



Co-existence with the earth

GREEN PROCUREMENT GUIDELINES

—Toward realization of
“sustainable development of society”—

4th edition



August 1, 2013
SMK CORPORATION



Foreword

Amid increasingly growing recognition among us humans nowadays that "global environmental issues are vitally important", our endeavor for prevention of global warming by containment of emission of carbon dioxide, structuring of an economic society where reduction and recycling of industrial waste is daily life and preservation of biological diversity and prevention of environmental contamination through control of chemical substances is becoming more and more crucial for our future.

The SMK Group has promoted its endeavor in most respects in development of products and in all activities made by our factories and other business locations in an environmentally considerate manner, under the recognition of "the environment is one of the important matters for corporate management". Without strengthened environmental preservation activities and placing importance on procuring less environmentally hazardous substances, it is difficult to make such endeavors more effective and fruitful.

The SMK Group has developed a Green Procurement Standard to help materialize such an idea together with its suppliers by creating more environmentally friendly products with a serious focus placed on the environment.

Success in our Green Procurement program totally depends on the support of you, our suppliers. It is sincerely requested that all our suppliers understand the importance of environmental preservation and provide us with support for successful implementation of this procurement program.

August 1, 2013

SMK Corporation

Mitsuhiko Goto, Vice President

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I. SMK Environmental Charter

Basic Philosophy

The SMK Group pursues environmental preservation as well as economic development, by integrating its current technological strengths and creating advanced technology. As a good corporate citizen, every one of us will contribute to the promotion of sustainable global development.

Action Guidelines

- (1) Develop environmentally friendly products
- (2) Reduce waste by using everything to its fullest extent
- (3) Preserve natural resources and saving of energy
- (4) Encourage 3R (reduce, reuse and recycle)
- (5) Realize waste-free procurement and manufacturing



II. Philosophy

1. Objectives

The objectives of promotion of Green Procurement are to provide our customers with environmentally considerate products through developing and designing them to be the least environmentally hazardous, and consequently to contribute to global environment preservation efforts by establishment of a recycling society.

2. Green procurement

Our Green Procurement program aims to encourage procurement of less environmentally hazardous materials, parts and products from suppliers that are promoting activities to contribute to global environmental preservation represented by, for example, prevention of global warming by containment of emission of carbon dioxide, reduction of industrial waste and preservation of biological diversity.

3. Procurement standard

- (1) Suppliers who will be given priority for procurement are those who have been making efforts for environmental preservation.
 - ① ISO14001 and other public system conformable to ISO14001
 - 1) Qualified for ISO14001 or other public system conformable to ISO14001
 - 2) Working towards qualification for ISO14001 or other public system conformable to ISO14001
 - 3) Making ISO14001 compliant activities
 - 4) Preparing ready for commencement of ISO14001 compliant activities
 - ② Green procurement
 - 1) Green procurement in place
 - 2) Preparing ready for commencement of Green Procurement
- (2) Procurement will be made of less environmentally hazardous materials, parts and products.
 - ① Measures for prohibited substances --- Eliminated and substituted
 - ② Measures for restricted substances --- Efforts for reduction in use under way
 - ③ Measures for controlled substances --- Implementation of appropriate control

4. Extent of application

- (1) To suppliers
 - 1) All SMK suppliers
 - 2) SMK suppliers' sources should SMK suppliers be trading houses



(2) To goods

① To products

- 1) Products which the SMK Group designs, manufactures and sells/distributes
- 2) Products which the SMK Group assigns third parties to design and manufacture for sales/distribution by the SMK Group as if manufactured by it
- 3) Products which the SMK Group is assigned by third parties to design and manufacture

(Parts and materials specified by third parties are excepted)

② To materials

- 1) Parts, materials and sub-materials which the SMK Group designs and assigns third parties to manufacture
- 2) Parts, materials and sub-materials which third parties are assigned to design and manufacture
- 3) Parts, materials and sub-materials of supplier's specification which SMK procure

③ Other items

- 1) Consumables to be used within the SMK Group
- 2) Packaging materials which vendors use for shipment and/or protection of SMK products
- 3) Slips to be used within the SMK Group or with our suppliers

5. Definition

The definition of some terms used in this document shall mean:

Term	Definition
Prohibited substances	Stated in the “SMK Controlled Chemical Substances Standard” ^{*1} . They are classified into the following 2 types: 1) Completely prohibited substances Substances already prohibited from use without regard to applications 2) Application-specific prohibited substances Prohibited substances with exceptional applications
Restricted substances	Those of the substances specified as prohibited in the “SMK Controlled Chemical Substances Standard” ^{*1} , which have a period of grace
Controlled substances	Substances of very high concern (SVHC) specified in EU-REACH regulations ^{*2} besides prohibited substances and restricted substances
Timing for prohibition	Timing when delivery to our company of goods containing prohibited substances will be prohibited
Contents	Whether intentional, the state where addition, mixing or attachment of substances to materials has been made, to include those scientifically created or left to remain in manufacturing processes



III. Survey

In line with the idea of Green Procurement, we, the SMK Group will conduct, prior to a sourcing decision, a survey of the following items, with environment-related items added, as well as the previous evaluation items.

1. Particulars

- (1) Environmental preservation activities
Survey of your efforts for approach to ISO14000 and Green Procurement
- (2) Efforts for environmental preservation for procured goods
Survey of non-use or amounts of contents of environmental hazardous substances

2. Method and frequency

- (1) Survey of your environmental preservation activities
A survey form will be forwarded to new suppliers when we are to commence business, or periodically to current suppliers (every year), for their completion and return to us.
- (2) Survey of the degree of environmental preservation efforts for procured goods
Items of type-of-business-specific survey regarding environmental hazardous substances

Type of business	Items of survey regarding environmental hazardous substances
Raw material/ Electronic part manufacturers	<ul style="list-style-type: none"> •Survey of contents of environmental hazardous substances AIS^{*4}/ MSDS plus^{*5} JGPSSI method^{*6} JAMA/JAPIA Standard Material Datasheet^{*7} •Ingredients table of materials, Content data of substances SMK specified
Piece part suppliers and Assembly subcontractors	<ul style="list-style-type: none"> •Survey of contents of environmental hazardous substances AIS^{*4}/ MSDS plus^{*5} JGPSSI method^{*6} JAMA/JAPIA Standard Material Datasheet^{*7} •Ingredients table of materials, Contents data of substances SMK specified (unnecessary for SMK-supplied materials)
Consumables suppliers	<ul style="list-style-type: none"> •Ingredients table, Contents of substances SMK specified

- (3) Confirmation of the above survey will be conducted at the time of on-site audits.



IV. Confidentially

Results of surveys submitted will be handled as SMK's internal materials. They shall not be disclosed to parties external to SMK organizations without the relevant supplier's consent.

V. Amendments

Amendments may be made to these Guidelines depending on varying social conditions and/or legal regulations, as appropriate. Suppliers will be informed of such amendments as made.

VI. Contact

Please refer queries found during operation of these Guidelines to either of the following SMK departments:

Material Section of the Production Management Department on phone 81-3-3785-2727 or fax 81-3-3785-1068, or

Environmental Protection Dept. on phone 81-3-3785-5058, or fax 81-3-3785-0517.



Reference. Glossary of Terms

***1 “SMK Controlled Chemical Substances Standard”**

An agreement that defines the prohibited substances. Suppliers are requested to submit it before starting business with SMK.

***2 EU-REACH regulations**

European (EU) chemical substances regulations that place restrictions on chemical substances requiring risk management and their use methods by regulating chemical substances distributed to the market to be regulated in the three stages of registration, evaluation and approval.

***3 Substances of very high concern (SVHC)**

This specifies substances of very high concern (abbreviated as “SVHC”) including carcinogenic, mutagenic and chemical substances with reproductive toxicity as substances that must be registered and authorized.

***4 AIS (abbreviation of Article Information Sheet)**

Information sheet created by JAMP (Joint Article Management Promotion-consortium), which discloses and relays information on chemical substances contained in molded articles.

JAMP website address : <http://www.jamp-info.com/>

***5 MSDSplus (abbreviation of Material Safety Data Sheet plus)**

Information sheet created by JAMP, which relays information on chemical substances contained in substances/compounds in order to supplement information publicly disclosed in a Safety Data Sheet.

***6 JGPSSI method**

Survey method created by JGPSSI (abbreviation of Japan Green Procurement Survey Standardization Initiative), which uses tools to survey information on chemical substances contained in the item subject to survey.

***7 JAMA/JAPIA Standard Material Datasheet**

Form used when surveying materials and compounds contained in a product as agreed by JAMA (abbreviation of Japan Automobile Manufacturers Association, Inc.) and JAPIA (abbreviation of Japan Auto Parts Industries Association).

JAPIA website address: <http://www.japia.or.jp/>