



# GREEN PROCUREMENT GUIDELINES

(FOR SUPPLIERS)

Ver. 4

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## 1. Introduction

In recent years, there has been increased importance placed in the role of corporations in environmental conservation with the trend towards creating a recycling-oriented society. At NEC, environmental soundness is ranked as one of the top priority items in business management. As part of our top priority activities for environmental conservation, we are currently promoting a program of providing “products that reduce environmental impact”. To succeed in this endeavor, it is essential to reduce environmental impact of the components and materials constituting such products. Furthermore, the management stance of the manufacturer toward environmental conservation is also a major factor in implementing green procurement activities. We are committed to procuring environmentally sound products from companies that take a positive stance toward environmental conservation on a priority basis. These guidelines present the requirements for green procurement activities in two categories; (1) “Essential requirements” as the minimum requirements to be observed, and (2) “Assessment items” to be taken into account.

When the “essential requirements” are not met, we may have to discontinue our business relationship. For the “assessment items”, we will evaluate your products and give priority to procurement of the products with reduced environmental impact.

It should be noted that the green procurement standard is subject to revision due to subsequent changes in laws and regulations, and social trends.

## 2. Scope of Application

These guidelines cover all procurement products of NEC. The terms "all procurement products," as used here, refers to finished products (such as OEM products), units, parts, materials, chemicals, gas, facilities, software, services, packing materials, and so on.

## 3. Terms and Definitions

### (1) Environmental pollutants:

Substances affecting the environment and human health that are to be controlled by laws, regulations or voluntary control programs as defined by NEC.

### (2) Product environmental assessment:

To carry out a preliminary assessment that considers environmental factors at the design stage based on the environmental design concept that matters such as global warming, resource recycling, and elimination of environmental pollutants should be taken into account, so as to promote the production of products that use little in the way

of resources or energy with environmental conservation considered.

#### 4. Essential Requirements for Suppliers

NEC's major consideration when determining from which supplier we purchase procurement products is the degree to which the product in question reduces environmental impact, and whether the companies engaged in the manufacturing and marketing of the procurement products are taking an active stance toward environmental conservation. We will examine the policies of the vendors toward environmental conservation and purchase procurement products from the companies that:

- (1) Create an environmental management system in the factory and office where the products are developed, manufactured and marketed.
- (2) Do not use "substances banned by NEC" (Table 2) in the manufacturing process.
- (3) Respond to the questions raised in the survey of chemical substances contained in the procurement product.

#### 5. Essential Requirements for Procurement Products

To avoid environmental contamination and harm to human health, appropriate design processes and measures must be implemented to prevent environmental pollutants from being released when NEC products are manufactured, used, scrapped, and disposed of. It is indispensable to reduce the environmental impact of the procurement products to be incorporated in NEC products and the procurement products to be shipped with NEC products. By ensuring that the procurement products do not contain any environmental pollutants, we further promote greener design and disposal activities at NEC. To achieve this purpose, we will only procure those finished products, units, parts, materials, and packing materials that do not contain any of the "banned substances" and "conditionally banned substances" stipulated by NEC. For details of these substances, refer to the "Standards Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products" (Document No.: KANKANTU-04-006). Note that this essential requirement does not apply to software, services, chemicals, gas, facilities, and others that are not incorporated in NEC products.

## Essential Requirements for Procurement

Procurement products incorporated in  
NEC products/procurement products  
shipped with NEC products

### ◆ Suppliers

- Create an environmental management system
- Do not use banned substances in the manufacturing process
- Respond to the questions raised in the survey of chemical substances contained

### ◆ Procurement products

- Do not contain banned substances

Other procurement products

### ◆ Suppliers

- Create an environmental management system

## 6. Definition of Green Procurement Products

### 6.1 Procurement products incorporated in NEC products/procurement products shipped with NEC products

Procurement products purchased from the supplier meeting the requirements set forth in “4. Essential Requirements for Suppliers” and procurement products meeting the requirements set forth in “5. Essential Requirements for Procurement Products” are called “green procurement products.”

### 6.2 Other procurement products

Software, services, chemicals, gas, facilities, and others from the suppliers meeting the requirements set forth in item (1) in "4. Essential Requirements for Suppliers" are called "green procurement products." The environmental preliminary assessment of chemicals, gas and facilities (preliminary assessment of chemical substances and facilities) will be made separately before procurement.

Table 1 Requirements for Green Procurement Products

Procurement products classification	Example	Essential requirement
<ul style="list-style-type: none"> <li>- Procurement products incorporated in NEC products</li> <li>- Procurement products shipped with NEC products</li> </ul>	Finished products Parts Materials Packing materials	<ul style="list-style-type: none"> <li>- Create an environmental management system ((1) in 4).</li> <li>- Do not use banned substances in the manufacturing process ((2) in 4).</li> <li>- Respond to the questions raised in the survey of chemical substances contained in the procurement product ((3) in 4).</li> <li>- Make sure that the procurement products do not contain any of the "banned substances" and "conditionally banned substances" (5).</li> </ul>
<ul style="list-style-type: none"> <li>- Other procurement products</li> </ul>	Software Services	<ul style="list-style-type: none"> <li>- Create an environmental management system ((1) in 4).</li> </ul>
	Chemicals Gas	<ul style="list-style-type: none"> <li>- Create an environmental management system ((1) in 4).</li> <li>* Conduct preliminary assessment of chemical substances separately before procurement.</li> </ul>
	Facilities	<ul style="list-style-type: none"> <li>- Create an environmental management system ((1) in 4).</li> <li>* Conduct preliminary assessment of facilities separately before procurement.</li> </ul>

## 7. Assessment Items for Environmental Rating

### 7.1 Supplier Assessment Items

#### (1) Creation of an environmental management system (essential requirement)

The factories and offices in charge of final production and packaging of the product are required to create an environmental management system (EMS). Priority will be given to the environmental management systems that have been certified by a third party e.g. ISO14001, EMAS (EU “Eco-Management and Audit Scheme,” KES (Kyoto Environmental Standards), Eco Action 21 (Ministry of Environment) and Eco Stage. If you create your own system, create an environmental management system which includes the following items from ① to ⑥. NEC will check the management of chemical substances in products in product design and manufacturing companies.

- ① Develop environmental policies.
- ② Set up an environmental management organization and appoint an environmental representative.
- ③ Identify and comply with environmental laws and regulations.
- ④ Carry out environmental objectives, targets and plans.
- ⑤ Conduct environmental education and training for employees.
- ⑥ Periodically confirm the status quo of legal compliance and environmental activities.

#### (2) Appropriate management of environmental pollutants used in manufacturing process

Environmental pollutants used in the manufacturing process should be managed according to the following two categories ① and ②:

##### ① Non-use of banned substances: (essential requirement)

Do not use the banned substances (Table 2) in the manufacturing process of the procurement products of NEC. NEC, in principle, does not purchase any product from the suppliers which use such substances in the manufacturing of the procurement products of NEC. Refrigerants and substances used in fire extinction are excluded in the scope of these substances.

##### ② Reduction of substances to be avoided:

If you use any of the "substances to be avoided" (Table 2) in the manufacturing process of the procurement products of NEC, you are requested to set a discretionary target to reduce their use with a view to complete elimination in the future and make efforts for complete elimination.

Table 2 Environmental Pollutants in the Manufacturing Process

Classification	No.	Substance group name	Main applicable laws and regulations	Request
Banned substances	1	CFC	Montreal Protocol Law Concerning the Protection of the Ozone Layer	Ban their use.
	2	1,1,1-trichloroethane		
	3	Carbon tetrachloride		
	4	halon		
	5	HBFC		
	6	Methyl bromide	Montreal Protocol (Complete elimination in FY 2005)*1	
Substances to be avoided	7	HCFC	Montreal Protocol (Complete elimination in FY 2020)*1	Make efforts to reduce them.
	8	Trichloroethylene	Water Pollution Control Law	
	9	Tetrachloroethylene		
	10	Methylene chloride		

\*1) Regulation schedule for developed countries in Montreal Protocol (December 1998)

(3) Implementing the product environmental assessment

You are requested to perform environmental assessment when designing products so as to reduce the environmental impact of the product at the design stage. To be more precise, conduct assessment based on the items (1) to (6) described in 7.2 of "7. Assessment Items for Environmental Rating" at the design stage of the products. This does not apply to intangible assets such as software and services.

(4) Commitment to global environmental conservation

In your commitment to global environmental conservation, we request that make efforts to achieve the following items from ① to ⑦:

- ① Reduction or complete elimination of the substances that may cause global warming
- ② Reduction in waste generation
- ③ Management of chemical substances
- ④ Reduction in resource consumption
- ⑤ Reduction in the impact of package and packaging materials upon environment
- ⑥ Environmental assessment (control of air pollution, water pollution, ground contamination, noise, vibration, etc.)
- ⑦ Consideration to biodiversity conservation

(5) Green purchasing

We request that you establish your own standards for green purchasing, and apply these standards to your purchases of product components and materials.

(6) Public disclosure of environmental information

We request that you make regular public releases of information on your commitment and achievements concerning environmental conservation.

## 7.2 Factors for Product Assessment

### (1) Appropriate management of the environmental pollutants contained in products (essential requirement)

#### ① Noninclusion of "banned substances" and "conditionally banned substances" in the procurement products of NEC

"Banned substances" are substances that must not be contained in the product by Japanese or foreign law or NEC's voluntary regulations. "Conditionally banned substances" are substances that must not be contained in the product by Japanese or foreign law or NEC's voluntary regulations under certain restrictions. For the certain restrictions, observe individual conditions. For details, refer to the "Standards Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products" (Document No.: KANKANTU-04-006). Check the drawings or specifications and confirm with the ordering department because the restrictions on "conditionally banned substances" do not apply to some products.

#### ② Disclosure of information as to whether "controlled substances" are contained in the procurement products of NEC

"Controlled substances" are substances whose intentional inclusion is not restricted but for which information as to whether they are contained, as well as the concentration, should be grasped and reported. For "controlled substances," you are requested to disclose information as to whether they are contained. For details of "controlled substances" and how to provide information as to whether they are contained, refer to the "Standards Pertaining to Procurement Restrictions for the Inclusion of Chemical Substances in Products" (Document No.: KANKANTU-04-006).

### (2) Resource and energy conservation

We request that your products are designed to minimize resource and energy consumption in their manufacturing, distribution and usage by taking into consideration the following items ① to ③:

- ① Consume minimum power in both the operation and standby modes.
- ② Be compact and light in weight.
- ③ Use minimum volume of rare resources.

### (3) Long lifetime

Units should be designed to have a long life and to enable easy repair and parts replacement.

(4) Use of recycled parts and materials

Recycled parts and materials should be used wherever possible.

(5) Easily recyclable materials

Products should be made of easily recyclable materials and designed so that same-material parts can be removed separately to promote material recycling.

(6) Labeling plastic type

Molded parts weighing more than 25g must be marked with a label indicating the type of plastic/composite material in accordance with the JIS Standard. Whenever possible such labeling should be provided even on parts of less than 25 grams.

① JIS K 6899-1 (ISO1043-1)

"Plastics - Symbols and abbreviated terms - Part 1: Basic polymers and their special characteristics"

② JIS K 6899-2 (ISO1043-2)

"Plastics - Symbols and abbreviated terms - Part 2: Fillers and reinforcing materials"

③ JIS K 6899-3 (ISO1043-3)

"Plastics - Symbols and abbreviated terms - Part 3: Plasticizers"

④ JIS K 6899-4 (ISO1043-4)

"Plastics - Symbols and abbreviated terms - Part 4: Flame retardants"

⑤ JIS K 6999 (ISO11469)

"Plastics - Generic identification and marking of plastics products"

## 8. Operation of Green Procurement System

### 8.1 Supplier-by-supplier examinations

- (1) Each supplier is requested to disclose information on their management stance towards products and environmental conservation in view of the green procurement standard.
- (2) We evaluate the overall level environmental management within the company, including the state of the environmental management system.
- (3) We shall check whether or not banned substances are being used in manufacturing processes.
- (4) We shall check the appropriate management of "environmental pollutants" contained in products.

### 8.2 Product-by-product examinations

- (1) We shall check whether "banned substances" and "conditionally banned substances" are contained or contained less than the thresholds.
- (2) We shall check the survey as to the conformance to the EU RoHS Directive separately.
- (3) We shall check the survey as to the conformance to the Model Toxics in Packaging Legislation in the EU and the USA (packing materials) separately.
- (4) Each supplier is requested to disclose information as to whether "controlled substances" are contained or not.

### 8.3 Change notices

Each supplier is requested to disclose the latest information immediately if there are any changes in the information the supplier has disclosed.

Individual provisions concerning green procurement may be included in the basic agreement, memorandum, purchase specifications etc., as wherever required. In such cases, the individual specifications shall take preference. Based on the information provided by suppliers, NEC will select and procure better, greener products. Any and all information received from suppliers will be treated with the highest confidentiality.

## Revision History

### Revisions to Ver. 2 (June 2004)

- “(1) Creation of an environmental management system” in section 6. “Supplier Assessment Items” changed as follows:

- ①Eco Action 21 (Ministry of Environment) and Eco Stage added as third party certifications
- ②Text in (1)-④ and (1)-⑥ was modified

### Revisions to Ver. 3 (December 2004)

- Notes on the explanation did not apply to the software and service companies
- Importance of management of product substances stipulated
- Substance banned in the manufacturing process added (Methyl bromide was moved from the substances to be avoided)
- Product substance standards revised (e.g. target substances and categorization)
- “Standards for Procurement Restriction on Chemical Substances in Products” and the JGPSSI guideline quoted for product substance standards (duplication deleted)
- Implementation of RoHS conformance check stipulated

### Revision to Ver. 4 (June 2010)

- Total revision for conformance to the EU REACH Regulation.

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