

Sustainable Procurement Policy

SJM's Approach to Sustainable Procurement

SJM Co., Ltd. (hereinafter referred to as SJM) has been focusing on the field of bellows technology for multiple decades, and it is doing its best in the modern industrial field to provide technical support and good quality products, and ultimately, contribute to society.

SJM conducts business activities based on the principle that “a company should contribute to national economic development and improvement of people’s livelihood through business, and furthermore, to contribute to human society.” Currently, SJM is leading its industry into the future by building a global management network and network with its innovative technology and management methods based on the company’s accumulated knowledge and experience. Moving forward, SJM promises to strive to fulfill its corporate social responsibility through sustainable management.

Accordingly, SJM has incorporated the ISO20400 (Sustainable Procurement Guideline) established based on the basic principles of international CSR guidelines (10 principles of the UN Global Compact, ISO26000) in its procurement process. In addition, as demands and standards for CSR are being strengthened at home and abroad, SJM established a sustainable procurement policy to help the company secure competitiveness in the market.

❖ Purpose

- 1) To induce SJM’s suppliers and business partners to apply sustainable business practices.
- 2) To improve environmental performance in all aspects of SJM’s business.
- 3) To ensure sustainable investment decisions at SJM.
- 4) To secure sustainable working conditions and work practices at SJM.

❖ Scope of Application

- 1) This policy shall apply to employees and departments involved in SJM’s procurement activities.
- 2) This policy shall also apply to the departments and their respective employees of all business partners responsible for procurement and purchasing policies on behalf of SJM.

❖ Terms and Definitions

- 1) “Sustainable procurement” referred to in this policy refers to the process of making purchase decisions that satisfy an organization’s needs for goods and services in a way that benefits not only the organization, but also the society as a whole.
- 2) This specifically means that contracts with all subcontractors and business partners of SJM providing products and services to SJM are required to consider, evaluate, and reflect their social and environmental impacts.

❖ Detailed Objectives

- 1) Improve environmental, social, and economic performance in all procurement processes.
- 2) Enable SJM's employees to apply sustainability principles to procurement and purchasing activities.
- 3) Apply sustainable business practices and working conditions to SJM's suppliers and business partners and support the establishment of best practices for sustainability evaluation criteria.
- 4) Provide accurate and up-to-date information on SJM's sustainable procurement policies and obligations.

❖ Foundational Principles

- 1) Secure essential goods and services with minimal impact on the environment and people.
- 2) Continue to negotiate and collaborate with suppliers, business partners, and stakeholders to promote sustainable purchasing practices.
- 3) Monitor sustainable procurement performance and disclose relevant information.
- 4) Provide training and feedback opportunities to the affected organizations and employees.
- 5) Comply with detailed guidelines for specific applications.

❖ Detailed Guidelines

- 1) SJM shall promote sustainable management at its suppliers through its CSR Code of Conduct for suppliers.
- 2) SJM shall consider the social and environmental factors in all contracts and provide differentiated incentives to exemplary/model partners.
- 3) SJM shall regularly analyze and evaluate suppliers' CSR risks and, if necessary, conduct surveys and on-site inspections for the employees of suppliers.
- 4) SJM shall promote and support training at suppliers aimed at promoting sustainable management within the supply chain.
- 5) SJM shall set goals for sustainable procurement and continuously monitor them.
- 6) These regulations shall be supervised by the department in charge of procurement and logistics at the Automotive Business Headquarters.

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CEO of SJM Co., Ltd.