

Green Procurement Guidelines

KITO CORPORATION

Enacted: April 1, 2009

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Document 1-1	KITO's 19 Prohibited Substances: List of Substances Subject to Restricted Use
Document 1-2	RoHS Directive / Annex III (Exemptions: Category 11)
Document 2	Questionnaire on initiatives toward environment conservation activities
Document 3	Memorandum on Green Procurement
Document 4	Certificate of Non-containment of KITO's 19 Prohibited Substances

Preface

Environmental conservation on a global scale is a matter that concerns the livelihood of all mankind and how to pass on limited natural resources to future generations is one of the high-priority issues facing the KITO as well as society in general.

It is from this perspective that the KITO has embarked on technological developments that would mitigate the environmental burden at every stage, i.e. the manufacture, transport, use and disposal stage of the products. Additionally, KITO is making every effort to mitigate the environmental burden arising from business activities, including production, by identifying the 19 prohibited substances in its procurement.

In order to ensure the effectiveness of these activities, the cooperation of our suppliers is indispensable and thus KITO hopes to procure materials with the minimum environmental burden, mitigate the environmental burden and avoid risks while building a positive relationship with our suppliers.

KITO, in light of the above, has established the Green Procurement Guidelines to be observed in the procurement phase of materials, parts and products; and conducts procurement in accordance thereto. KITO, therefore, asks for the continued understanding and cooperation of its suppliers on this matter. The Environment Policy, which forms the basis of the environment management system, is reviewed on a regular basis and thoroughly communicated to all employees of the KITO's Yamanashi Factory, through education and training, as well as being disclosed to the public.

Environment Policy

<Basic Policy>

KITO shall contribute to realizing an enriched and sustainable society where people are in harmony with the earth through development of our business activities and provision of products and services in the material handling field.

<Action Guidelines>

Through our business activities and product lifecycles, KITO shall set goals concerning reduction of environmental burdens, pollution prevention, etc. and promote environmental activities while continuously improving our management system.

1. Measures against climate change
We will decrease energy consumption to reduce greenhouse gas emissions.
2. Control of chemical substances
We will continuously reduce and replace substances having significant impacts on people and the earth.
3. Sustainable use of resources
We will understand the finiteness of resources and ensure their effective use by saving and recycling them.
4. Measures to protect biodiversity
We will strive to mitigate our impact on biodiversity and conserve ecosystems.
5. Compliance
We will comply with environment-related laws and regulations, and other requirements that our company agrees to.

Green Procurement Guidelines

1. Purpose

KITO, in order to provide customers with environmentally-friendly products, has set forth the Green Procurement Guidelines, in accordance with the Environment Policy; and with the cooperation of its suppliers, aims to proactively undertake initiatives to mitigate the environmental burden and build a recycling-oriented economic system.

2. Initiatives by KITO

(1) Restricted substances

In 2009, KITO determined restricted substances as “KITO’s 15 prohibited substances” based on then-current RoHS Directive and Joint Industry Guide (JIG), and KITO has promoted initiatives to eliminate the restricted substances in accordance with our environmental policy. Taking later laws and market requirements into consideration, KITO decided to add four substances specified in RoHS Directive (2011/65/EU) to our restricted substances and promotes elimination of “KITO’s 19 prohibited substances”. The restricted substances may be changed as needed in response to future revision of the laws and social situation.

(2) Selection criteria of suppliers

KITO will take into consideration whether a supplier has acquired or plans to acquire the ISO14001 and similar certifications related to environmental systems, and give preference to suppliers who comply with various laws and regulations including those relating to the environment and those who are actively engaged in initiatives toward environmental conservation. Preference will also be given to suppliers who are willing to appropriately comply with changes in specifications of the procured items, which may occur as a result of revisions of various laws and regulations.

(3) Classification of procured items

1) KITO classifies procurement into three categories and has established the initiatives to be taken for each category. Compliance with initiatives toward items in category <1> is mandatory, while the initiatives toward items in categories <2> and <3> are to be observed whenever possible, assuming that all the required specifications will be met.

<1> Initiatives toward products, parts, materials and auxiliary materials (oils, paints, adhesive agents, etc., hereinafter referred to as “auxiliary materials”) that make up KITO products

Products, parts, materials and auxiliary materials that make up KITO products denote all procured items that make up the products and services sold by KITO. KITO has been engaged in initiatives to eliminate hazardous substances from these items, as necessary, since 2005.

In order to mitigate the environmental burden of procured items, KITO has been promoting design changes toward eliminating hazardous substances in existing models, in accordance with the Environmental Design Standards; and in terms of new products, KITO has been

addressing the priority task of selecting items with less environmental burden for procurement from the development phase.

<2> Initiatives toward procured items relating to production activities

Procured items relating to production activities denote general facilities and jigs/tools that manufacture and process the parts that make up the products and various facilities and equipment used in production. When procuring these items, which include general-purpose as well as dedicated facilities or equipment, preference will be given to items that do not contain the 19 designated substances, whenever possible. Additionally, the auxiliary materials that are incidental to each facility or equipment are considered equivalent to the facility or equipment and preference will be given to those that do not contain said substances, whenever possible.

<3> Initiatives toward stationery and office supplies, etc.

KITO strives to expand the procurement of environmentally-friendly stationery, writing utensils, fixtures, files and other office supplies, while keeping in mind the promotion of the 3Rs (Reduce, Reuse and Recycle); and at the same time aims to build a recycling-oriented society.

3. Scope of application of the Guidelines

The Guidelines will basically apply to all items procured by KITO; and while certain items represent non-binding targets, the application of portions of the Guidelines relating to products (including OEM), parts, consumables and services sold by KITO will be mandatory.

4. Evaluation and selection criteria of suppliers and procured items

In terms of the evaluation and selection criteria of Green Procurement, suppliers will be evaluated as per the following, and selection will be performed with preference given to suppliers who actively comply with KITO's requirements and are receptive toward KITO's environmental initiatives.

(1) Evaluation and selection criteria of suppliers

1) Initiatives toward environmental activities

<1> Suppliers who have acquired certification for environment management systems (ISO14001) or other environment system certification equivalent to ISO14001, those who have made self-proclamation of conformity to ISO14001 or other system standards, and those who are in the process of acquiring certification will be given preference.

<2> Suppliers who are engaged in the following initiatives relating to environmental conservation will be given preference.

- a. Suppliers whose senior management has established goals for environmental conservation and those who are pursuing such policies and goals
- b. Suppliers who are systematically engaged in activities based on the environment-related laws and are in compliance with such laws
- c. Suppliers who have established secretariats and organizations/systems to promote and manage environmental conservation activities
- d. Suppliers that provide all employees and workers with education and training in environmental conservation

- e. Suppliers who manufacture environmentally-friendly products and have streamlined their logistics including energy
- 2) Management of hazardous substances contained in materials, products, etc.
 - <1> Suppliers who have established systems to prevent the manufacture and sale of products and parts containing hazardous materials at every stage from manufacture to shipment; suppliers that are capable of responding to changes in requirements and constantly making efforts to maintain and enhance the quality of their products.
 - <2> Suppliers who are capable of obtaining information on chemical substances contained in materials in a timely manner and manage such information firmly; additionally, suppliers who are able to disclose such information in a timely manner in response to KITO's requests.
 - <3> Suppliers who have clarified each chief administrator in the system to manage hazardous substances contained in materials.

The chief manager shall obtain SDS and other documents on hazardous substances and shall firmly instruct and inform the person in charge of the relevant workplace of the hazardous property and the dangers of the said substances.
 - <4> In the event that the Green Procurement Guidelines are revised due to future changes in legal requirements, Suppliers shall be ready to respond constructively to such requirements.
- (2) Evaluation and selection criteria of procured materials
 - 1) Procurement of products, parts, materials and auxiliary materials that make up KITO's products
 - <1> Procured items shall not contain KITO's 19 prohibited substances. Substances prohibited in products, parts, materials and auxiliary materials shall be as per **Document 1-1**.
 - <2> Exemptions from the application of the RoHS Directive on prohibited substances shall be as per **Document 1-2**.
 - <3> Additions may be made to the list of prohibited substances, if such designation has been made by KITO's customers.
 - 2) Items relating to production activities
 - <1> Although all facilities and equipment are within the scope of the Guidelines, the Guidelines are considered "Non-binding targets" in regard to items relating to production activities.
 - <2> When considering specifications for purchasing facilities, items that do not contain prohibited substances should be purchased whenever possible, and efforts should be made to promote the mitigation of the environmental burden.
 - <3> Taking into consideration future relocations to external sites (including overseas sites), as well as the dismantling and disposal of facilities, items that are easily separated and items that prevent hazardous substances from becoming airborne should be purchased.
 - 3) Stationery and office supplies
 - <1> Similar to the items noted above, the Guidelines are applied as "Non-binding targets". However, taking into account the environmental burden, selection should be made that gives preference to items that lead to 3R, simplified packaging and reduction of waste after use.
- (3) Request for cooperation in the survey of chemical substances contained in products
 - <1> KITO may conduct surveys on chemical substances contained in products, parts, materials

and auxiliary materials, based on the Implementation Instructions of the Green Procurement Survey described in Section 5 below. In such event, your cooperation will be appreciated.

<2> Suppliers are asked to submit an SDS whenever a new procurement is made or when changes are made by the manufacturer.

5. Implementation Instructions of the Green Procurement Survey

(1) Flow of the Green Procurement Survey

The following is an outline of the survey on products, parts, materials and auxiliary materials based on the requirements described in the preceding section.

The survey requires the submission of the following documents. Suppliers are asked to submit the replies to the questionnaire to KITO. If items have been procured by the suppliers, then said suppliers are asked to conduct the questionnaire on the suppliers that are further upstream and submit the results to KITO.

If, based on the results of the survey, KITO acknowledges the necessity of conducting a survey, such survey will be conducted, upon consultation with the supplier.

(2) Documents to be submitted in the Green Procurement Survey

No.	Documents to be submitted/Agreements	Form
<1>	Questionnaire on initiatives toward environment conservation activities	Document 2
<2>	Memorandum on Green Procurement	Document 3
<3>	Certificate of Non-containment of KITO's 19 Prohibited Substances	Document 4

<1> Questionnaire on initiatives toward environment conservation activities

You are asked to state the acquisition status of certification of environment management systems and the status of establishment of systems to firmly manage chemical substances contained in products in the "Questionnaire on initiatives toward environment conservation activities".

<2> Memorandum on Green Procurement

By signing the "Memorandum on Green Procurement", you will be committing to the stable supply of environmentally-friendly products, parts, materials and auxiliary materials.

<3> Certificate of Non-containment of KITO's 19 Prohibited Substances

Upon conducting a survey on the manufacturers and trading companies and confirming the substances contained in the products, parts, materials, consumables, oils and auxiliary materials that make up KITO's products, the representative of your company or similar person is asked to fill out and affix his/her seal on the "Certificate of Non-containment of KITO's 19 Prohibited Substances".

Additionally, KITO may request, as necessary, quantitative data on specific substances. In such case, your cooperation will be appreciated.

6. Explanation of related documents; cooperation in surveys and other requests for suppliers

- Document 1-1 KITO's 19 Prohibited Substances: List of Substances Subject to Restricted Use
- Document 1-2 RoHS Directive / Annex III (Exemptions: Category 11)
- Document 2 Questionnaire on initiatives toward environment conservation activities
- Document 3 You will be asked to sign the Memorandum on Green Procurement, at the time of conclusion of the basic transaction agreement.

Document 4 You will be asked to conduct a survey and confirm that the 19 prohibited substances designated by KITO are not contained in the procured items by using the "Certificate of Non-containment of KITO's 19 Prohibited Substances (products, parts, materials and consumables)" format.

<1> The representative of your company or similar person will be asked to fill out, affix seal to and submit the Certificate of Non-containment of KITO's 19 Prohibited Substances.

7. Contact details

Procurement Department, Procurement Division, KITO CORPORATION

Phone: +81-55-275-7771 Fax: +81-55-275-6165

8. Revision record of the Green Procurement Guidelines

Revision record	Enacted: April 1, 2009	1st Version
	Revised: September 30, 2009	Article 10-2 added to the Memorandum on Green Procurement.
	Revised: May 9, 2011	Signatory portion of the Memorandum on Green Procurement was changed to General Manager, Procurement Division.
	Revised: September 1, 2015	Signatory portion of the Memorandum on Green Procurement was changed. MSDS was changed to SDS.
	Revised: April 1, 2016	Environmental Policy (updated)
	Revised: September 1, 2017	Revisions for adding four substances specified in RoHS Directive and other modifications.

KITO's 19 Prohibited Substances: List of Substances Subject to Restricted Use

No.	Material /Chemical Substance	Legal and Regulatory Information	Threshold Level	Examples of Use
1	Asbestos	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (83/478/EEC; 85/610/EEC; 87/217/EEC; 91/659/EEC; 99/77/EEC) United States: Toxic Substances Control Act (restricts new use); Occupational Safety and Health Act (29 CFR 1910.1001-1051)	Intentionally added	Brake lining pad, insulator, filler, abrasive, pigment, paint, talc, adiabatic material
2	Azocolourants and Azodyes *1	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (2002/61/EC; 2003/03/EC)	Intentionally added (Refer to EU Directive 76/769/EEC for details)	Pigments, dyes and colorants
3	Cadmium and cadmium compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (91/338/EEC, 91/157/EEC, 93/86/EEC); 2000/53/EEC (EU/ELV Directive); 2011/65/EU (EU/RoHS Directive); 94/62/EEC (EU Packaging Directive) U.S. regulations on heavy metals in packaging (17 states)	100 ppm	Pigment, anti-corrosion surface treatment, electric and electronic materials, optical material, stabilizer, plating, pigment for resin, fluorescent, electrode, solder, contact point, zinc plating, stabilizer for PVC
4	Hexavalent Chromium and Hexavalent Chromium Compounds *2	2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states)	1000 ppm	Pigment, paint, ink, catalyst, plating, anti-corrosion surface treatment, dye, paint dryer, surface treatment, chrome treatment, paints adhesion enhancement, anti-corrosion
5	Lead and Lead Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, 93/86/EEC) 2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), California Proposition 65	1000 ppm	Rubber hardener, pigment, paint, lubricant, plastic stabilizer, materials for battery, free-machining alloy, optical materials, X-ray shielding in CRT glass, electrical solder material, mechanical solder materials, rubber vulcanizing agent, ferroelectrics, resin stabilizer, plating, resin additives
6	Mercury and Mercury Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, +98/101/EEC) 2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), also New England Mercury-Containing Product Legislation (VT, NH, MD, ME)	1000 ppm	Fluorescent bulb, contact point material, pigment, anti-corrosion, switches, high-efficiency phosphor, antibacterial treatment
7	Ozone Depleting Substances	Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and others (Japanese Law), Montreal Protocol, 1990 revision of Article 611 of the Clean Air Act (US Law), 76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (94/60/EEC; 97/64/EEC)	Class I: Intentionally added Class II: HCFCs: 1000 ppm	Refrigerant, foaming agent, extinguishant, solvent cleaner
8	Polybrominated Biphenyls (PBBs) *2	2011/65/EU (EU/RoHS Directive), German law on dioxin	1000 ppm	Flame retardant

No.	Material /Chemical Substance	Legal and Regulatory Information	Threshold Level	Examples of Use
9	Polybrominated Diphenylethers (PBDEs) *2	2011/65/EU (EU/RoHS Directive), German law on dioxin, Marketing and Use of Dangerous Substances and amendments: (2003/11/EEC for Penta BDE, Octa BDE), US Law (Hawaii, Maine for Penta BDE and Octa BDE)	1000 ppm	Flame retardant
10	Polychlorinated Biphenyls (PCBs)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law), 76/769/EEC Marketing and Use of Dangerous Substances and amendments	Intentionally added	Insulation oil, lubricant oil, electrical insulation medium, solvent, electrolytic solution
11	Polychlorinated Naphthalenes (more than 3 chlorine atoms)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Intentionally added	Lubricant, paint, plastic stabilizer (electric characteristic, flame-resistant, water resistant), electrical insulation medium, flame retardant
12	Radioactive Substances	Laws for the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors (Japanese law)	Intentionally added	Optical properties (thorium)
13	Short-chain Chlorinated Paraffins	76/769/EEC (+2002/45/EC)	Intentionally added	Plasticizer for PVC, flame retardant
14	Tributyl Tin (TBT) Triphenyl Tin (TPT)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 2 chemical substances: Japanese law)	Intentionally added	Stabilizer, antioxidant, antibacterial and antifungal agents, anti-staining
15	Tributyl Tin Oxide (TBTO)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Intentionally added	Antiseptic, antifungal agent, paint, pigment, anti-staining, refrigerant, foaming agent, extinguishant, solvent cleaner
16	Bis (2-ethylhexyl) phthalate (DEHP) *2	2011/65/EU (EU/RoHS Directive)	1000 ppm	Plasticizer for flexible PVC products (electric wire coverings, sheets, hoses, gaskets, etc.)
17	Butyl benzyl phthalate (BBP) *2	2011/65/EU (EU/RoHS Directive)	1000 ppm	Sealing compound (caulking compound), plasticizer for acrylic paint
18	Dibutyl phthalate (DBP) *2	2011/65/EU (EU/RoHS Directive)	1000 ppm	Plasticizer for plastic resin, lacquer, paint, printing ink and adhesives
19	Diisobutyl phthalate (DIBP) *2	2011/65/EU (EU/RoHS Directive)	1000 ppm	Same as above (an alternative to DBP)

*1: Azocolourants and azodyes which form certain aromatic amines. Applicable use is limited to direct and prolonged contact with the skin.

*2: When there is a clear reason for using any of these ten substances specified in RoHS Directive (e.g. when there is no alternative), the exemptions from prohibition determined in RoHS Directive may be applied.

RoHS Directive / Annex III (Exemptions: Category 11)

No.	Exemption (RoHS Directive ANNEX III updated on June 25, 2016)	Expiration date of exemption
1	Mercury in single capped (compact) fluorescent lamps not exceeding (per burner):	Jul. 21, 2024
1 (c)	For general lighting purposes ≥ 50 W and < 150 W: 5 mg	Jul. 21, 2024
1 (d)	For general lighting purposes ≥ 150 W: 15 mg	Jul. 21, 2024
1 (f)	For special purposes: 5 mg	Jul. 21, 2024
1 (g)	For general lighting purposes < 30 W with a lifetime equal or above 20,000 h: 3.5 mg	Dec. 31, 2017
2 (a)	Mercury in double-capped linear fluorescent lamps for general lighting purposes not exceeding (per lamp):	Jul. 21, 2024
2 (b)	Mercury in other fluorescent lamps not exceeding (per lamp):	Jul. 21, 2024
3	Mercury in cold cathode fluorescent lamps and external electrode fluorescent lamps (CCFL and EEFL) for special purposes not exceeding (per lamp):	Jul. 21, 2024
4 (b)	Mercury in high pressure sodium (vapor) lamps for general lighting purposes not exceeding (per burner) in lamps with improved color rendering index $R_a > 60$:	Jul. 21, 2024
4 (c)	Mercury in other high pressure sodium (vapor) lamps for general lighting purposes not exceeding (per burner):	Jul. 21, 2024
4 (e)	Mercury in metal halide lamps (MH)	Jul. 21, 2024
4 (f)	Mercury in other discharge lamps for special purposes not specifically mentioned in this Annex	Jul. 21, 2024
4 (g)	Mercury in hand crafted luminous discharge tubes used for signs, decorative or architectural and specialist lighting and light-artwork, where the mercury content shall be limited as follows:	Jul. 21, 2024
	(a) 20 mg per electrode pair + 0.3 mg per tube length in cm, but not more than 80 mg, for outdoor applications and indoor applications exposed to temperatures below 20°C;	Jul. 21, 2024
	(b) 15 mg per electrode pair + 0.24 mg per tube length in cm, but not more than 80 mg, for all other indoor applications.	Jul. 21, 2024
5 (a)	Lead in glass of cathode ray tubes	Jul. 21, 2024
5 (b)	Lead in glass of fluorescent tubes not exceeding 0.2% by weight	Jul. 21, 2024
6 (a)	Lead as an alloying element in steel for machining purposes and in galvanized steel containing up to 0.35% lead by weight	Jul. 21, 2024
6 (b)	Lead as an alloying element in aluminum containing up to 0.4% lead by weight	Jul. 21, 2024
6 (c)	Copper alloy containing up to 4% lead by weight	Jul. 21, 2024
7 (a)	Lead in high melting temperature type solders (i.e. lead-based alloys containing 85% by weight or more lead)	Jul. 21, 2024
7 (b)	Lead in solders for servers, storage and storage array systems, network infrastructure equipment for switching, signaling, transmission, and network management for telecommunications	Jul. 21, 2024
7 (c)-I	Electrical and electronic components containing lead in a glass or ceramic other than dielectric ceramic in capacitors, e.g. piezoelectronic devices, or in a glass or ceramic matrix compound	Jul. 21, 2024
7 (c)-II	Lead in dielectric ceramic in capacitors for a rated voltage of 125 V AC or 250 V DC or higher	Jul. 21, 2024
7 (c)-IV	Lead in PZT based dielectric ceramic materials for capacitors which are part of integrated circuits or discrete semiconductors	Jul. 21, 2024
8 (b)	Cadmium and its compounds in electrical contacts	Jul. 21, 2024
9	Hexavalent chromium as an anticorrosion agent of the carbon steel cooling system in absorption refrigerators up to 0.75% by weight in the cooling solution	Jul. 21, 2024
9 (b)	Lead in bearing shells and bushes for refrigerant-containing compressors for heating, ventilation, air conditioning and refrigeration (HVACR) applications	Jul. 21, 2024
13 (a)	Lead in white glasses used for optical applications	Jul. 21, 2024
13 (b)	Cadmium and lead in filter glasses and glasses used for reflectance standards	Jul. 21, 2024
15	Lead in solders to complete a viable electrical connection between semiconductor die and carrier within integrated circuit flip chip packages	Jul. 21, 2024
17	Lead halide as radiant agent in high intensity discharge (HID) lamps used for professional reprography applications	Jul. 21, 2024
18 (b)	Lead as activator in the fluorescent powder (1% lead by weight or less) of discharge lamps when used as sun tanning lamps containing phosphors such as BSP ($BaSi_2O_5$: Pb)	Jul. 21, 2024
21	Lead and cadmium in printing inks for the application of enamels on glasses, such as borosilicate and soda lime glasses	Jul. 21, 2024
24	Lead in solders for the soldering to machined through hole dissocial and planar array ceramic multilayer capacitors	Jul. 21, 2024
25	Lead oxide in surface conduction electron emitter displays (SED) used in structural elements, notably in the seal frit and frit ring	Jul. 21, 2024
29	Lead bound in crystal glass as defined in Annex I (Categories 1, 2, 3 and 4) of Council Directive 69/493/EEC	Jul. 21, 2024

To: Procurement Division, KITO CORPORATION

Date:

Questionnaire on initiatives toward environment conservation activities

Company name: _____ Phone: _____
 Address: _____ Fax: _____
 Name: _____ Seal _____ E-mail: _____
 Department/Division, Position: _____

We, hereby, report on the initiatives toward environment conservation activities implemented by our company, as follows.

[Acquisition of certification for environment management systems]

We have acquired ISO14001 or other certification from third-party organizations.
 Acquisition date: _____ Certification organization: _____
 Certification number: _____

We are planning to acquire certification such as ISO14001.
 Scheduled acquisition date: _____ Certification organization: _____

We are not planning to acquire ISO14001 or other certification from third-party organizations.

Acquisition of certification similar to the above or self-proclamation: (_____)

[Establishment of a system to firmly manage chemical substances contained in products and parts]		
a	Has your company established a system to prevent the manufacture and sale of products and parts containing hazardous materials at every stage from manufacture to shipment and constantly made efforts to maintain and enhance the quality of your products? * If your company is planning to build such a system, please fill in the scheduled month and year.	<input type="checkbox"/> Yes <input type="checkbox"/> No Date: Around _____
b	Does your company have a system to obtain and manage information on chemical substances contained in materials in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c	Does your company have a system to promptly submit information on chemicals contained in materials, whenever requested by a customer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d	Has your company appointed a chief administrator in each of the systems to manage hazardous substances contained in materials?	<input type="checkbox"/> Yes <input type="checkbox"/> No
e	Does your company have a system that independently surveys and monitors chemical substances contained in new process and production items?	<input type="checkbox"/> Yes <input type="checkbox"/> No
f	Does your company instruct and inform employees and workers engaged in related operations of chemical substances contained in products?	<input type="checkbox"/> Yes <input type="checkbox"/> No
g	Has your company prepared relevant documents on the system to firmly manage chemical substances contained in products? * Please attach copies of such documents, if any.	<input type="checkbox"/> Yes <input type="checkbox"/> No

NOTICE

Materials and documents submitted by suppliers will not be disclosed without the consent of the supplier concerned.

Memorandum on Green Procurement

KITO CORPORATION (hereinafter referred to as “KITO”) and _____ (hereinafter referred to as “XXX”), have agreed to the following, in regard to the application of the Green Procurement Guidelines (hereinafter referred to as the “Guidelines”), set forth by KITO, to all transactions between the parties KITO and XXX (hereinafter referred to as the “Transactions”), pursuant to the Basic Transaction Agreement (hereinafter referred to as the “Original Agreement”), dated ____ (Month) ____ (Date), ____ (Year), concluded between the parties KITO and XXX.

Article 1 (Scope)

The Guidelines shall apply to all products, parts, materials and auxiliary materials, which KITO procures from XXX based on the Transactions (hereinafter referred to as the “Procured Items”).

Article 2 (Compliance with the Guidelines)

XXX, unless otherwise instructed by KITO, shall comply with the provisions of the Guidelines and deliver the Procured Items to KITO. However, if XXX has a valid or unavoidable reason for not complying with the Guidelines, XXX shall give written notification of such reason in advance; and if KITO determines that XXX has such reason not to comply with the Guidelines, KITO may, upon deliberation with XXX, instruct specification changes or other actions to XXX.

Article 3 (Revision of the Guidelines)

KITO may revise the contents of the Guidelines, as necessary, in accordance with the revisions of related laws, changes in the economic situation and other circumstances; while the Guidelines after said revision shall be treated in the same manner as the Guidelines in this Memorandum. Upon receipt of the notice of revision to the Guidelines by KITO, XXX, unless otherwise instructed by KITO, must promptly comply with the provisions of the Guidelines after said revision and deliver the Procured Items to KITO. However, if XXX has a valid or unavoidable reason for not complying with the Guidelines after said revision, XXX shall give written notification of such reason in advance; and if KITO determines that XXX has such reason not to comply with the Guidelines, KITO may, upon deliberation with XXX, instruct specification changes or other actions to XXX.

Article 4 (Establishment of a System to Promote Green Procurement and Audits Thereof)

XXX, pursuant to Article 23 of the Original Agreement, must establish an internal system in order to enable compliance with the Guidelines (hereinafter referred to as the “Green Procurement Promotion Framework”). In the event that a material change occurs in the Green Procurement Promotion Framework during the term of the Memorandum, XXX must give written notice to KITO of such fact. If requested by XXX, or if deemed necessary by KITO, KITO may enter the premises of XXX and conduct an audit of the Green Procurement Promotion Framework. However, in cases deemed necessary by KITO, KITO shall conduct such audits upon obtaining prior approval by XXX. In such cases, XXX shall not refuse the audits by KITO, unless it has a reasonable cause to do so.

Article 5 (Warranty)

1. The Warranty set forth in Article 23-1 of the Original Agreement shall also contain the assurance that XXX has met and is not in violation of the provisions of the Guidelines, which is warranted by XXX; when requested by KITO, XXX shall submit the “Certificate of Non-use of Hazardous Substances” and the “Certificate of Non-containment (Quantitative) of Hazardous Substances” to KITO. Article 24 of the Original Agreement shall be applied mutatis mutandis to warranties against defects.
2. If, in the preceding paragraph, the concentration of hazardous substances changes, due to the changes in the materials and parts used to manufacture the Procured Items, or to the manufacturing method or process, XXX (including the entity from which XXX purchases materials and the subcontractors of XXX) must promptly notify KITO of such details.
3. Products supplied by KITO and the Procured Items designated by KITO, in the preceding paragraph 2, shall be excluded from the scope of the “Certificate of Non-use of Hazardous Substances” and the “Certificate of Non-containment (Quantitative) of Hazardous Substances” stipulated in paragraph 1 above.

Article 6 (Provision of Quantitative Data)

KITO, in order to confirm the details of the Warranty prescribed in paragraph 1 of the preceding Article, may request XXX to submit quantitative data on hazardous substances contained in the Procured Items.

Article 7 (Reporting)

In the event that any ambiguities arise in connection with the contents of the documents and data submitted by XXX, regarding the items set forth in Articles 5 and 6, KITO may request XXX to submit the necessary materials and reports.

Article 8 (Handling of Non-compliance)

In the event that XXX breaches the Guidelines, or whenever it becomes evident that non-compliance with the Guidelines on the part of XXX has occurred, KITO may instruct redress to XXX at any time, and XXX shall immediately follow such instruction. However, this does not denote a waiver of the rights held by KITO pursuant to the Original Agreement and individual contracts.

Article 9 (Right to Claim Damages)

In the event that KITO incurs any damages as a result of a breach of the Guidelines by XXX, XXX must indemnify KITO for such damages. However, the details of the indemnification shall be determined on the basis of an agreement reached upon deliberation by the parties KITO and XXX.

Article 10 (Confidentiality, Disclosure to Government Offices)

1. If specifically instructed by XXX, KITO, pursuant to the provisions of Articles 5 and 7, must manage the quantitative data, documents and reports (hereinafter referred to as the “Quantitative Data Materials, etc.”) submitted or disclosed by XXX, in accordance with the provisions of Article 29 of the Original Agreement.
2. In the event that KITO receives inquiries on specific substances contained in KITO’s products, and is requested or ordered to submit documents by Government Offices or similar institutions, or specified customers of KITO (denotes individual customers of KITO) (hereinafter referred to as “Customers including Government Offices”), KITO, notwithstanding the preceding paragraph, may disclose the contents of the

Quantitative Data Materials, etc., or submit such documents to Customers including Government Offices.

Article 11 (Term)

The Memorandum shall be effective from the signing of the Memorandum to the earlier of the date of termination of the Original Agreement and the date on which KITO notifies XXX of the cancellation of the Guidelines. However, unless otherwise instructed by KITO, the Guidelines shall continue to apply to the Procured Items relating to existing individual contracts.

Article 12 (Consultation)

Any matters not stipulated in the Memorandum, and any ambiguities arising from the Memorandum shall be settled in accordance with the Original Agreement and the individual contracts; if resolution is not reached on the basis of the Original Agreement and the individual contracts, KITO and XXX shall resolve the matter upon mutual consultation with each other.

IN WITNESS WHEREOF, the Memorandum has been prepared in duplicate, and after they are signed and seals have been affixed thereto, each party shall retain a copy.

Date:
(KITO) _____, Executive Officer and General Manager
Procurement Division, KITO CORPORATION
2000, Tsujiarai, Showa-cho, Nakakoma-gun, Yamanashi, JAPAN

Date:
(XXX) _____

Date _____.

Certificate of Non-containment of KITO's 19 Prohibited Substances

Company name _____

Address _____

Representative _____

This is to certify that, as of Date: _____ all products, parts, and materials delivered to KITO corporation from our company shall not contain the KITO's 19 Prohibited Substances.

< KITO's 19 Prohibited Substances.>

No.	Material /Chemical Substance	Legal and Regulatory Information	Examples of Use
1	Asbestos	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (83/478/EEC; 85/610/EEC; 87/217/EEC; 91/659/EEC; 99/77/EEC) United States: Toxic Substances Control Act (restricts new use); Occupational Safety and Health Act (29 CFR 1910.1001-1051)	Brake lining pad, insulator, filler, abrasive, pigment, paint, talc, adiabatic material
2	Azocolourants and Azodyes *1	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (2002/61/EC; 2003/03/EC)	Pigments, dyes and colorants
3	Cadmium and cadmium compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (91/338/EEC, 91/157/EEC, 93/86/EEC); 2000/53/EEC (EU/ELV Directive); 2011/65/EU (EU/RoHS Directive); 94/62/EEC (EU Packaging Directive) U.S. regulations on heavy metals in packaging (17 states)	Pigment, anti-corrosion surface treatment, electric and electronic materials, optical material, stabilizer, plating, pigment for resin, fluorescent, electrode, solder, contact point, zinc plating, stabilizer for PVC
4	Hexavalent Chromium and Hexavalent Chromium Compounds *2	2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states)	Pigment, paint, ink, catalyst, plating, anti-corrosion surface treatment, dye, paint dryer, surface treatment, chrome treatment, paints adhesion enhancement, anti-corrosion
5	Lead and Lead Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, 93/86/EEC) 2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), California Proposition 65	Rubber hardener, pigment, paint, lubricant, plastic stabilizer, materials for battery, free-machining alloy, optical materials, X-ray shielding in CRT glass, electrical solder material, mechanical solder materials, rubber vulcanizing agent, ferroelectrics, resin stabilizer, plating, resin additives
6	Mercury and Mercury Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, +98/101/EEC) 2000/53/EEC (EU/ELV Directive), 2011/65/EU (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), also New England Mercury-Containing Product Legislation (VT, NH, MD, ME)	Fluorescent bulb, contact point material, pigment, anti-corrosion, switches, high-efficiency phosphor, antibacterial treatment

No.	Material /Chemical Substance	Legal and Regulatory Information	Examples of Use
7	Ozone Depleting Substances	Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and others (Japanese Law), Montreal Protocol, 1990 revision of Article 611 of the Clean Air Act (US Law), 76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (94/60/EEC; 97/64/EEC)	Refrigerant, foaming agent, extinguishant, solvent cleaner
8	Polybrominated Biphenyls (PBBs) *2	2011/65/EU (EU/RoHS Directive), German law on dioxin	Flame retardant
9	Polybrominated Diphenylethers (PBDEs) *2	2011/65/EU (EU/RoHS Directive), German law on dioxin, Marketing and Use of Dangerous Substances and amendments: (2003/11/EEC for Penta BDE, Octa BDE), US Law (Hawaii, Maine for Penta BDE and Octa BDE)	Flame retardant
10	Polychlorinated Biphenyls (PCBs)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law), 76/769/EEC Marketing and Use of Dangerous Substances and amendments	Insulation oil, lubricant oil, electrical insulation medium, solvent, electrolytic solution
11	Polychlorinated Naphthalenes (more than 3 chlorine atoms)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Lubricant, paint, plastic stabilizer (electric characteristic, flame-resistant, water resistant), electrical insulation medium, flame retardant
12	Radioactive Substances	Laws for the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors (Japanese law)	Optical properties (thorium)
13	Short-chain Chlorinated Paraffins	76/769/EEC (+2002/45/EC)	Plasticizer for PVC, flame retardant
14	Tributyl Tin (TBT) Triphenyl Tin (TPT)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 2 chemical substances: Japanese law)	Stabilizer, antioxidant, antibacterial and antifungal agents, anti-staining
15	Tributyl Tin Oxide (TBTO)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Antiseptic, antifungal agent, paint, pigment, anti-staining, refrigerant, foaming agent, extinguishant, solvent cleaner
16	Bis (2-ethylhexyl) phthalate (DEHP) *2	2011/65/EU (EU/RoHS Directive)	Plasticizer for flexible PVC products (electric wire coverings, sheets, hoses, gaskets, etc.)
17	Butyl benzyl phthalate (BBP) *2	2011/65/EU (EU/RoHS Directive)	Sealing compound (caulking compound), plasticizer for acrylic paint
18	Dibutyl phthalate (DBP) *2	2011/65/EU (EU/RoHS Directive)	Plasticizer for plastic resin, lacquer, paint, printing ink and adhesives
19	Diisobutyl phthalate (DIBP) *2	2011/65/EU (EU/RoHS Directive)	Same as above (an alternative to DBP)

*1: Percentage of concerned chemicals contained to the mass of the part is indicated in ppm (part per million).

*2: Azocolourants and azodyes which form certain aromatic amines. Applicable use is limited to direct and prolonged contact with the skin.

*3: When there is a clear reason for using any of these ten substances specified in RoHS Directive (e.g. when there is no alternative), the exemptions from prohibition determined in RoHS Directive may be applied.