



Green Procurement Guidelines

Version 3

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CKD Corporation

Introduction

Environmental problems on a global scale are typified by global climate change and we are beginning to move toward environmental conservation with new targets in order to achieve a low-carbon society.

Our company is working on developing and promoting sales of environment-friendly products that utilize automation and fluid control technologies while making use of those irreplaceable natural resources. In terms of purchasing activities, we conduct green procurement activities that take the environment into consideration starting from the procurement stage, but “activities carried out working with suppliers as one” are an essential element in promoting global environmental conservation activities.

We ask our suppliers to understand our company’s approach to environmental activities and its initiatives and to actively promote these activities.

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1. Purpose

In order to promote green procurement throughout the supply chain and to ensure the management of environmentally sensitive substances, CKD will clarify the points that it asks its suppliers to comply with.

The points concerning chemical substance management that we ask our suppliers to comply with are as follows.

- Identify the included chemical substances and do not deliver prohibited substances.
- Do not change the chemical substances contained (ingredients) without permission (notification).
- For this reason, carry out data management and process control of the chemical substances contained in products, including secondary suppliers.

2. Scope of Application

- a) This applies to the suppliers of raw materials, parts, secondary materials and products purchased by CKD and incorporated into CKD products.
- b) The target products are CKD brand equipment products, OEM products, products whose handling is determined by the Automatic Machinery Business Division, and chemical substances used in suppliers' processes.

3. Green Procurement

In accordance with our company's standards, we will give priority to suppliers who are actively promoting environmental conservation.

- a) Establishment of an environmental management system

We recommend that you obtain ISO 14001 certification or establish any of the following environmental management systems based thereon.

- Eco Action 21 (EA 21) certification and registration system
A certification and registration system for businesses based on the "Eco Action 21 Guidelines" developed by the Ministry of the Environment for a wide range of businesses including SMEs.
Certification and registration are conducted by IGES-CfS.
- Eco Stage
For the purpose of supporting environmental management, the Eco Stage evaluation organization of the Eco Stage Institute conducts an "Eco Stage evaluation," which emphasizes the content and effectiveness rather than the format, in order to promote green procurement and accountability of companies. Step-by-step evaluation supports continuous improvement of the "system" and "performance." CKD recommends acquisition of Level 2 or higher certification.
- KES
The "Miyako Agenda 21 Forum" has established the "KES Environmental Management System Standard," which is inexpensive and easy to understand, and conducts review and registration.
CKD recommends acquisition of Step 2 certification.

- b) **Prevention of environmental pollution**
 Monitor laws and regulations to ensure that prohibited substances regulated by them are not included in raw materials, parts, and products used not only by suppliers but also by secondary suppliers.
 Our company specifies the prohibited substances that must be guaranteed not to be contained. Please cooperate to prevent the prohibited substances from contaminating other elements.
 We also ask suppliers to actively cooperate and provide us with information on the chemical substances contained in the products and information on environmental management activities during production. We will preferentially procure raw materials, parts and products with high levels of green procurement in accordance with our company's standards.
- c) **Energy saving and prevention of global warming**
 We ask our suppliers to manufacture products in energy-saving processes and to provide raw materials, parts and products with a low environmental impact.
- d) **Resource saving and recycling**
 Also take into consideration a reusable structure and the weight reduction and miniaturization of parts. In addition, use materials that are as easy to recycle as possible for the packing materials, parts, and products to be delivered.
- e) **Waste Management and Reduction**
 Appropriately dispose of waste generated as part of the production process and promote recycling and the reduction of waste. At the same time, please consider improving the yield.

4. Environmental Conservation Activities

Identify the elements (environmental aspects) of activities, products, and services that have an impact on the environment, determine and implement the way to manage them, monitor (inspect) them and establish a system to maintain and improve them.

[CKD Evaluation of Environmental Activities]

Once you have obtained an ISO 14001 certificate or other environmental management system certificate, submit a copy of the certificate to the Corporate Planning Dept., Business Strategy Office, Components Business Division, CKD Corp.

Acquisition of a certificate is one of the CKD evaluation items.

5. Standards for Environmentally Sensitive Substances

In response to international regulations on chemical substances, CKD has designated the references for prohibited substances, controlled substances, control standards and control methods.

No.	Standard Name	Standard Number	Overview
1	Control Standards for Environmentally Sensitive Substances	CTS C10001	Environmentally sensitive substances are classified into prohibited substances and controlled substances, and their judgment values (thresholds) are determined.

2	Threshold values and analytical control values for the 10 specified substances in the RoHS Directive	CTS D10010	The threshold values and analytical control values for the 10 specified substances in the RoHS Directive are specified.
3	Guidelines for the management of chemical substances in products (Appendix)	JAMP	The requirements for the common management of chemical substances in products through the supply chain are specified.

6. Management of Environmentally Sensitive Substances by Suppliers

6.1 Management of environmentally sensitive substances

CKD's requirements for the management of environmentally sensitive substances by suppliers are outlined below.

- a) Establish a system for managing and guaranteeing environmentally sensitive substances and clarify the management system and responsible authority.
- b) Create documents of standards for the prohibited substances and methods of controlling environmentally sensitive substances and distribute them to the parties concerned.
- c) Based on the specified standards for environmentally sensitive substances, instruct the reader to use only verified conforming products.
- d) Clarify the procurement routes, notify secondary suppliers of the requirements, and ensure that purchased products meet these requirements.
- e) Conduct the manufacturing process under controlled conditions, thoroughly carry out 4S (Sorting, Setting-in-Order, Shining, Standardizing) and identification control to prevent misuse, contamination, and pollution.
- f) Control documents and records.
- g) For details of the control method, refer to the questions in the Guidelines for the Management of Chemical Substances in Products (Appendix) in Section 7. Also, use them for self-checks and improve any points you judged to be insufficient.

6.2 Certification of environmental processes

The CKD certification system is applied to the four environmental processes: soldering, chromating, painting, and electroless nickel plating.

- a) CKD certifies the companies, including secondary suppliers, who conduct these processes. (Outsourcing to non-certified companies is prohibited.)
- b) When certification is required, fill out "RoHS Supplier Certification Application Form (KH-012)", attach the following necessary documents and samples, and apply to the person in charge of procurement at each plant.
 - Analysis data of prohibited substances at suppliers
 - QC process sheet (or work standard)
 - Self-evaluation of the "Process Audit Checklist (QH-058, QH-059, QH-060, QH-068)"
 - "Certificate of Non-Inclusion of Prohibited Substances (TH-097)" for soldering materials and paints

7. Submission of Data on the Environmentally Sensitive Substances Contained, Certificates of Non-inclusion of Prohibited Substances, and SDSs

7.1 Request for submission of data of the environmentally sensitive substances contained

- a) Submit the data of the substances contained in the JAMP (Joint Article Management Promotion-consortium) format (AIS or MSDSplus).
- b) CKD will request an investigation on an individual basis. Your cooperation would be appreciated.

7.2 Request for submission of a "Certificate of Non-Inclusion of Prohibited Substances"

- a) Since the information (data) in the JAMP format is not guaranteed values, submit a "Certificate of Non-Inclusion of Prohibited Substances (TH-097)" to guarantee that the prohibited substances specified in "Control Standards for Environmentally Sensitive Substances (CTS C10001)" are not contained.

(Note 1) Suppliers are requested to voluntarily control the substances whose manufacture (import) and/or use are prohibited by domestic laws and regulations. The prohibited substances defined by CKD consist of the substances specified in the RoHS Directive and prohibited substances specified by major Japanese electronics manufacturers (including part of Class 1 specified chemical substances under the Chemical Substances Control Law).

(Note 2) Please submit the JAMP format data and "Certificate of Non-Inclusion of Prohibited Substances" together.

7.3 Request for submission of SDS

- a) When requesting a change to a new secondary material (examples: printing ink for nameplates, solder, grease, adhesive, rust preventive oil, etc.) or to a new indirect material (examples: cleaning fluid, rust preventive oil before cleaning, etc.), submit a Safety Data Sheet (SDS) containing information on the properties and handling of the material.

8. Definition of Terms

Terminology	Definition of Terms and Description
Environmentally sensitive substances	- Chemical substances that affect the environment (including human health and safety) and are prohibited or restricted by domestic laws, and prohibited or controlled by CKD. (They are sometimes described as chemical substances.)
Prohibited substance	- A substance that must not be contained in products.
Controlled substance	- A substance whose inclusion and amount included in products must be known.
Supplier	- A direct supplier of CKD is referred to as a "supplier."
Secondary supplier	- An external supplier of a "supplier" is referred to as a "secondary supplier."
Products	- Those that are delivered to CKD including raw materials, parts, and products are referred to as products. (The terms are integrated into products in the check sheet.)
Environmental processes	- The four environmental processes including soldering, chromating, painting, and electroless nickel plating during which contamination by prohibited substances easily occurs.
JAMP	- Abbreviation for the Joint Article Management Promotion-consortium (Japan). To comply with the REACH regulations, JAMP was established as an activity promotion organization across industries. It provides a list of the substances that must be controlled. - The substances contained are indicated in MSDSplus and AIS files.
Secondary material	- A substance that is not in the list issued by the technical department but is incorporated into products. (Examples: nameplate printing ink, solder/solder paste, grease, adhesive, and rust preventive oil that is assembled as is.)
Indirect material	- Indirect material: A substance that is used in the manufacturing process but does not remain in products and parts. (Example: cleaning fluid, rust preventive oil before cleaning)
SDS	- Safety Data Sheet: Product safety data sheet A document containing information on the properties and safe handling of the chemical substances that is issued by a manufacturer when Class 1 and Class 2 designated chemical substances under the Chemical Substance Management Law, substances designated under the Industrial Safety and Health Law, Poisonous and Deleterious Substances Control Act, and products containing these substances are transferred or provided to other business offices.