may perform an on-site visit to conduct interviews or perform other actions as required.

## 6. Glossary

### (1) REACH Regulation (EU)

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) is a European Union regulation that took effect in 2007.

### (2) GADSL

The Global Automotive Declarable Substance List (GADSL) is a list of regulated chemical substances published by the Global Automotive Stakeholders Group (GASG), an organization of automobile manufacturers from around the world. The regulation of chemical substances is divided into three classifications: P, D/P, and D. The GADSL, however, is not legally binding, and substances are instead regulated by actual national laws and corporate requirements (for controlled substances).

P: Prohibited in all applications.

D/P: Prohibited in some applications, and declarable in all other applications.

D: Declarable in excess of the specified threshold.

### (3) RoHS Directive (EU)

The RoHS Directive is a directive regulating the use of certain hazardous substances in electrical and electronic equipment in the European Union (EU) market. The RoHS Directive was first enforced in 2006, and four new substances were added to the six substance groups in 2015.

### (4) ELV Directive (EU)

The ELV Directive applies to end-of-life vehicles (ELVs) in the EU. To reduce the impact on the environment of end-of-life vehicles, the ELV Directive sets limits on the use of chemical substances in products and establishes a collection network to ensure a high recycling rate.

### (5) Act on the Regulation of Manufacture and Evaluation of Chemical Substances (Chemical Substances Control Law)

This act was established to prevent environmental pollution by chemical substances that may be harmful to human health or that may interfere with the habitat or growth of animals or plants. The three main regulations in the act are as follows. 1. Preliminary assessment of new chemical substances; 2. Ongoing management of chemical substances even after they have been placed on the market; and 3. Regulations and measures according to the properties of the chemical substance.

**(6) ISO 14001**

ISO 14001 is a generic group of international standards issued by the International Organization for Standardization (ISO) regarding environmental management systems.

**(7) Eco Action 21**

Eco Action 21 is Japan's unique environmental management system established by the Ministry of the Environment (MOE).

**(8) KES**

Established in 2001 in Kyoto, KES is a national environmental management system with examinations and registration handled by the NPO KES Environmental Organization and cooperating organizations.

**(9) Eco Stage**

Eco Stage is a domestic environmental management system standard set forth by the Ecostage Institute.

**(10) Greenhouse Gases (GHG)**

Greenhouse gas (GHG) is a generic term for gases that produce a greenhouse effect in the atmosphere by absorbing some of the infrared radiation emitted from the earth's surface. Such gases include carbon dioxide, methane, nitrous oxide, alternative CFCs, perfluorocarbons, and sulfur fluoride.

**7. Document Management**

These guidelines are subject to revision without notice. The most updated version of these guidelines will be made available on the Tsubakimoto Chain Co. website. The Tsubaki Group Environmental Committee is responsible for revision and management of this document.

**8. Information Handling**

The Tsubaki Group will not disclose to any outside party any corporate or personal information obtained from business partners through our green procurement activities without prior permission or unless such disclosure is required by law.

**9. Contact Information**

For questions or concerns regarding these guidelines, please contact the procurement representative at your applicable Tsubaki Group business location.

Tsubaki Group  
Green Procurement Guidelines

Revised: April 1, 2021

Published by: Quality & Environment Promotion Department,  
Tsubakimoto Chain Co.