

**BASIC GUIDELINES  
FOR  
GREEN PROCUREMENT  
(The Third Edition)**

**November 2010**

**Nissin Electric Co., Ltd.**

## **Introduction**

We feel it is important to recognize throughout our corporate management that the preservation of the global environment is an important issue common to all humankind.

Our role at Nissin is to contribute in any way possible to global environmental protection through our products and technology. Based on the basic philosophy, "acting in consideration of environmental preservation and harmony in every area of our business activities for the future of the Earth and humankind", we always act in consideration of environmental preservation and environmental harmony all the aspects of our corporate activity. This includes our involvement in the development of new technology and products that will be effective in environmental conservation, such as clean energy, saving energy and controlling exhaust, the organization of special action committees for saving energy, saving resources, and recycling, and our positive participation in tackling environmental problems.

To that end, our procurement activities place priority on the purchase of products and service that place minimal load on the environment, and we have created in 2002 our "BASIC GUIDELINES FOR GREEN PROCUREMENT" in order to promote "green procurement" that aims at reducing and eliminating the use of hazardous chemical substances.

After that, especially in European Union, legal control such as "RoHS Directive", "REACH Regulation" has been reinforced so as to eliminate prohibited substances content and oblige to inform customers of chemical substances contained in products.

Such control of chemical substances contained in products has been extended worldwide so that it is needed to control various chemical substances.

In order to observe those regulations, we revised our BASIC GUIDELINES FOR GREEN PROCUREMENT.

Procurement departments of Nissin Electric and its affiliates intend to promote the green procurement activity based on the Guidelines and in cooperation with our suppliers.

We appreciate your understanding of the importance and cooperation in implementing measures towards protecting the global environments.

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## **1. Environment preservation activities by Nissin Electric**

We established the “Environment policy” and have been promoting activities for the environment preservation and harmony.

### **1-1 Philosophy concerning environment**

Nissin Electric Co., Ltd. and its affiliates recognize the preservation of global environment as a critical theme common to all human beings and take the preservation and harmony of environment into consideration in all aspects of corporate activities.

The Company intends to promote the business operations based on the following environment policy throughout the processes of development, designing, manufacture, sales, installation, maintenance, inspection and services of the power receiving and transforming equipment, power quality improvement equipment, control systems, electron beam application equipment, or others.

### **1-2 Environment policy**

In accordance with our ISO14001-compliant environmental management system, we will strive to continually reduce our environmental impacts and improve our systems as well as prevent environmental pollution.

We will assess the impact that all of our business activities have on the environment, stipulate environmental objectives and targets, and regularly revise these objectives and targets. We will comply with all environmental laws, regulations, agreements and other accepted requirements, as well as manage our compliance with each using a voluntary set of standards.

We will prioritize the next activities that aim to reduce environmental impacts.

#### **1. Create environmentally conscious products**

Develop products that are considerate of the environment throughout their entire life cycle, from product design to usage and disposal.

#### **2. Mitigation of climate change**

##### **(1) Energy conservation**

Reduce energy usage and CO2 emissions through energy conservation activities.

- (2) Control SF6 emissions into the atmosphere  
Control the emission of electrical insulating gas (SF6) into the atmosphere.  
(Recovering a majority of SF6 will have a greater effect on CO2 reduction owing to equipment downsizing.)

### 3. Discharge limitation

- (1) Resource conservation and recycling  
Promote conservation of resources, as well as the reduction and recycling of waste for effective use of resources.
- (2) Prevent environmental pollution  
Prevent environmental pollution due to emission and leakage of volatile organic compounds (VOCs), effluent, oil, and chemical substances.

## **2. Nissin's concept of the green procurement**

### **2-1 Purpose**

Nissin Electric defines its philosophy as “to behave taking the preservation and harmony of environment into consideration in all aspects of corporate activities for the future of human beings and earth”. As a part of such activities we endeavor to promote the green procurement of environmentally friendly products, parts, materials and raw materials.

### **2-2 Nissin's activities**

- (1) Promotion of preferential procurements from suppliers who are committed to the environmental preservation
- (2) Increasing the procurement rate of environmentally friendly products, parts, materials and raw materials.

### **2-3 Scope of the Guidelines**

The Guidelines apply to all procured items and services.

### **2-4 Criteria for evaluation and selection of supplier**

In selecting our suppliers, the status of activities taken by the supplier for the

environment preservation (E) is evaluated in addition to the levels of quality (Q), price (C), delivery time (D) and service (S).

(1) Evaluation item

- ① Certification of ISO14001, KES or third party organization has been obtained.
- ② Green procurement has been implemented or there is a plan to introduce it.
- ③ There is a plan to obtain the certification of ISO14001, KES or third party organization, or activities of the following 10 items are executed positively for the environment preservation.
  - a) Establishment of an organization to promote the environmental control
  - b) Clarification of the position of the organization in the company structure and functions of the organization
  - c) Commitment of the top management to the organization
  - d) Compliance with the environment-related laws and regulations including the Water Quality Pollution Prevention Law, etc.
  - e) Plan to utilize materials taking the environment into consideration
  - f) Manufacturing process improvement plan taking the environment into consideration
  - g) Plan and implementation of employee educations concerning the environment preservation
  - h) Understanding of our environment policy
  - i) Abstention from use of prohibited substances specified by us
  - j) Promotion of manufacturing procedure which takes the environment into consideration
- ④ It is a prerequisite that the supplier has not been punished concerning the environment by any competent supervising government office in recent years.

(2) Selection criterion

- ① Criterion for selection of supplier  
Procurements will be made preferentially based on the above evaluation items from suppliers who are promoting environment preservation activities.
- ② Criterion for selection of procured items or services  
Items will be procured preferentially from those which are more excellent in the following points, in addition to the quality and price, which are considered to be effective for reduction in the environmental impacts.
  - a) Control of environment-related substances

Environment-related substances contained in procured items are prohibited, reduced or controlled in accordance with the control ranking referred to in Chapter 3.

- b) Resource saving  
Less resource shall be consumed.
- c) Possibility for long term use  
It shall be able to use for a long period of time.
- d) Possibility of re-use  
It shall be able to re-use.
- e) Recyclability  
It shall be to recycle.
- f) Utilization of re-used materials  
Employment of a larger amount of re-used materials
- g) Better disposability  
It is so designed that it can be disassembled conveniently for processing before disposal.
- h) Energy saving  
Less energy shall be consumed.
- i) Biological diversity  
Biological diversity shall be taken into consideration.

### **3. Definitions of the environment-related substances and the control ranking**

#### **3-1 Definition of the environment-related substances**

Environment-related substances = (a) – (b)

- (a) Standard of the population: Substance restricted by laws and regulations as listed below
  - Industrial Safety and Hygiene Health Law
  - Law concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances
  - Law concerning the Protection of the Ozone Layer through the Regulation of Specified Substance and Other Measures
  - European Union RoHS directive (Directive on the Restriction on the Use of Hazardous Substances in electrical and electronic equipment)
  - European Union REACH Regulation Annex X VII(restricted substances)
  - European Union REACH Regulation (high concern substances, SVHC)

- (b) Substances exempted from selection: Substances considered not to be contained in procured items (organic artificial raw materials, for example) and substances of which uses are limited to fertilizers, medicines, etc).

### **3-2 Definition of the control ranking**

- A: [Prohibited substances] (Refer to Table1 attached)  
Those of which use or manufacture is prohibited by Japanese laws and regulations
- B: [Content total abolition substances] (Refer to Table1 attached)  
Substances according to the European Union RoHS directive
- C: [Concentration investigation substances]  
Substances subject to the reporting demanded by overseas laws and regulations when selling or transferring  
It shall be in line with “JAMP Substances subject to control Ver. (newest version)” regulated by JAMP.  
<URL> <http://www.jamp-info.com/list>  
Please check the content and inform us of the status of the control if applicable.

## **4. Investigation on suppliers**

### **4-1 Suppliers subject to investigation**

Suppliers (or the place of factory, in case of manufacturer) of parts, materials, equipment or office supplies to us are required to report on their activities for environmental preservation.

- \* If you are a trading company or agent, you are requested to submit a report completed by the maker of merchandise you supply to us or you may investigate and complete a report by yourself on your responsibility.

### **4-2 Investigation method**

Green procurement survey on suppliers and survey of environment-related substances of parts, etc. (for each rank) are implemented.

Request for investigation will be forwarded to you separately. You are requested to fill up in the required format and return it to us by mail or facsimile.

### **4-3 Implementation of investigation**



Investigation takes place in principle once every year. You are requested to submit an investigation report at each occasion when you are starting business with us at the first time or when any change has occurred in the contents of existing investigation report.

#### **4-4 Confidentiality**

Contents of your report are used for internal purposes only at our company and will never be disclosed to any third party.

### **5. Handling of the Guidelines**

The Guidelines describe the quotation from laws and regulations and the limit of restriction, however, please do not use quotation and the limit for the purpose of compliance.

It is also referred to some desirable methods of use concerning materials or chemical substances or examples of legal restrictions or prohibition. They are, however, for reference only and do not necessarily refer to all methods of use, restrictions or prohibitions. As to any particular requirement for compliance, you need to observe the provisions of laws or regulations.

We are neither responsible to nor guarantee the utilization of any guidelines which do not agree with the purposes as described in the Guidelines.

Even if materials or chemical substances are listed in the Guidelines, it does not necessarily imply or represent our judgment on the impacts on environment or health.

### **6. Contact for inquiry**

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April, 2002

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Initial edition was issued.

Revised edition was issued.

Revised edition was issued.

【Table 1】List of Environment-related Substances

No	Control ranking	Name	Application examples	Application of law(implied brief sketch)/indexes
1	A	Asbestos	Friction material, gasket, insulation material, heat-insulation material, brake lining	Occupational Health and Safety Law
2	A	Bis(tributyl tin)oxide	Ship bottom paint, fish net preservative, Ink, Rubber	Law concerning Examination and Regulation of Manufacture and Handling of Chemical Substances
3	A	Polychlorinated naphthalene (with 3 or more chlorine atoms)	Machine oil etc.	
4	A	Polychlorinated biphenyls (PCB)	Heat Medium, Capacitor Oil, Traditional Transformer, Non-carbon Paper	
5	A	Specific benzotriazole. 2-(2H-1,2,3-benzotriazole-2-yl)-4,6-di-tert-butylphenol	UV absorption agent for plastic resin, Plastic building materials	
6	A	Perfluorooctane sulfonate and its salts	Surfactant, Mist suppressant of the Plating, Leveling agent for paint	
7	A	Ozone depleting substances (excluding HCFC) ※2	Chlorofluorocarbons, Refrigerant, Foaming agent, Fire Extinguisher	Law concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures
8	B	Cadmium and its compounds ※1	Pigment, battery, alloy, plating, polyvinyl chloride stabilizer, Point, Plastics	Directive on the Restriction on the Use of Hazardous Substances in electrical and electronic equipment (RoHS Directive)
9	B	Chromium compounds (hexavalent)	Polishing agent, pigment, tanning agent, plating, battery	
10	B	Lead and its compounds ※1	Lead tube, lead board, secondary battery, wire coating, soldering, rubber hardening agent (lead oxide), preservative, glass, Plastics, paint	
11	B	Mercury and its compounds ※1	Battery, fluorescent lamp, thermometer, catalyst, analytical reagent	
12	B	Polybrominated biphenyls (PBB)	Fire retardant, resin, circuit board	
13	B	Polybrominated diphenylethers (PBDE)	Fire retardant, resin, circuit board	

※1: Including alloyed metal.

※2: Substances of Montreal Protocol

<Definition of control ranking >

A:【Prohibited substances】

B:【Content total abolition substances】