



Green Procurement
Regulations

Appendix 1

SANYO ELECTRIC GROUP

Green Procurement

Standards Document

(Edition 5)

January 1, 2009

SANYO Electric Co., Ltd.

Revision History

Edition 1: May 29, 2002

Edition 2: October 1, 2002 (revised to reflect new in-house regulations for green procurement)

Edition 3: March 31, 2003 (revised to reflect new in-house regulations for chemical substance management)

Edition 4: April 1, 2004 (revised to reflect new in-house regulations for chemical substance management)

Edition 5: January 1, 2009 (revised to reflect the changes to in-house regulations for chemical substance management and environmental policies)

Principal Changes from Edition 4

- (1) Added an evaluation of management system for chemical substances in products to the supplier inspection items
- (2) Revised Management Standards for Environmentally Hazardous Substances
- (3) Corrected the contents to reflect the revised SANYO Electric Group Environmental Policies
- (4) Corrected the name of issuing department

Contents

I . Perspective of SANYO Electric Group for Environmental Conservation Activities

II .Green Procurement

1. Purpose
2. Scope
3. Terminology

III.Green Inspection Concept

1. Supplier Inspection
2. Materials Inspection

IV.Evaluation Standards

1. Supplier Evaluation Standards
2. Materials Evaluation Standards

V.Attachments

1. Appendix (1) Chemical Substances for Inspection
 - 1) Attachment Table 1 List of Environmentally Hazardous Chemical Substances
 - 2) Attachment Table 2 (revised) List of Sample Substances
 - 3) Attachment Table 4 List of Substances for Inspection in Manufacturing Processes
2. Appendix (2) Consent to Non-use, Certificate of Non-use
3. Appendix (3) Attachment-4 SANYO Group Management Standards for Environmentally Hazardous Substances

I. Perspective of SANYO Electric Group for Environmental Conservation Activities

- To be a leading company for energy and environment -

Basic Policy

Based on the corporate vision, “Think GAIA,” and as a “leading company for energy and environment,” the SANYO Electric Group is aiming to protect the global environment while also realizing a prosperous and secure society. In order to achieve this goal, SANYO is taking a leadership role in the global environmental field.

Action Plan

To put into practice the basic policy, the SANYO Group as a whole is committed to undertaking the following measures on a global level.

1. Reforming awareness and behavior

With all employees changing their thinking and actions and carrying out environmental protection activities independently, the SANYO Group also intends to actively enhance its environmental contribution through its products. In order to achieve this, SANYO will not only carry out environmental education and awareness-raising activities, it will also strengthen investment in management resources for the commercialization of products that help protect the environment.

2. Compliance

In addition to identifying environmental issues, the SANYO Group will establish and observe regulations and standards that reflect both the law and the expectations of society.

3. Development of businesses that contribute to the environment

By developing revolutionary technologies that help resolve environmental issues, the SANYO Group will actively develop business areas that promote products beneficial to the environment, and thereby increase its corporate value.

4. "Zero emissions" challenge

The SANYO Group is rising to the challenge of attaining zero emissions through reforms based on the management of harmful chemical substances, the reduction of energy and materials use, and the streamlining of operations through individual employee efforts. As a result of this, SANYO will help to minimize the effects of global warming, save decreasing resources, reduce waste, and prevent pollution. Moreover, activities under the SANYO environmental management system must continually be improved, through the active setting and periodic reviewing of targets from a practical, long-term perspective.

5. Working with society to improve the global environment

By actively disclosing information and participating in the improvement of the natural environment, the SANYO Group intends to build good relationships with societies around the world, and actively contribute to the conservation of the global environment.

Scope:

The activities mentioned above are to be systematically promoted at all product stages including R&D, design, materials procurement, manufacturing, distribution and sales, consumer use, disposal, and recycling. They apply to all business areas including the provision of products and services relating to AV and communication devices, electrical equipment, industrial equipment, electronic devices, and batteries.

II. Green Procurement

1. Purpose

With the goal of reducing environmental burden and helping to realize a sustainable recycling society, the purpose is to create environmentally friendly products by promoting Green Procurement based on the concept of **“buying materials that meet the environmental standards set by Sanyo”** from **“suppliers actively engaged in environmental protection,”** as well as adding an “E” (for environment) to our existing “QCD” (quality, cost, and delivery) for the stages of planning, design, and manufacturing.

2. Scope

These Guidelines shall be applied to the member companies of Sanyo Electric Co. Ltd., and its affiliates in Japan (the SANYO Electric Group), and may also be adopted by overseas companies and plants belonging to each corporate group, member company, and affiliate, based on their own determination.

(1) Companies subject to inspection

Suppliers selling materials to the SANYO Electric Group

(2) Materials subject to inspection

Materials purchased by the SANYO Electric Group

Note: Overseas affiliates shall follow these guidelines based on the observance of environmental laws and regulations both in the countries of production and destination.

3. Terminology

(1) Green procurement

“Green procurement” indicates the purchase of materials (defined in (4) of item 3) that meet the environmental standards set by Sanyo from suppliers (defined in (3) of item 3) that actively pursue environmental protection policies.

(2) Green inspection

“Green inspection” indicates inspection of suppliers (defined in (3) of item 3) for the promotion of green procurement.

(3) Suppliers

A “supplier” indicates a vendor from which a SANYO Electric Group division purchases materials (defined in (4) of item 3), or a company/division that supplies materials (defined in (4) of item 3) to the SANYO Electric Group through an intermediary (trading company, etc.).

(4) Materials

“Materials” indicate parts, raw materials, or production chemicals purchased by the SANYO Electric Group for manufacturing products, as well as assembly products (ASSY) (defined in (6) of item 3), completed products (including OEM purchases), and accessories purchased by the SANYO Electric Group to be sold or distributed under the company’s trademark. This also includes materials for packaging and instruction manuals. However, this does not include materials that are rented or leased.

(5) Product assessment

“Product assessment” indicates evaluation based on the assessment items in the development and design stage to facilitate resource recycling, and involves the reduction of environmental impact in all stages from product manufacturing and distribution to usage and disposal.

(6) Assembly products (ASSY)

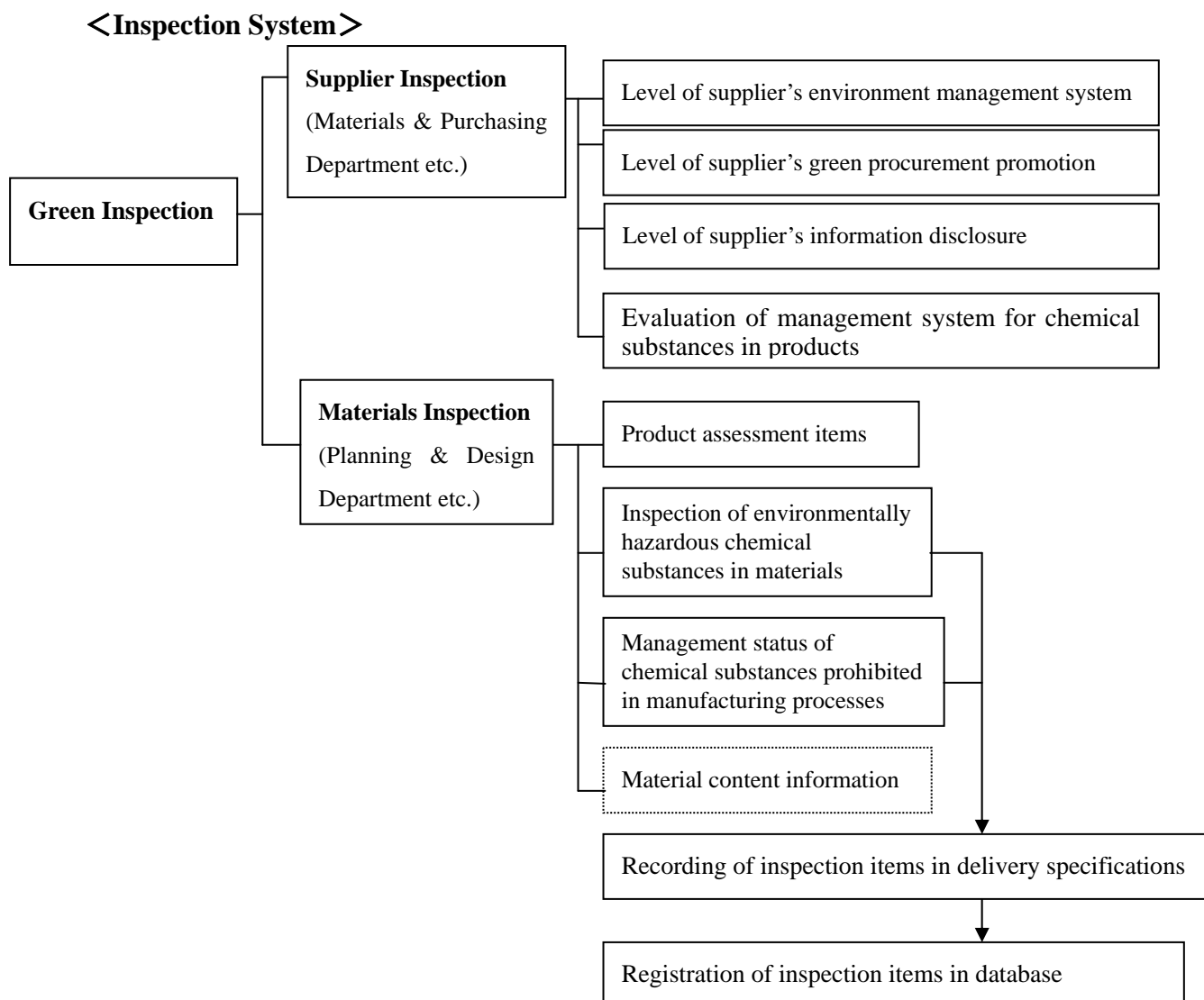
“Assembly products (ASSY)” indicate parts for uncompleted products ready for assembly (including units and modules).

(7) Environmental performance

“Environmental performance” indicates results for measurable environmental protection activities based on the environmental policies, goals and targets of the SANYO Electric Group.

III. Green Inspection Concept

SANYO Electric Group's green procurement system consists of supplier inspection and material inspection. The Materials & Purchasing and the Planning & Design Departments perform most of the inspection, and evaluation is made based on the standards of the SANYO Electric Group.



1. Supplier Inspection

Inspection is performed using the Green Procurement Questionnaire for Supplier Evaluation provided separately by the SANYO Electric Group. (Importance is placed on supplier inspection when the SANYO Electric Group determines the specifications and consigns manufacturing.)

(1) Inspection targets and period

- As a rule, inspection is performed between October and December mainly for suppliers with an ongoing business relationship with the SANYO Electric Group.
- Each new potential supplier is subject to inspection.

(2) Inspection items

- ① Level of supplier's environmental management system
- ② Level of supplier's green procurement promotion
- ③ Level of supplier's information disclosure
- ④ Evaluation of management system for chemical substances in products

2. **Materials Inspection** (Importance is placed on materials evaluation when purchasing materials whose specifications were determined by the supplier.)

(1) Inspection period

- Inspection is performed in the stage when a new material is required, and confirmation is made as to whether it meets the SANYO Electric Group standards.

[Table 1] Material and Supplier Inspections for each Purchase System

Purchase Article \ Inspection Item	Product Assessment	Contained Environmentally Hazardous Chemical Substances	Substances Prohibited in Manufacturing Processes	Supplier Inspection
Assembly products not designed by Sanyo (ASSY) Completed products (including OEM) and accessories, etc.	○ Completed products only (including OEM)	○	○	○
Parts and raw materials (items with specifications determined by the supplier)	—	○	○	○

(2) Inspection details

1) Product assessment items

For completed products designed by the supplier (including OEM), before they are purchased by the SANYO Electric Group, the supplier must make a product assessment according to the requirements of the SANYO Electric Group regarding the following items, and then submit the results to the SANYO Electric Group.

- ① Weight reduction
- ② Use of recycled raw materials and parts
- ③ Promotion of longer usage
- ④ Ease of collection and transport
- ⑤ Improvement of potential for recycling
- ⑥ Ease of separation and sorting
- ⑦ Ease of crushing and sorting processing
- ⑧ Packaging
- ⑨ Safety and environmental safety
- ⑩ Energy saving properties for the usage stage
- ⑪ Information disclosure
- ⑫ Recyclability of small batteries
- ⑬ Reducing environmental impact in the manufacturing stage
- ⑭ Green Procurement

2) Inspection of environmentally hazardous chemical substances in materials

For items purchased by the supplier or items for which the supplier determined the specifications, the supplier must carry out an inspection of any environmentally hazardous chemical substances for each part or material contained in the product. The supplier must then submit the data in the basic format (input program) provided by the SANYO Electric Group.

3) Management status of chemical substances prohibited in manufacturing processes

An inspection must be made as to whether ozone-layer destroying substances are used in the manufacturing process. For details on the prohibited substances, see the List of Substances for Inspection in Manufacturing Processes (Attachment Table-4) in Appendix

(1) Chemical Substances for Inspection.

4) Information on composition of materials

Life cycle assessment (LCA) will be started in the future.

(3) Recording information on environmentally hazardous substances in the delivery specifications

For environmentally hazardous chemical substances in delivered materials, the supplier must include the information in the delivery specifications as **part of the specifications** agreed on between the SANYO Electric Group and the supplier.

(4) Materials inspection details (exchanged at the time of purchase)

- 1) According to the requirements of the SANYO Electric Group, content etc. of environmentally hazardous substances in delivered materials shall be inspected based on the environmentally hazardous substance inspection table established by the SANYO Electric Group. The results of the inspection shall be reported in the form specified by the SANYO Electric Group. (Including registration in the SANYO Electric Green Procurement System)
- 2) According to the requirements of the SANYO Electric Group, the management standards and presence of environmentally hazardous substances shall be recorded on the delivery specifications for the material to be delivered. The delivery specifications shall be submitted to the SANYO Electric Group along with the Agreement not to Use Environmentally Hazardous Substances prescribed by the SANYO Electric Group.

(See Appendix (2): Consent to Non-use, Certificate of Non-use)

- 3) If there is a change in the environmental quality manager, production country, production plant, production process, or specifications for the material to be delivered, a Change Notification must be submitted to the SANYO Electric Group in advance, and permission must be received from the SANYO Electric Group. If permission is obtained from the SANYO Electric Group relating to the specifications Change Notification, the supplier shall carry out points 1) and 2) above for the specifications after the change.

After submission of the delivery specifications based on points 2) and 3) above, when ordered materials produced based on these new specifications are first delivered to the SANYO Electric Group, the supplier shall submit to the SANYO Electric Group along with the delivered materials, the Certification that Environmentally Hazardous Substances are not Used, as prescribed by the SANYO Electric Group.

(See Appendix (2): Consent to Non-use, Certificate of Non-use)

- 4) According to the requirements of the SANYO Electric Group, the supplier shall submit the data that serves as the grounds for the information recorded on the delivery specifications, the Certification that Environmentally Hazardous Substances are not Used, or the Agreement not to Use Environmentally Hazardous Substances.

The supplier shall draw up a replacement plan for management level 2 environmentally hazardous chemical substances as established by the SANYO Electric Group, and shall substitute them with a replacement item by the deadline.

IV. Evaluation Standards

1. Supplier Evaluation Standards

(1) Standards for construction of supplier environmental management systems

Suppliers must promote the planned improvement of their environmental management system, and ultimately aim for levels 1 or 2.

1) Environmental management system achievement standards

Level	Standard
1	Environment performance permitting the achievement of ISO14001
2	Construction of an environmental management system and achieving performance results
3	Appointment of an environmental performance manager, and setting and promoting clear polices and targets
4	Appointment of an environmental performance manager and setting clear policies
5	Promotion plan for environmental management, or no plan

2) Measures for standards levels

- ① In levels 1 or 2, the supplier must be continually promoting environmental goals and targets established either by Sanyo or the supplier.
- ② Suppliers that have not yet achieved levels 1 or 2 must prepare and implement a plan for the achievement of level 1 or 2. New suppliers must have the ability to achieve level 1 or 2 within two years after the start of supply.
- ③ Suppliers that fall under the previous item are sent a compliance request form for target achievement from SANYO Electric Group's Materials & Purchasing Department etc. These suppliers will also be provided any related support or cooperation from the SANYO Electric Group if they so request.

An environmental management system (EMS) is an effective system for steadily reducing environmental impact beginning with compliance for and maintenance of environmental laws and regulations, and we are recommending that suppliers obtain ISO14001 certification.

However, suppliers that do not intend to take ISO14001 certification may also construct their own systems by referring to the Japanese Environment Ministry's Environmental Law Database and Environmental Activity Evaluation Program, as well as the information provided by the NPO KES Environmental Organization, the Eco Stage Institute, etc.

<References>

- Ministry of the Environment: Environmental Law Database
<http://www.env.go.jp/hourei/index.html>
- Ministry of the Environment publication: Environmental Activity Evaluation Program
<http://www.env.go.jp/policy/j-hiroba/PRG/>
- KES Environmental Organization
<http://www.keskyoto.org/kesinfo.html>
- Eco Stage Institute
<http://www.ecostage.org/guide/index.html>

(2) Supplier green procurement standards

The supplier shall actively perform green procurement for the materials it purchases. Furthermore the supplier shall impose green procurement obligations on its own suppliers, and in this way a system for green procurement shall be established right to the end of the supplier chain.

The Use of the survey response formats for chemical substances in products and Guidelines for the Management of Chemical Substances in Products, which are recommended by Japan Green Procurement Survey Standardization Initiative (JGPSSI), is recommended.

http://210.254.215.73/jeita_eps/green/greenTOP.html

(3) Supplier information disclosure standards

The supplier shall immediately disclose any of the following information when requested by the SANYO Electric Group.

- The construction of the supplier's environmental management system and operation results
- Conditions for implementation of green procurement by the supplier
- Evaluation of management system for chemical substances in products
- Information on investigation of substances prohibited in manufacturing processes, and conditions for environmentally hazardous substances in materials
- Information relating to product assessment
- Information on raw materials composition

2. Materials Evaluation Standards

(1) Product assessment

For completed products designed by the supplier (including OEM), an assessment shall be made regarding the report made for the previously stated product assessment items ① through ⑭ based on the SANYO Electric Group's Product Assessment Regulations. In the case where evaluation results do not satisfy the standard, the supplier may be required to make design improvement.

(2) Environmentally hazardous chemicals in parts

① No level 1 substances are contained.

② Level 2 substances shall remain the same or be reduced, and a plan must be prepared for total elimination by the deadline. If a plan has not yet been prepared, a total elimination plan shall be prepared in cooperation with the site responsible. After the total elimination deadline, current level 2 substances will be specified as level 1s.

③ Total elimination targets have not yet been stipulated for level 3 substances, but the substances to be reduced and their uses have been clarified.

(Refer to Appendix (3) Attachment 4 "SANYO Group Management Standards for Environmentally Hazardous Chemical Substances" for the management levels of environmentally hazardous chemical substances. For applicable substances, refer to Attachment Table 1: List of Environmentally Hazardous Chemical Substances and Attachment Table 2 (revised): List of Sample Substances in Appendix (1): Chemical Substances for Inspection. Further, these standards will be revised when required, such as in conjunction with an implementation of a chemical substance control by some country.

(3) Management standards for environmentally hazardous chemical substances in manufacturing processes

① Prohibited chemicals must not be used

(For details on substances refer to Attachment Table 4 List of Substances for Inspection in Manufacturing Processes of Appendix (1) Chemical Substances for Inspection.)

SANYO Electric Co., Ltd.
Environmental Management H.Q.
Corporate Environment Center

2-5-5 Keihan Hondori, Moriguchi, Osaka 570-8677

○These guidelines are subject to change as necessary.

Please direct any questions to the SANYO Electric Group office that requested the inspection.