

Fine Sinter Group

# Green Procurement Guidelines

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## 【 1 】 Introduction

We would like to express our sincere appreciation for your continued support and cooperation in our production and procurement activities.

Based on our philosophy of “contributing to society through manufacturing,” we have been striving to contribute to the sustainable development of society by providing innovative and high-quality products and services, while building strong partnerships with our suppliers.

The circumstances surrounding us are changing at a dizzying pace, and we are required to respond to these changes.

Therefore, we have decided to revise a part of the “Fine Sinter Green Procurement Guidelines” established last year in order to respond to various changes and continue our business in harmony with the global environment.

We would like to ask our suppliers for their continued cooperation and understanding of our philosophy and the purpose of this new policy, and for their further efforts in the future.

March 14, 2023

Fine Sinter Co., Ltd.  
Executive Officer

General Manager, Production and Procurement Management Center

Kaneo Katsuyama

## 【2】 Fine Sinter Sustainability Policy

Fine Sinter will continue to contribute to social issues through its business and work toward sustainable growth in line with its corporate philosophy, "Contribute to a better society and the happiness of people through manufacturing," as its sustainability policy.

## 【3】 Fine Sinter Environmental Policy

1. We will comply with environmental laws and regulations, and contribute to a society that can coexist in harmony with nature by achieving environmental harmony with the local community.
2. We will minimize the environmental impact of our business activities to the greatest extent possible, and set and maintain targets to improve our environmental performance.
  - ①Promote carbon neutrality
  - ②Reduce and recycle waste
  - ③Reduction of environmentally hazardous substances
3. We will take a life cycle perspective and strive to reduce the environmental impact of our production activities from the development planning stage.
4. We will make this policy known to all employees and strive for continuous improvement with awareness and responsibility for environmental protection and biodiversity.

## 【4】 Fine Sinter Procurement Policy

1. Open and Fair Transactions  
We provide fair business opportunities to suppliers who wish to do business with us. In selecting suppliers, we consider quality, cost, and delivery time, as well as their commitment to sustainability.

2. Mutual Cooperation and Development  
We will build a relationship of trust with our business partners through close communication for mutual development.
3. Harmony with local communities and the global environment in cooperation with our business partners, we will strive to create a prosperous society, protect the environment, and eliminate human rights violations.

## 【5】 Fine Sinter Vision 2030

In accordance with our environmental policy, Fine Sinter, as a manufacturing company that supports the transformation of the times, aims to contribute to the decarbonization and diversification of mobility, people's health, and the global environment, and will promote the following initiatives.

### 1. Initiatives to Build a Decarbonized Society

Reduction of carbon dioxide emissions  
(compared to FISCAL 2013)  
FY 2025 target: -40%  
FY 2030 target: -50%

### 2. Initiatives to Build a Recycling-Oriented Society

Reduction of waste emissions  
(compared to FISCAL 2010)  
FY2025 target: -45%  
FY2030 target: -50%  
Reduction of water consumption

### 3. Environmental conservation and building a society in symbiosis with nature

Minimize consumption of environmentally hazardous substances  
Development of cobalt less materials  
Strengthen substance management

## 【6】 Positioning of these guidelines

■ Green procurement means that we prioritize suppliers with high rating on raw materials, parts, and services that we procure. The items to be evaluated are as follows.

- (1) Compliance with environmental laws, regulations, and norms.
- (2) Working to reduce environmental impact.
  - (a) The inclusion of substances subject to declaration specified by us is controlled.
  - (b) The company provides raw materials, components, sub-materials, and other services (processing, heat treatment, surface treatment, etc.) that are designed to reduce environmental impact and greenhouse gases (GHG) such as carbon dioxide.
  - (c) Working to reduce waste emissions.
  - (d) Working to reduce water consumption and purify wastewater.
  - (e) In cases where delivered goods such as raw materials, components, etc., include substances subject to so-called conflict minerals, the suppliers are clearly identified.
  - (f) The suppliers of other substances contained in raw materials, parts and materials, etc., as well as the suppliers of equipment, etc., for manufacturing the deliverables to be delivered to us are clear.
- (3) ISO 14001 or equivalent environmental management system is established and implemented.

### ■ Positioning green procurement guidelines

This Green Procurement Guidelines are a summary of the requests commonly made by Fine Sinter Group to its suppliers. We appreciate your understanding of the contents of these guidelines and your cooperation in our green procurement activities.

Fine Sinter Group refers to the following companies:

Fine Sinter Co., Ltd.

Fine Sinter Tohoku Co., Ltd.

Fine Sinter Sanshin Co., Ltd.

Thai Fine Sinter Co., Ltd.

American Fine sinter Co., Ltd.

Precision Sintered Products (Wuxi) Co., Ltd.

PT. Fine Sinter Indonesia

## 【7】 Requests to suppliers

To realize Fine Sinter Vision 2030, the cooperation of suppliers is essential.

Therefore, we have compiled a list of requests for suppliers in this Green Procurement Guidelines.

We ask for your deep understanding and cooperation in our green procurement efforts.

### 1. Establishment of an environmental management System

#### 1-1. Compliance

Please comply with environmental laws and regulations. Laws and regulations also include ordinances, agreements, and rules established by local governments where suppliers and Fine Sinter inter bases are located. Compliance with laws and regulations is an absolute requirement.

## 1-2. Establishment of environmental management system

Please build an "environmental management system" based on ISO14001 or equivalent third-party certification.

For suppliers who have already established such as system, we request that they maintain and improve their operations and renew certifications.

Suppliers who have not obtained third-party certification are requested to establish and implement a system equivalent to ISO14001:2015.

## 1-3. Promotion of environmental management throughout the life cycle

We strive to reduce the environmental impact of our overall corporate activities by evaluating the environmental impact of our products from the perspective of their life cycle, from procurement of raw materials to disposal of products. In this activity, it is necessary not only to grasp our own corporate activities, but also to understand the environmental impact of the entire supply chain from a life cycle perspective.

Therefore, some of the requirements for the establishment of an environmental management system will change depending on the business category of the supplier, and we would appreciate your correspondence.

### ① Suppliers who supply raw materials, materials, and sub materials

Please construct the system from a holistic perspective so that not only the supplier's production process, but also the raw materials and other materials purchased by the supplier (tier 2 suppliers, tier 3, tier 4...) can be carried forward as part of the system.

However, if the raw materials are only provided by our company, you may exclude it.



② Suppliers who provide machining, heat treatment, and surface treatment

Please build a system for the entire process of doing that service. Please also include the management of the oil, liquids, cutting tools, etc. used in the following section.

③ Other suppliers

Please establish a system equivalent to ISO 14001 certification.

**1-4. Improvement of environmental performance**

We ask that you strive to improve your environmental performance.

- ◇ Reduction of GHG (especially carbon dioxide) emissions
- ◇ Reduction of waste and emissions
- ◇ Reduction of water consumption
- ◇ Reduce risk of environmentally hazardous substances
- ◇ Promoting greening of factories and workplaces
- ◇ Promote biodiversity conservation activities

We may ask our suppliers to submit their respective performance data, and we appreciate your cooperation.

## 2. Substance management and reduction of the use of regulated substances as well as reduction of carbon dioxide emissions

### 2-1. Substance Management

The use of environmentally hazardous substances in raw materials, sub materials, components, and other products delivered to our company that will become our products is becoming more legislated in Europe and other countries, and the impact of this legislation is only going to increase.

Under these developments, we manage the materials of all delivered products in accordance with the demands of society and customers. In addition to the management of the substances contained in the product itself, we ask that you also manage the substances used in the process of producing products delivered to our company. Please report to us when you receive an inquiry from us regarding the management of substances used in your process.

#### (a) Management and reporting of substances

Please report and control all substances contained in products delivered to us.

Control items include names and content rates of constituent substances and confirmation of substance suppliers.

#### ① Suppliers who deliver raw materials, materials, sub materials, etc.

Please report all substance names and content ratio that make up the delivered products.

If the material is 100% supplied by us, please report that.

②Suppliers who provide machining and heat treatment

Please report the composition and content ratio of substances used in machining and heat treatment, such as machining fluid, quenching oil, rust inhibiting oil, etc.

Please contact the trading company or manufacturer from whom you purchased such fluids or oils and report the composition and content.

If you purchased undiluted solutions from the manufacturer and diluted them with water or other solvents, please report the ingredients of each undiluted solution.

We may ask you to provide us with the dilution ratio.

Although the cutting tools used are also subject to control, we do not require a report if they are in contact with product but are not contained or adhered to at the time of delivery to us.

③Suppliers who provide surface treatment (painting, plating, etc.)

Please report the substances and amounts contained in or adhered to the liquid, paint, plating components, or chemicals used in the process at the time the product was delivered to us.

Even if they are used in the intermediate process, if they are not contained or adhered to at the time of delivery to our company, it is not necessary to report. However, please confirm with the supplier that the content is not contained and keep the evidence.

Please submit a FMD(Full Material Declaration) for each substance. The list of our designated substances to be reported can be viewed and obtained from our website, so please be sure to check the latest version.

Please be sure to state whether or not any of the substances subject to declaration specified by us are contained in the product.

If a substance is reported and cannot be disclosed for reasons such as trade secrets, etc., less than 10% by weight of the substances constituting the product may be non-disclosed components.

However, if a substance subject to declaration specified by our company is contained in the product, it cannot be undisclosed.

Please be sure to disclose all substances subject to declaration if any are contained.

In addition, in accordance with the revision of the Enforcement Order of the Industrial Safety and Health Law, please disclose as much as possible if your product contains substances other than those that are certain to be harmless. We are unable to specify substances that we are certain are harmless, so please check with your suppliers.

The contents of your report will be used for reporting to our customers and for our internal risk assessment.

If a regulated substance is contained in a product but not reported to us, the supplier will be responsible for any legal and social liability damages, regardless of the presence or absence of negligence.

Our homepage <https://www.fine-sinter.com/>

#### **(b) Reduction in use of substances subject to reporting**

If your product contains any of the substances subject to our declaration, please consider reducing or eliminating the use of those substances.

However, if a supplier wishes to reduce the amount of a substance subject to report that is contained in a product that is currently flowing or is scheduled to flow, or to substitute an unused substance, this constitutes a process change or design change, so please do not make such a switch at the supplier's discretion until approval has been granted.

Some changes require the approval of our customers, so please consult with our department as soon as possible after you plan the change.

Some changes may take several years to be approved by the customer, and the customer may charge an evaluation fee for the change.

**(c) Understanding carbon dioxide emissions**

Please keep track of the emissions of all products delivered to us so we can incorporate GHG emission reduction efforts.

Please identify GHGs, especially carbon dioxide emissions.

Please refer to the Concept of Calculating Supply Chain Emissions published by the Ministry of the Environment of Japan on its website to determine the amount of carbon dioxide emission.

We may ask our suppliers to provide you with data on these, so please cooperate with us.

**(d) Confirmation of the supplier of raw materials, etc.**

Please identify the country or region from which you procure raw materials, parts, and equipment for manufacturing the products to be delivered to our company.

Not only those designated as Conflict Minerals, but also those that may be embargoed or banned by countries or customers due to changes in the global situation, so please understand and confirm the suppliers and supply chains of raw materials and other materials.

### 3. Reduction of water resource impact

In the medium to long term, depletion of water resources is becoming an important issue.

To reduce the impact of water resources, we are promoting the reduction of water consumption and the recycling and reuse of water resources.

We ask our suppliers to take the following measures.

- Grasping and reducing water consumption
  - ◇ Various initiatives through daily improvement
- Reuse of water resources
  - ◇ Recycling of water
  - ◇ Use of rainwater
  - ◇ Purification of wastewater and improvement of water resources
  - ◇ Conservation of water sources and water withdrawal sources

## 【8】 Glossary

**Green Procurement:** To give priority to suppliers with high reputation for raw materials, parts, and services that we procure.

**GHG:** Greenhouse Gas  
Carbon dioxide, methane, fluorocarbon, nitrous oxide, etc.

**SDS:** Safety Data Sheet  
The Occupational Health and Safety Law and other laws require that chemicals and substances be prepared and distributed to the party to whom they are transferred or provided.

**Substances to be declared:** Substances designated by customers, by laws and regulations including overseas, by industry associations, etc.

Our company is designated by “by customer request,” “the enforcement order of the Industrial Safety and Health Law,” “the Law Concerning Reporting, etc. of Releases to Sightseeing of Specific Chemical Substances and Promoting Improvements in Their Management (Chemical Substances Control Law),” and “the Poisonous and Deleterious Substances Control Law.

Substance: What constitutes a product (chemical substances).

Since the name “chemical substance” can easily be misinterpreted as a man-made compound based on fossil fuels, the Guidelines refer to them simply as substances.

Conflict minerals: Minerals that are used to finance armed forces a rebel groups due to civil wars, conflicts or wars that cause serious human rights violations.

Life Cycle (LC, LCA): Life Cycle (Assessment). A method to evaluate the environmental impact of a product from its production (raw materials) to disposal.

## 【9】 Contact information

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