



Green Procurement Guidelines



NIPPON SEIKI CO.,LTD.

April, 2017

6th Edition

Table of Content

<u>1. Introduction</u>	.....	P.1
<u>2. Purpose</u>	.....	P.2
<u>3. Scope of Application</u>	.....	P.2
<u>4. Definitions</u>	.....	P.2
<u>5. Requirements to Suppliers</u>	.....	P.4
<u>6. Procurement Contract Procedures</u>	.....	P.6
<u>7. Compliance with Regulations of Environmentally Hazardous Substances</u>	.....	P.7
<u>8. Revision History</u>	.....	P.10

1. Introduction

We appreciate for your continuous support and cooperation in our business activities.

Global environmental issues, such as global warming, resource depletion and ecosystem deterioration, have been some growing concerns involving the whole world.

We, NIPPON SEIKI CO.,LTD. (hereby after NS), acknowledge global environmental issues as one of the key issues of management, and we promote activities to realize a sustainable society harmonized with environment.

Our products consist of parts, raw materials, and secondary materials delivered from suppliers. Therefore, cooperative efforts and management among suppliers and supply chain are essential to satisfy customer's requirements and to contribute to a sustainable society.

Recent regulations, as typified by EU RoHS Directive or EU REACH Regulations, restrict globally, not only locally, the usage of chemical substances. As global manufacturing and global procurement increase, the scope of management and observation widens, and consequences of derogation of corporate social responsibility are severe. In view of these changes, "NS Green Procurement Guidelines" is revised and updated.

The new "NS Green Procurement Guidelines" includes clarified scope of applications, and additions of requirements to reduce greenhouse gas emissions, to work on conservation of biodiversity, and other requirements necessary for sustainable growth of NS and our suppliers.

We appreciate your understandings and request your cooperation in data disclosure as necessary.

Green procurement activities can only be promoted with suppliers' understandings to this "NS Green Procurement Guidelines".

NS will enhance partnerships with suppliers complying with these guidelines to work together on environmental issues.

Chief of Sourcing Headquarters
Senior Operating Officer

Haruhiko OTAKI

Environment Management Supervisor
Chief of Manufacturing Headquarters
Managing Officer and Director

Yuji HIRATA

2. Purpose

NS is promoting activities to achieve environment-friendly product and manufacturing in every business field. To "procure environment-friendly products from suppliers promoting environmental business activities" and "manage necessary chemical substance data to be communicated within the supply chain or with customers", we have clarified our requirements in this "NS Green Procurement Guidelines".

3. Scope of Application

These guidelines (6th Edition) are effective from April 1st, 2017.

These guidelines are applied to the following products which are procured by NS Group and contained in our products.

- | | |
|-------------------------|---|
| 1) Material | : Resin pellet, Paint, Printing ink, Minerals, etc. |
| 2) Product, Part | : Electronic parts, Mechanical parts, screw, etc. |
| 3) Secondary Material*1 | : Solder, Adhesive agent, Stamping ink, etc. |
| 4) Packaging Material*2 | : Card box, Plastic bag, Cushioning, Label, etc. |

The above 1) to 4) are hereinafter called "products".

*1: Secondary Material: All materials which are included in the final product delivered to NS Group, or used in the product manufacturing process, but not included in the final product delivered to NS Group.

*2: Packaging Material: All materials used for wrapping, protecting and shipping of products delivered to NS Group. Packaging materials, such as trays, cushioning, cartons, and returnable boxes, disposed by NS or at logistics sites, or returned to suppliers are exempted from this application.

4. Definitions

EU RoHS Directive: The Restriction of the Hazardous Substances

EU legislation restricting the use of hazardous substances in electrical and electronic equipment.

As for environmentally hazardous substances, the use of ten (10) substances are restricted:

lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB),

Polybrominated diphenyl ethers (PBDE), Bis (2-ethylhexyl) phthalate (DEHP), Butyl benzyl phthalate (BBP),

Dibutyl phthalate (DBP), Diisobutyl phthalate (DIBP)

<ref: EU RoHS Directive>

http://ec.europa.eu/environment/waste/rohs_eee/index_en.htm

Regulation of Phthalates(Four kinds), please refer to "7. Compliance with Regulations of Environmentally Hazardous Substances"

Phthalates(Four kinds):Bis (2-ethylhexyl) phthalate (DEHP),Dibutyl phthalate (DBP),Benzyl butyl phthalate (BBP),Diisobutyl phthalate (DIBP)

EU ELV Directive: End of Life Vehicles

EU legislation of vehicle recycling and environmentally hazardous substances.

As for environmentally hazardous substances, the use of four (4) heavy metals are restricted;

lead, mercury, cadmium, and hexavalent chromium.

<ref: EU ELV Directive and Annex II (Exemption List)>

http://ec.europa.eu/environment/waste/elv_index.htm

EU REACH Regulation : Registration, Evaluation, Authorization and Restriction of Chemicals

EU legislation of registration, evaluation, authorization and restriction of chemical substances.

To comply with the regulation, companies must register and manage the risks of the chemical substances they manufacture and market in the EU.

Chemical Substances of Very High Concern (SVHC) may be used only with authorization.

Manufacturing, importing and use of unauthorized substances are restricted.

<ref: REACH by ECHA (EUROPEAN CHEMICALS AGENCY)>

<http://echa.europa.eu/regulations/reach>

SVHC : Substances of Very High Concern

Substances of Very High Concern defined in EU REACH Regulation.

<ref: Candidate List by ECHA>

<http://echa.europa.eu/web/guest/candidate-list-table>

EU Packaging Directive(Directive 94/62/EC):

European Parliament and Council Directive on packaging and packaging waste.

<Ref: EU Packaging Directive>

http://ec.europa.eu/environment/waste/packaging/index_en.htm

GADSL : Global Automotive Declarable Substance List.

A harmonized chemical substances management list prepared by

Global Automotive Stakeholders Group (GASG), a global team from the automotive, automotive parts supplier (tier supplier) and chemical/ plastics industries.

<Ref: GADSL>

<http://www.gadsl.org/>

GHG : Greenhouse Gas

Gas in an atmosphere that absorbs and emits radiation within the thermal infrared range, which cause the greenhouse effect.

NS targets the following six types of gasses.

- CO₂ (carbon dioxide), CH₄ (methane), N₂O (nitrous oxide), HFC (hydrofluorocarbon), PFC (Perfluorocarbon), SF₆ (sulfur hexafluoride)

Prohibited Substances:

Substances which use or use exceeding the restricted amount in the product are prohibited by regulations and relevant guidelines of Japan and other countries.

Management Required Substances:

Substances of which inclusion, amount, including part, purpose, and etc. need to be managed.

Homogeneous Material:

Defined by EU RoHS Directive and EU ELV Directive.

Means a material that cannot be disjointed or separated into different materials by mechanical actions.

5. Requirements to Suppliers

Green Procurement Requirements List

○: applicable

Requirements	Documents		What to Submit	When to Submit				Remarks
	Products	Others		At Start of Procurement (Products)	At Planning for New Items	At Any Changes	At Request (Changes in Restrictions)	
(1) Establishment of Environment Management System (EMS)	○	○	① "Green Procurement" Self-Evaluation Sheet	○				
			② Quality (Environment) Assessment Sheet	○				Checked when NS visits for assessment as necessary.
(2) Consistent Management of Chemical Substances	○	—	③ Investigation Form		○	○	○	Whenever there is change in the content.
			④ Declaration of Non-Use of RoHS Restricted Substances	○	○	*1	○	*1) Only when stated content is changed due to relocation of production site, etc.
			⑤ Precision Analysis Data of RoHS Restricted Substances		○	○		Submit 6 months prior to the change.
			⑥ Pre-IPP Application			○		When there is change in specs.
			⑦ Product Specifications			○	○	When there is change in report. (Depends on the changes)
			⑧ Parts Inspection Report			○	○	
(3) Establishment of Chemical Substances Management System (CMS)	○	○	① "Green Procurement" Self-Evaluation Sheet	○		○		*2) When changes in production site, etc. *3) Annually revised by Sourcing HQ
			② Quality (Environment) Assessment Sheet	○		○		*2) is checked when NS visits for assessment as necessary.
			③ Declaration of Non-Use of RoHS Restricted Substances			○	○	
(4) Actions to Know/ Reduce Greenhouse Gas Emissions	○	○	① "Green Procurement" Self-Evaluation Sheet	○				
			② Quality (Environment) Assessment Sheet	○				Checked when NS visits for assessment as necessary.
			③ Investigation Form				○	*4) Semiannually investigated by TQM Promotion Dept.
(5) Promotion of Resources Recycling			① "Green Procurement" Self-Evaluation Sheet	○				
			② Quality (Environment) Assessment Sheet	○				Checked when NS visits for assessment as necessary.
(6) Conservation of Biodiversity	○	○	① "Green Procurement" Self-Evaluation Sheet	○				
			② Quality (Environment) Assessment Sheet	○				Checked when NS visits for assessment as necessary.

(1) Establishment of Environment Management System

For establishing and maintaining Environment Management System, please acquire ISO 14001 or certification from external authority complying with ISO 14001.

• For suppliers not certified, establishment of an environment management system equivalent to ISO 14001 is requested. Progress of establishment shall be confirmed in Green Procurement Self-Evaluation Sheet.

(2) Consistent Management of Chemical Substances

① Suppliers are required to comply with the requirements in Article 7 "Environmentally Hazardous Substance Management of Delivered Items". "Declaration of Non-Use of RoHS Restricted Substances" requires certification of RoHS restricted value, not the controlled value specified by suppliers.

② Suppliers are required to prepare and submit "Declaration of Non-Use of RoHS Restricted Substances" upon request of NS.

- ③ Suppliers are required to consistently manage that the delivered products do not include prohibited substances, or the restricted substances included are within the threshold value.

(3) Establishment of Chemical Substances Management System (CMS)

- ① Suppliers delivering products to NS are requested to establish CMS. Management of specified chemical substances contained in products are required under laws and regulations of Japan and other countries. To satisfy these requirements, each company is required to manage the chemical substances contained in products with "appropriate and effective" means through the supply chain.

② Requirements to Suppliers regarding CMS

No.	Requirements	Summary
1	Policy	Declare policy of actions by managements.
2	Define Management Criteria	Define management procedures to satisfy laws/ regulations, industrial voluntary standards, and customer requirements.
3	Define Scope of Management	Define "product", "process", "constituent materials", "chemical substances" to be managed.
4	Set Targets and Plan Implementation Process	Define and revise targets and plans.
5	Define Organizational System, Responsibility and Authority	Define roles and responsibility of depts. engaged in management.
6	Design/ Development	Confirm compliance with requirements in design / development process.
7	Collect and Confirm Chemical Substance Data included in Products	Systematize collection and confirmation of data from supplier.
8	Sourcing Management	Communicating requirements with suppliers.
9	Acceptance Verification	Confirm conformity with company criteria when accepting purchased materials.
10	Process Control	Define management items of process where chemical substance amount changes. Identification control and contamination prevention are also required.
11	Shipping Verification	Confirm compliance with company criteria when shipping.
12	Traceability	Define product traceability.
13	Change Control	Define process when changes in chemical substance management has occurred. (e.g. design, process, supplier)
14	Process for Non-Conformity	Define process when non-conforming product is found.
15	Training	Define details of training.
16	Documentation and Control	Define procedures of keeping documents and records.
17	Communication	Establish system for sharing information.
18	Performance Evaluation and Improvement	Evaluation and improvement of the management by internal audit.
19	Management Review	Improvement of issues by managements.

(4) Knowing and Reducing Greenhouse Gas Emissions

Suppliers are requested to know and to reduce the amount of Greenhouse Gas emissions.

- Actions are taken to establish system to know and to reduce the amount of GHG emissions and energy consumption.

(5) Promotion of Resources Recycling

Suppliers are requested to propose and use materials that contribute to recycling-oriented manufacturing. NS promotes effective utilization of resources.

"Materials that contribute to recycling-oriented manufacturing" means;

- Materials which contribute to reduce necessary resources for manufacturing.
- Materials which contribute to enhance utilization of recycled resources.
- Materials which contribute to reuse packaging materials for shipping.

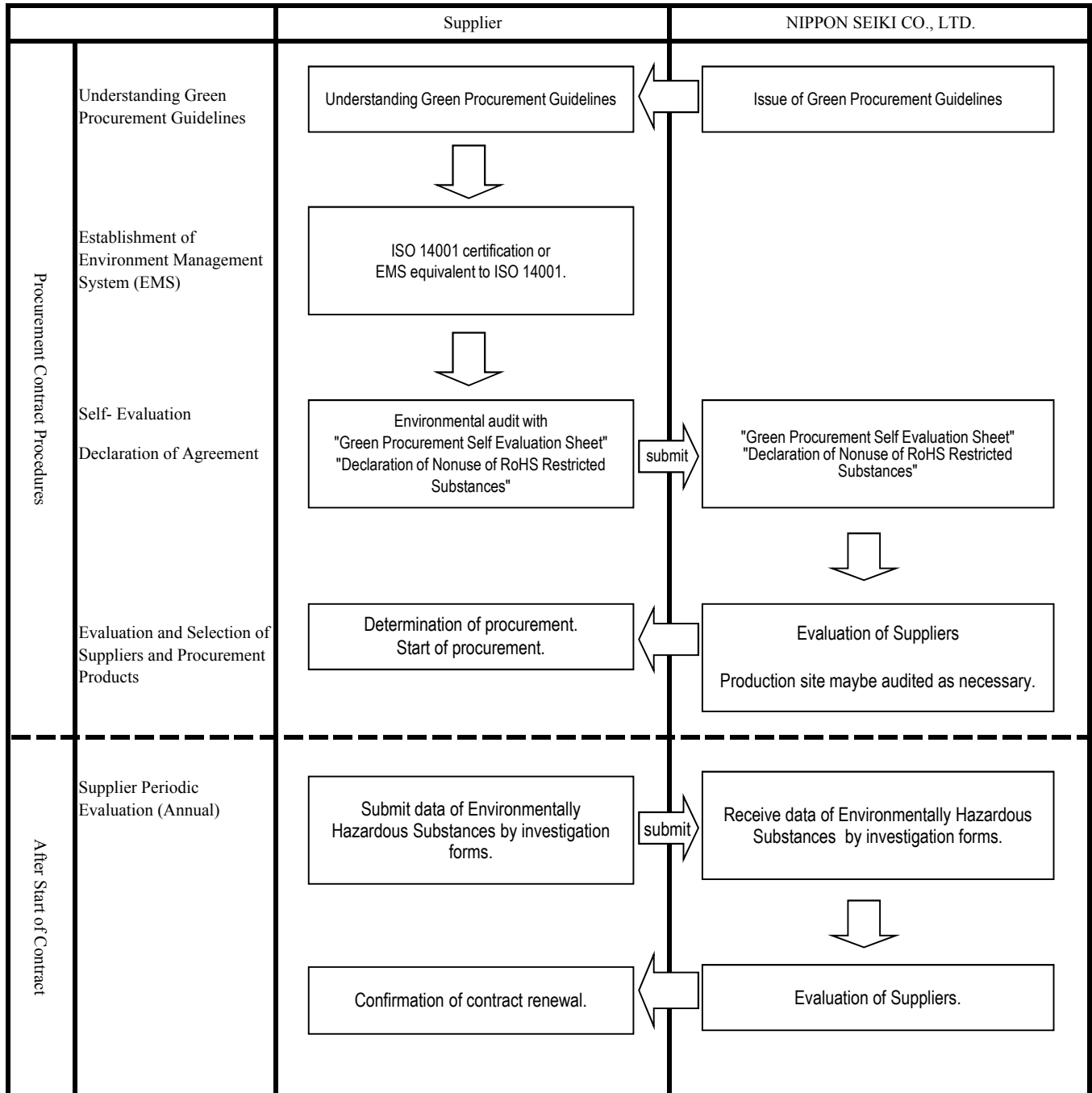
(6) Conservation of Biodiversity

Suppliers are asked to promote actions to conserve biodiversity.

- Please define the policy and take actions for conservation of biodiversity.

6. Procurement Contract Procedures

Based on provided documentations, suppliers' business activities and products will be evaluated for its conformity with NS Green Procurement Guidelines.
 With the evaluation result, NS procures materials satisfying NS Green Procurement Guidelines from suppliers satisfying NS Green Procurement Guidelines.



Suppliers are requested for improvement measures against any unsatisfactory results found in self-evaluation. We may visit suppliers for auditing to have better understanding of actual situation. Suppliers are also requested for supervising Tier 2, Tier 3, etc. suppliers.
 We appreciate your cooperation.

7. Compliance with Regulations of Environmentally Hazardous Substances

All products delivered to NS shall comply with various regulations related to environmentally hazardous substances. Requirements are specified as the following.

We appreciate your cooperation for providing us information.

(1) Management of Environmentally Hazardous Substances

① EU RoHS Directive

Refer to the following website for exemption list.

http://ec.europa.eu/environment/waste/rohs_eee/legis_en.htm

Phthalates(Four kinds), and prohibit the inclusion in the new product.

No.	Phthalates(Four kinds)	CAS No.
1	Bis (2-ethylhexyl) phthalate (DEHP) ※	117-81-7
2	Dibutyl phthalate (DBP) ※	85-68-7
3	Benzyl butyl phthalate (BBP) ※	84-74-2
4	Diisobutyl phthalate (DIBP) ※	84-69-5

※ Ref. Commission Delegated Directive (EU) 2015/863

Deadline of the Containing Phthalates(Four kinds): used until July 21, 2018
(Expiry date for export and sales to EU: July 21, 2019)

The deadline may be changed in some cases.

If the Phthalates(Four kinds) containing the delivered goods to the NS group, please contact the product and containing concentration.

And, please show the future of material alternative plan.

Phthalates(Four kinds) are approved substance of the REACH Regulation.

It has already been specified in the car manufacturers of prohibited substances.

② EU ELV Directive

Refer to the following website for exemption list.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:085:0003:0007:EN:PDF>

③ EU REACH Regulation

Please confirm the Candidate List and inform us when any SVHC is included in the product.

<http://echa.europa.eu/candidate-list-table>

Communication of REACH SVHC in automotive industry is based on
"AUTOMOTIVE INDUSTRY GUIDELINE ON REACH ver. 3.1"

<http://www.acea.be/industry-topics/tag/category/reach>

Compliance with "5.10 Communication Requirements for CL Substances in Articles" are especially required. When the substances of Candidate List are updated to GADSL, its declaration (communication) is required.

④ GADSL

GADSL is a list established for automotive industry which includes substances specified in EU RoHS Directive, EU ELV Directive and REACH SVHC.

Please comply with the latest edition.

No prohibited substances should be included in delivered products.

<http://www.gadsl.org/>

⑤ EU Packaging Directive:

Content of four heavy metals (lead, cadmium, mercury, and hexavalent chromium) in total with the mass of materials constructing the packaging must be less than 100ppm by weight. Materials constructing the packaging are parts which can be easily separated (e.g. "corrugated board" used for packing the product, "adhesive tape" used for assembly in a corrugated box package, and "label" used for indication are to be considered as separate materials)

http://ec.europa.eu/environment/waste/packaging/index_en.htm

(2) Submission of Environmental Data

Suppliers are asked to submit investigation forms for newly supplying products.
Please refer to the following table. (⑧ shall be submitted upon request.)

【Investigation Forms】 (◎:Mandatory , — :Only upon request)

Type of Item Delivered	Raw Materials	Products, Parts	Secondary Materials	Packaging	Submit to
Investigation Form					
①Declaration of Non-Use of RoHS Restricted Substances	◎	◎	◎	◎	Sourcing HQ
②Precision Analysis Data of RoHS Restricted Substances	◎	◎	◎	◎	Requested Dept.
③(M)SDS	◎	—	◎	—	↑
④JAMP AIS(~Dec.2017)	—	◎	◎	◎	↑
⑤chemSHERPA(Jul.2017~)	—	◎	◎	◎	↑
⑥JAMA/JAPIA Standard Material Datasheet	◎	◎	◎	—	↑
⑦IMDS	◎	◎	◎	—	↑
⑧GHG Investigation Sheet	—	—	—	—	↑

①Declaration of Non-Use of RoHS Restricted Substances

Suppliers are required to submit periodically (i.e. annually).

Trading companies shall request manufacturers to restrict usage of RoHS restricted substances.

"Declaration of Non-Use of RoHS Restricted Substances" shall be submitted within three (3) business days when requested.

Form found at: <http://www.nippon-seiki.co.jp/csr/eco/green/>

②Precision Analysis Data of RoHS Restricted Substances

Please complete the form found at: <http://www.nippon-seiki.co.jp/csr/eco/green/>
Precision analysis data such as ICP data certifying the non-use of the following ten (10) substances restricted by EU RoHS Directive shall be submitted for each homogeneous material. Please use the provided form.

1) lead, 2) mercury, 3) cadmium, 4) hexavalent chromium,

5) polybrominated biphenyls (PBB), 6) Polybrominated diphenyl ethers (PBDE).

7)Bis (2-ethylhexyl) phthalate (DEHP), 8)Butyl benzyl phthalate (BBP),

9)Dibutyl phthalate (DBP), 10)Diisobutyl phthalate (DIBP)

③(M)SDS

Please provide us the data referring to the following website.

ref.: Ministry of Economy, Trade and Industry

http://www.meti.go.jp/policy/chemical_management/law/msds/4.html

④JAMP AIS(~Dec.2017)

To comply with EU REACH Regulation, suppliers shall confirm whether any substances of the Candidate List is contained in products delivered to NS.

Available at the following web site.

Joint Article Management Promotion-consortium

<http://www.jamp-info.com/>

⑤chemSHERPA (Jul.2017~)

A new information transfer scheme was released by The Ministry of Economy, Trade and Industry in October, 2015.

The application is governed by The Joint Article Management Promotion Consortium(JAMP) same as JAMP-AIS.

Available at the following web site.

<https://chemsherpa.net/chemSHERPA/tool/>

⑥JAMA/JAPIA Standard Material Datasheet

A standardized constituent investigation sheet prepared by JAMA (Japan Automobile Manufacturers Association) and JAPIA (Japan Auto Parts Industries Association)

Available at the following web site:

<http://www.japia.or.jp/>

Please contact us for the password.

⑦IMDS

A collective material data system for environmentally hazardous substances used by automotive industry.

Registration at the following web site:

<http://www.mdssystem.com/>

Please submit data to 18363 (IMDS COMPANY ID of NS)

⑧GHG Investigation Sheet

GHG emissions amount is investigated twice a year.

When requested, please provide us GHG data related to products delivered to NS, using the specified form for investigation.

Each investigation form or data shall be resubmitted if any change occurs due to revisions of restricted substances or application exemptions.

Specific investigation sheet/form may be required upon some customer specific requirements on chemical substance management. Compliance to these requirements are also necessary.

8. Revision History

Edition No.	Date	Changes
1st	July 26th, 2005	Establish
2nd	February 1st, 2010	Fully Revised and Updated
3rd	March 15th, 2013	Fully Revised and Updated
4th	August 1st, 2014	7 pages: URL change of Europe REACH rule
5th	April 1st, 2016	Additional requirements : 2,7 pages: Phthalates(Four kinds) ((EU) 2015/863) 3,7 pages: EU Packaging Directive 8 pages: URL change of JGPSSI Survey Response Tools
6th	April 1st, 2017	Revised requirements: 2,7page:Phthalates(Four kinds) ((EU) 2015/863) Revised Investigation form: 7,8page:Additional form "chemSHERPA" Deleted form "JGPSSI"

April, 2017
NIPPON SEIKI CO.,LTD.

【ISSUED BY】
TQM Promotion Dept.
Sourcing Headquarters

【EDITED・SUPERVISED BY】
Engineering Headquarters
Component Products Div.
Quality Assurance Headquarters



NIPPON SEIKI

NIPPON SEIKI CO., LTD. GREEN PROCUREMENT GUIDELINES