

Amada Group

Green Procurement Guidelines



Ver. 3.1

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Preface

The Amada Group announced its Amada Group Environmental Declaration in April 2010. This declaration is a manifesto of a company aiming to connect customers to society, and to the wider world, through eco-friendly manufacturing methods. In accordance with this declaration, the Amada Group is making efforts to achieve global environmental protection in all its business activities, including product planning, development, procurement, manufacturing, marketing, services, disposal, recycling and so forth.

In order to promote truly eco-friendly manufacturing methods, we believe it is essential to procure materials that have little environmental impact (a practice hereinafter referred to as “Green Procurement”) from business partners who are active in environmental protection. We have therefore developed a set of “Green Procurement Guidelines” as an indicator for the procurement of materials for our products, and are actively promoting them.

It is crucial that we promote Green Procurement together with our business partners, as difficulties would no doubt result without their understanding and cooperation. We fully appreciate the understanding of our business partners, as well as their further support and cooperation, in the Amada Group’s approach to global environmental protection.

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Attachments

- “Green Procurement” business partners & procurement items surveys “Form 1”, “Form 2 (2) a”
- Appendix (1) List of Controlled Chemical Substances
- Appendix (2) Details of Controlled Chemical Substances

1. Amada Group's Environmental Principles

The Amada Group believes that protecting the Earth, a small planet in a vast universe, is the key theme for future generations. The Group has identified environmental protection as an important management issue, and is contributing to a prosperous future for the people of the world through eco-friendly manufacturing methods, thereby ensuring a beautiful planet for posterity.

◇ Amada Group's environmental policy

1. Providing goods and services which contribute to environmental protection

The Amada Group assesses environmental impact for the entire product life cycle and provides goods and services that contribute to saving resources and to eliminating harmful substances, thus contributing to environmental protection and the economy.

2. Reducing environmental impact in business activities

The Amada Group consistently pursues the reduction of environmental impact in all processes involved in business activities, through improvements in energy efficiency, saving energy and resources, recycling, etc. Moreover, it actively promotes Green Procurement and strives to eliminate harmful substances.

3. Commitment to biodiversity

The Amada Group understands the influence of business activities on the natural environment, and in cooperation with its stakeholders it aims to contribute to creating a society which nurtures biodiversity.

4. Compliance with environment-related legislation

The Amada Group complies with environment-related legislation and other agreements with stakeholders.

5. Continuous improvement of environmental management systems

While seeking to establish and continually improve its environmental management systems, the Amada Group understands the influence of its business activities, products and services on the environment, and seeks to reduce the resulting environmental impact, as well as to prevent contamination.

6. Improvement of environmental education

The Amada Group provides education with the aim of protecting the environment, and seeks to improve the awareness of entrepreneurs and businessmen with regard to their responsibilities and environmental protection.

2. Our thinking on Green Procurement

2.1 Green Procurement

The Amada Group promotes Green Procurement in order to promote eco-friendly manufacturing methods, aiming to leave behind a beautiful planet for posterity.

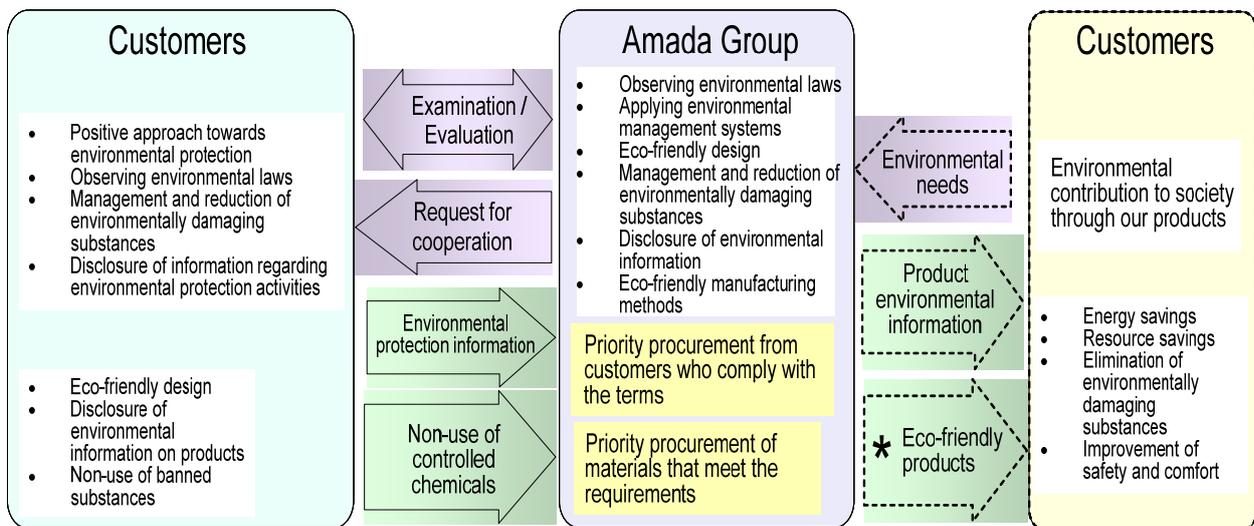
In promoting Green Procurement, the Amada Group gives priority to dealing with business partners who are active in environmental protection, and aims to create a recycling-oriented society.

2.2 Our approach towards Green Procurement

In order to promote Green Procurement, the Amada Group is implementing the

following approaches.

- (1) Prioritizing business partners who are active in environmental protection activities
 - ① Survey and evaluation of the environmental protection activities carried out by our business partners
 - ② Request for cooperation based on the evaluation results and dealing with priority business partners
- (2) Procurement of materials with little environmental impact (procurement of items which do not use controlled chemical substances)
 - ① Survey and evaluation of the environmental impact of procured materials
 - ② Selection of materials based on evaluation results and prioritized procurement.
- (3) Compliance with environmental laws



Amada Group Green procurement

* Eco-friendly design within the Amada Group means carrying out product assessment when new products are developed and providing products with minimal impact on the environment. Due to issues relating to the methods used to manufacture procured products, it may be difficult to ensure the non-use of all the controlled chemical substances whose use is regulated by overseas legislation, such as the RoHS Directive, or domestic legislation. Through product assessment, we prevent controlled chemicals coming into contact with our customers' processed products, we take care with the way consumables are disposed of, and we have sequentially implemented the following measures for products developed after August 2007.

- ① Non-use of controlled chemicals in all points of contact between our products and our customers' processed products
- ② Non-use of controlled chemicals in parts subject to regular inspection and maintenance items and goods (Instruction Manual, Regular Inspection and Maintenance Items)
- ③ Non-use of controlled chemicals in expendable parts (Instruction Manual, Expendable Parts Control Items)

The Amada Group prioritizes procurement from business partners who are active in environmental protection, starting with the ISO 14001 certification and procurement of materials in which controlled chemicals are not used. We ask our business partners to take an approach which includes environmental protection, compliance with legislation, non-use of controlled chemicals, etc. to meet the content of these guidelines.

2.3 Scope of application

The scope of application of the present guidelines is presented below.

(1) Procurement goods at Amada Group

* “Procurement goods” is a generic designation for the materials, secondary materials, components and consumables used in product manufacturing, as well as the service parts and packaging materials that make up the products that the Amada Group sells and delivers to its customers (including procurement items that do not come into direct contact with the human body, such as those that are part of mechanisms like modules, kits or ASSYs, as well as oils and grease).

(2) **Products for which the Amada Group contracts the design and manufacturing to a third party**, selling and delivering them under the Amada Group brand (including cases in which other companies’ products are included in the commercialized product).

(3) **Business partners from which the Amada Group procures the items** corresponding to the scope of application described above.

2.4 Evaluation & selection criteria

The evaluation and selection criteria comprise the evaluation and selection criteria of business partners and of procurement items.

(1) Business partner evaluation and selection criteria

Business partner evaluation includes the approach to environmental protection activities (E) in addition to quality (Q), cost (C), delivery time (D), and services (S).

① Evaluation method

Evaluation regarding environmental protection activities is carried out by assessing business partners using “Form 1 – “Green Procurement” Business Partner Survey”. Even if your company is a trading company or a distributor, you will be evaluated. Moreover, business partners who conduct business with the Amada Group through trading companies or distributors will also be evaluated.

② Selection criteria

The total score regarding evaluation items in “Form 1 – “Green Procurement” Business Partner Survey” is used to rank business partners. Priority is given to procurement from business partners ranking S, A, and B regarding quality (Q), cost (C), delivery time (D), services (S), and environmental protection activities (E).

(2) Procurement item evaluation and selection criteria

Procurement item evaluation includes the inclusion level (content) of controlled chemicals established by the Amada Group, in addition to quality (Q), cost (C), delivery time (D), and services (S).

① **Evaluation method**

Evaluation regarding procurement items is carried out by examining the procurement items using “Form2(2)a–“Green Procurement” Procurement Items Survey”.

② **Selection criteria**

After evaluating the inclusion level (content) of chemicals based on the answers in Form 2 (2)a “Green Procurement” Procurement Items Survey, priority is given to the procurement of products that do not contain the controlled chemicals established by the Amada Group. When deemed appropriate, we use substitutes instead of products that contain controlled chemicals.

3. How to obtain guidelines and questionnaire surveys

The following documents (in PDF format) can be downloaded from our company website.

- ① The Amada Group Green Procurement Guidelines
- ② Form 1 – “Green Procurement” Business Partner Survey
- ③ Form 2 (2) a– “Green Procurement” Procurement Items Survey
- ④ Appendix (1) List of Controlled Chemical Substances
- ⑤ Appendix (2) Details of Controlled Chemical Substances

Our website: <http://www.amada.co.jp/english/activity/planning.html>

* If necessary, above Form 1 and Form 2(2)a (as Excel files) can be obtained from our Research Request Division.

4. We appreciate our business partners’ cooperation

The Amada Group is making great efforts to provide its customers with eco-friendly products by using data on mitigating the environmental impact of procurement items delivered by its business partners, in addition to the environmental protection activities carried out by those partners.

Appreciation is extended to our business partners’ continuous involvement in environmental protection in order to create a recycling-oriented society, while we also appreciate our business partners’ cooperation in the following “Survey of Environmental Protection Activities and Environmental Protection of Procurement Items” and “Amada Group Green Procurement”.

4.1 Survey of Environmental Protection Activities and Environmental Protection of Procurement Items

4.1.1 Scope of survey

(1) Regarding our business partners’ approach to environmental protection activities

Business partners that correspond to paragraph (4) in 2.3 Scope of application

(2) Regarding the environmental impact reduction of procurement items

Procurement items and products that correspond to paragraphs (1) – (3) in 2.3 Scope of application

(3) Survey items and the list of documents to be submitted are listed below.

	Form 1 “Green Procurement” Business Partner Survey	Form 2 (2)a “Green Procurement” Procurement Items Survey
Manufacturers	Submission required	Submission required
Trading companies, distributors	Submission required	
Manufacturing contractors	Submission required	Submission required

* Manufacturers: business partners that mainly supply their own products (standard marketed products and certain marketed products provided with manufacturing instructions from our company)

* Manufacturing contractors: business partners that mainly supply products provided with manufacturing instructions through technical drawings from our company

* Where manufacture of Amada’s products is subcontracted, if one of our business partners procures items through his own partner company, or directly from a manufacturer, they must conduct a survey and elicit a response, with regard to said items procured from the partner company and/or manufacturer.

4.1.2 Contents of survey

(1) Regarding our business partners’ approach to environmental protection activities

Form 1 – “Green Procurement” Business Partner Survey, Items listed

(2) Regarding items that concern the contents of controlled chemicals in procurement items

Form 2 (2)a – “Green Procurement” Procurement Items Survey, Items listed

4.1.3 How the survey is carried out, and how to respond

- (1) Our representatives will ask you to provide answers to the survey in sections where this is necessary.
- (2) As a rule, please send your replies by email to each of our representatives. If it is not possible to respond by email, please return your replies by post or fax.
- (3) If there are any changes regarding the responses you have given in the survey, please make sure you notify us.

4.1.4 Internal handling of the surveys

The submitted surveys are treated as internal documents of the Amada Group and will not be disclosed outside the Group. However, environmentally-related data of procurement items (such as names of chemical substances contained, content mass etc.) may be used in reports given to Amada Group customers.

4.1.5 Survey period

Surveys are mainly conducted following requests for product information disclosure from stakeholders, or when revisions are made to legislation. On such occasions, our representatives will inform you of the request to respond to the survey. Please send your replies by the specified deadline.

4.1.6 Instructions for filling out the questionnaire

Please select the applicable survey and fill it out referring to the two examples for Form 1 – “Green Procurement” Business Partner Survey and Form 2 (2)a – “Green Procurement” Procurement Items Survey.

4.1.7 Contact information

Please contact the following division or the Research Request Division for information regarding this matter.

Amada Co., Ltd. Environment / CSR Promotion Group, General Affairs Department

Telephone No.: 0463-96-3404

Fax: 0463-96-3517

Email: env_csr@amada.co.jp

4.1.8 Precautions regarding chemical substances

Please refer to the following precautions before filling out Form 2 (2) a– “Green Procurement” Procurement Items Survey.

(1) Approach regarding chemical substance content

In principle, where there is intentional addition or inclusion of chemical substances for a particular purpose, we refer to this as “inclusion” (content) of chemical substances regardless of the amount included. Please specify if there is intentional addition of chemical substances and if the concentration is within or over the applicable regulation threshold

(2) Approach regarding impurities

In cases where there has been no *intentional* addition or inclusion of chemical substances for a particular purpose, but where substances are contained as impurities, please refer to them as ‘impurities’ in the “Application of the chemical substances” column.

* Impurities are substances found in natural materials that cannot be completely removed by means of purification procedures, or that cannot be removed for technical reasons, due to reactive processes.

(3) How to fill out the Application of chemical substances column

Please fill out the main application of the chemical substances included.

E.g.: chromate treatment, anti-corrosion agent, solder, coating, plasticiser, impurities, additive, etc.

(4) Filling out the Remarks column

Please enter information such as important points to note on product usage in the Remarks column if necessary.

4.2 Request for the non-use of controlled chemical substances

In accordance with “5. Chemical substance management rank guidelines”, we would appreciate the non-use of controlled chemical substances. In cases where the non-use of these substances proves technically difficult, please enter the reason for this in the “Green Procurement” Procurement Items Survey Form 2 (2)a.

Please maintain a product quality equivalent to conventional products when switching to the non-use of controlled chemical substances.

5. Chemical substance management rank guidelines

5.1 Aims

The Amada Group aims to make it clear which substances are banned for environmentally harmful chemicals contained in procurement items that are part of the products sold and delivered to customers. At the same time, we aim to keep everyone at the Amada Group and its business partners informed, and to maintain and improve product quality in relation to environmental issues.

5.2 Scope of application

Similar to Items (1) – (2) in Paragraph 2.3. Scope of application.

5.3 Definition of terms

The terms in the present guidelines are defined as follows:

(1) Level I Ban

Substances which are already legally banned in Japan and abroad.

(2) Level II Ban

Substances which have been abolished for a fixed period of time or which are progressively banned by law in Japan and abroad, other than those in the Level I Ban.

(3) Environmentally harmful chemicals contained in procurement items

– Substances intentionally included in products (components, materials) and used in the manufacturing process, substances residual in or attached to end products or components, materials, etc.

Substances used in product manufacturing processes that do not remain in the product are not included in this category. Consequently, substances used in the manufacturing process, such as solvents, cleaning agents or plating solutions, and substances used in the manufacturing process or contained in machining tools that do not remain in the end product are not included in this category.

5.4 Application of Level I & II Bans (see List of Controlled Chemical Substances)

(1) Measures to address legislation

We select banned substances based mainly on domestic and international legislation. However, as the list is not exhaustive, please comply with the applicable laws at the time of procurement. The main legislation to which reference is made for the selection criteria is listed below.

- The Law concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances (Japanese Law) (also referred to as “The Chemical Substances Control Law”)
- Industrial Safety and Health Act (Japanese Law)
- Poisonous and Deleterious Substances Control Act (Japanese Law)
- Act on the Protection of the Ozone Layer through Regulation of Designated Substances and Other Measures (Japanese Law) (also referred to as “The Ozone Layer Protection Act”)
- Restriction of Hazardous Substances (RoHS) Directive
- German Chemical Ban Regulations
- German regulations on daily necessities
- Clean Air Act (US)
- Montreal Protocol
- Stockholm Convention on Persistent Organic Pollutants (POPs)
- PFOS Restriction
- EU76/769/EEC Marketing Restrictions Directive

(2) Application of Level I Ban

- Immediate use is prohibited
- As a rule, we also prohibit the intentional use of substances for which the control value (threshold) is specified.

(3) Application of Level II Ban

- Completely abolished until the period of implementation determined by the Amada Group.
- In cases in which the control value (threshold) is specified, use is possible within this value (threshold).
- The conditions in which these substances are used are investigated based on Form 2 (2)a– “Green Procurement” Procurement Items Survey.
- Measures to be taken regarding the application of these substances where no alternative technologies exist are determined upon consultation when necessary.
- Substances currently corresponding to the Level II Ban may become Level I Ban substances in accordance with modifications to national and international law.

(4) Modifications regarding the chemicals listed in Appendix (1) List of Controlled Chemical Substances

Due to modifications to national and international laws, some changes may be made to Appendix (1) List of Controlled Chemical Substances (the addition of some changes, for example).

5.5 Response to REACH Regulations

The Amada Group considers the substances regulated by REACH as controlled substances and collects information about chemical substances with regard to procurement

items corresponding to “2.3 Scope of application (1), (2) and (3). The REACH regulations do not determine the final chemical substances concerned and further additions are anticipated; therefore, we will collect further information if needed. Thank you for your cooperation.

6. Supplementary provisions

These guidelines may be modified as needed according to changes in social conditions or changes to legislation.

History of revisions

Edition	Enactment/date of amendment	Changes made
Ver. 1.0	1 April, 2004	First edition
Ver. 1.1	10 November, 2004	Form 2 is divided into Form 2 (1) and (2) Form 3 is added
Ver. 1.2	19 January, 2005	Controlled values are added in 5.4 Application of Level I & II Bans (see List of Controlled Substances)
Ver. 1.3	14 July, 2006	Column where seals can be stamped added to Form 2 (2) and Form 3 Abolition deadline is changed in Level II Ban
Ver. 2.0	1 August, 2007	New format for Form 2 (2), following changes in content of product assessment implementation Changes in chemical substance groups and names in the descriptions in Appendix (1) List of Controlled Chemical Substances and Appendix (2) Details of Controlled Chemical Substances
Ver. 2.1	1 October, 2009	Additions in chemical groups and names in the descriptions in Appendix (1) List of Controlled Chemical Substances and Appendix (2) Details of Controlled Chemical Substances (PFOS)
Ver. 3.0	31 October, 2011	Changes in the Amada Group's environmental policy Addition of the response to REACH regulations
Ver. 3.1	1 April, 2012	Modification to the symbol on the cover Elimination of Form 2 (1) Consolidation of Form 2 (2) and Form 3 into Form 2(2)a Company website and email address provided