

**BASIC GUIDELINES
FOR
GREEN PROCUREMENT**

December 2004

Nissin Electric Co., Ltd.

Introduction

It has been recognized widely and deeply by the corporate managements that the preservation of global environment is one of the most critical themes common to all human beings.

We, Nissin Electric Co., Ltd. and its affiliates, are responsible to contribute as much as possible to the preservation of global environment by means of products and technologies. According to our philosophy “to behave taking the preservation and harmony of environment into consideration in all aspects of corporate activities for the future of human beings and the earth”, we are conducting business operations taking the preservation and harmony of environment into consideration in all aspects of corporate activities, including the development of new technologies or products, which are effective to the environmental preservation, such as the use of clean energy, energy saving, exhaust gas treatment, etc., and the organizing of special committees for the energy saving, resource saving, recycling, etc. to solve environmental problems, among others.

Based on the understanding as mentioned above, we have revised recently our “Basic guidelines for green procurement” in order to procure preferentially commodities and services with smaller loads to the environment and consolidate further the “Green procurement” activities which aim at the abstention from use or reduction of hazardous chemical substances.

Procurement departments of Nissin Electric and its affiliates intend to promote the green procurement activity based on the Guidelines and in cooperation with our suppliers.

We would appreciate very much if you suppliers could grant your assistance and support our endeavors by sharing our view on the critical importance of global environment preservation activities.

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1. Environment preservation activities by Nissin Electric

We established the “Environment policy” and have been promoting activities for the environment preservation and harmony.

1-1 Philosophy concerning environment

Nissin Electric Co., Ltd. and its affiliates recognize the preservation of global environment as a critical theme common to all human beings and take the preservation and harmony of environment into consideration in all aspects of corporate activities.

The Company intends to promote the business operations based on the following environment policy throughout the processes of development, designing, manufacture, sales, installation, maintenance, inspection and services of the power receiving and transforming equipment, phase modifying equipment, control systems, electron beam application equipment, or others.

1-2 Environment policy

- (1) To promote the prevention of environmental pollution and endeavor for reduction and endeavor for the continual improvement of environmental impacts according to the environment management system based on ISO14001
- (2) To manufacture products taking the environment into consideration throughout the life cycle from designing through use and disposal of products
- (3) To evaluate the environmental impacts resulting from general business activities and establish environmental purposes and objectives which are reviewed at regular intervals
- (4) To comply with environment-related laws, regulations, restrictions, conventions and other requirements defining the receiving and establish voluntary standards which are controlled appropriately
- (5) To promote activities focusing on the following points for reduction of environmental impacts.

To promote the reduction in the energy consumption, mainly on electricity, by the energy saving activity as well as the reduction of carbon gas discharge

To promote the resource saving and reduction and reuse of wastes such as wood chips, waste paper, waste plastics, etc. For effective utilization of resources

To restrict the discharge into the atmosphere of electrical insulating gas (SF₆) which accelerates the global warming

To prevent the environmental pollution by leakage of waste water, oil or chemical substances, etc.

- (6) The environmental policy will be made familiar to every employee as well as every constituting member by means of the internal company education, enlightenment activity, or others, and disclosed also to the general public.

2. Nissin's concept of the green procurement

2-1 Purpose

Nissin Electric defines its philosophy as “to behave taking the preservation and harmony of environment into consideration in all aspects of corporate activities for the future of human beings and earth”. As a part of such activities we endeavor to promote the green procurement of environmentally friendly products, parts, materials and raw materials.

2-2 Nissin's activities

- (1) Promotion of preferential procurements from suppliers who are committed to the environmental preservation
- (2) Increasing the procurement rate of environmentally friendly products, parts, materials and raw materials.

2-3 Scope of the Guidelines

The Guidelines apply to all procured items and services.

2-4 Definition of terms

The definition of main terms used in the Guidelines is as follows.

[Environment-related substances]

Substances noted by Nissin Electric from a green procurement viewpoint. See Attached Table 1.

[JGPSSI]

Abbreviation of the Japan Green Procurement Survey Standardization Initiative
This is a council established to alleviate the labor load imposed on suppliers for the investigation on procurement and enhance the quality of investigation report.

[Content total abolition substances]

Substances listed in the European Union RoHS directive (Directive on the Restriction on the Use of Hazardous Substances in electrical and electronic equipment).

2-5 Criteria for evaluation and selection of supplier

In selecting our suppliers, the status of activities taken by the supplier for the environment preservation (E) is evaluated in addition to the levels of quality (Q), price (C), delivery time (D) and service (S).

(1) Evaluation item

Certification of ISO14001, KES or third party organization has been obtained.

Green procurement has been implemented or there is a plan to introduce it. There is a plan to obtain the certification of ISO14001, KES or third party organization, or activities of the following 10 items are executed positively for the environment preservation.

- a) Establishment of an organization to promote the environmental control
- b) Clarification of the position of the organization in the company structure and functions of the organization
- c) Commitment of the top management to the organization
- d) Compliance with the environment-related laws and regulations including the Water Quality Pollution Prevention Law, etc.
- e) Plan to utilize materials taking the environment into consideration
- f) Manufacturing process improvement plan taking the environment into consideration
- g) Plan and implementation of employee educations concerning the environment preservation
- h) Understanding of our environment policy
- i) Abstention from use of prohibited substances specified by us
- j) Promotion of manufacturing procedure which takes the environment into consideration

It is a prerequisite that the supplier has not been punished concerning the environment by any competent supervising government office in recent years.

(2) Selection criterion

Criterion for selection of supplier

Procurements will be made preferentially based on the above evaluation items from suppliers who are promoting environment preservation activities.

Criterion for selection of procured items or services

Items will be procured preferentially from those which are more excellent in the following points, in addition to the quality and price, which are considered to be effective for reduction in the environmental impacts.

- a) Control of environment-related substances
Environment-related substances contained in procured items are prohibited, reduced or controlled in accordance with the control ranking referred to in Chapter 3.
- b) Resource saving
Less resource shall be consumed.
- c) Possibility for long term use
It shall be able to use for a long period of time.
- d) Possibility of re-use
It shall be able to re-use.
- e) Recyclability
It shall be to recycle.
- f) Utilization of re-used materials
Employment of a larger amount of re-used materials
- g) Better disposability
It is so designed that it can be disassembled conveniently for processing before disposal.
- h) Energy saving
Less energy shall be consumed.

3. Definitions of the environment-related substances and the control ranking

3-1 Definition of the environment-related substances

Environment-related substances = (a) – (b)

- (a) Standard of the population: Substance restricted by laws and regulations or substances selected by the evaluation of hazardousness as listed below
 - Industrial Safety and Hygiene Health Law
 - Law concerning the Examination and Regulation of Manufacture, etc. of Chemical Substances

- Law concerning the Protection of the Ozone Layer through the Regulation of Specified Substance and Other Measures
 - European Union RoHS directive (Directive on the Restriction on the Use of Hazardous Substances in electrical and electronic equipment)
 - Law concerning the Promotion of the Measures to Cope with Global Warming
 - Atmospheric Contamination Prevention Law
 - Substances listed to be subject to the chemical substance investigation per the “Guidelines for Green Procurement Survey Standardization Initiative” by JGPSSI
 - Environment-related substances voluntarily specified by Nissin Electric
- (b) Substances exempted from selection: Substances considered not to be contained in procured items (organic artificial raw materials, for example) and substances of which uses are limited to fertilizers, medicines, etc). However, the prohibited substances are not classified in any event to the substances exempted from selection.

3-2 Definition of the control ranking

A: [Prohibited substances]

Those of which use or manufacture is prohibited by laws, regulations, etc. or by Nissin Electric

B: [Content total abolition substances]

Substances according to the European Union RoHS directive

C: [Substances subject to reduction]

Substances of which use should be reduced through the activities to decrease environmental impacts by reducing the amount of use or employing alternative substances or substances of which impacts on the environment should be restricted as much as possible by the employment of closed systems for recovery and detoxification.

- Paragraph 6 of the Attached Table of the Law concerning the Protection of the Ozone Layer through the Regulation of Specified Substance and Other measures
- Paragraphs 4, 5 and 6 of the “Greenhouse gases” per the Law concerning the Promotion of the Measures to Cope with Global Warming
- Substances of which reduction is demanded in the guidelines for promotion of voluntary control of air pollution substances by enterprisers

- Substances of which release to the environment is tried to be reduced by Nissin Electric

D: [Concentration investigation substances]

Substances subject to the reporting demanded by JGPSSI other than A, B and C above

Environment-related substances as selected based on the above criteria and their control ranking are as shown by the Attached Table 1. (Status of use, etc. will be investigated separately on the basis of control ranking.)

4. Investigation on suppliers

4-1 Suppliers subject to investigation

Suppliers (or the place of factory, in case of manufacturer) of parts, materials, equipment or office supplies to us are required to report on their activities for environmental preservation.

* If you are a trading company or agent, you are requested to submit a report completed by the maker of merchandise you supply to us or you may investigate and complete a report by yourself on your responsibility.

4-2 Investigation method

Green procurement survey on suppliers and survey of environment-related substances of parts, etc. (for each rank) are implemented.

Request for investigation will be forwarded to you separately. You are requested to fill up in the required format and return it to us by mail or facsimile.

Please note that necessary formats, etc. are notified on the following URL from which you can download whenever it is necessary.

[Fax] +81-75-871-8150

[E-mail] green-pro@ml.nissin.co.jp

[URL] <http://nissin.jp/mat/05.html>

4-3 Implementation of investigation

Investigation takes place in principle once every year. You are requested to submit an investigation report at each occasion when you are starting business with us at the first time or when any change has occurred in the contents of existing investigation report.

4-4 Confidentiality

Contents of your report are used for internal purposes only at our company and will never be disclosed to any third party.

5. Handling of the Guidelines

The Guidelines describe the quotation from laws and regulations and the limit of restriction, however, please do not use quotation and the limit for the purpose of compliance.

It is also referred to some desirable methods of use concerning materials or chemical substances or examples of legal restrictions or prohibition. They are, however, for reference only and do not necessarily refer to all methods of use, restrictions or prohibitions. As to any particular requirement for compliance, you need to observe the provisions of laws or regulations.

We are neither responsible to nor guarantee the utilization of any guidelines which do not agree with the purposes as described in the Guidelines.

Even if materials or chemical substances are listed in the Guidelines, it does not necessarily imply or represent our judgment on the impacts on environment or health.

6. Contact for inquiry

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[Revision history]

April, 2002

October, 2004

Initial edition was issued.

Revised editions was issued.

[Table 1] List of Environment-related Substances

| No | Control ranking | JGP SSI No. | Name | Application examples | Application of law(implied brief sketch)/indexes |
|----|-----------------|-------------|---|--|--|
| 1 | A | C01 | Asbestos | Friction material, gasket, insulation material, heat-insulation material, brake lining | Occupational Health and Safety Law (Some of asbestos are restricted voluntarily by Nissan.) |
| 2 | A | | Bis(chloromethyl)ether | | |
| 3 | A | | Benzidine and its salt | | |
| 4 | A | | Benzene (gum) | Gum | |
| 5 | A | | Yellow phosphor (match) | Match | |
| 6 | A | | 4-Aminodiphenyl and its salt | | |
| 7 | A | | 4-nitrodiphenyl and its salt | | |
| 8 | A | | Beta-naphthylamine and its salt | | |
| 9 | A | | Dioxins (including polychlorinated dibenzofurans and co-PCB) | Other (unintentional product) | Self-imposed |
| 10 | A | | 2,4,6-tri-t-butylphenol | Antioxidant and other prepared additive (for lubricant or fuel oil), lubricant | Law concerning Examination and Regulation of Manufacture and Handling of Chemical Substances |
| 11 | A | | DDT (4,4'-Dichlorodiphenyltrichloroethane) | Agricultural chemical (insecticide) | |
| 12 | A | | N,N'-ditolyl-p-phenylenediamine, N-tolyl-N'-xylyl-p-phenylenediamine or N,N'-dixylyl-p-phenylenediamine | Rubber anti-oxidant, styrene-butadiene rubber | |
| 13 | A | | Aldrin | Agricultural chemical (insecticide) | |
| 14 | A | | Endrin | Agricultural chemical (insecticide) | |
| 15 | A | | Chlordanes | Agricultural chemical (insecticide) | |
| 16 | A | | Dieldrin | Agricultural chemical (insecticide) | |
| 17 | A | | Toxaphene | Insecticide, mite killer (for agricultural use and | |
| 18 | A | A17 | Bis(tributyl tin)oxide | Ship bottom paint, fish net preservative, Ink, Rubber | |
| 19 | A | | Hexachlorobenzene | Pesticide, organic synthetic raw material | |
| 20 | A | B06 | Polychlorinated naphthalene (with 3 or more chlorine atoms) | Machine oil etc. | |
| 21 | A | B05 | Polychlorinated biphenyls (including polychlorinated terphenyls (PCT)) | Heat Medium, Capacitor Oil, Traditional Transformer, Mon-carbon Paper | |
| 22 | A | | Mirex | Insecticide, ant killer, fire retardant (resin, rubber, paint, electrical products, etc.) | |
| 23 | A | C04 | Ozone depleting substances* (excluding HCFC) | Chlorofluorocarbons, Refrigerant, Foaming agent, Fire Extinguisher | Law concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures |
| 24 | B | A05 | Cadmium and its compounds | Pigment, battery, alloy, plating, polyvinyl chloride stabilizer, Point, Plastics | Directive on the Restriction on the Use of Hazardous Substances in electrical and electronic equipment (RoHS Directive) |
| 25 | B | A07 | Chromium compounds (hexavalent) | Polishing agent, pigment, tanning agent, plating, battery | |
| 26 | B | A09 | Lead and its compounds | Lead tube, lead board, secondary battery, wire coating, soldering, rubber hardening agent (lead oxide), preservative, glass, Plastics, paint | |
| 27 | B | A10 | Mercury and its compounds | Battery, fluorescent lamp, thermometer, catalyst, analytical reagent | |
| 28 | B | B02 | Polybrominated biphenyls (PBB) | Fire retardant, resin, circuit board | |
| 29 | B | B03 | Polybrominated diphenylethers (PBDE) | Fire retardant, resin, circuit board | |
| 30 | C | | Perfluorocarbons (PFC) | Chlorofluorocarbons, semiconductor etching, cleaning agent, insulation | Law concerning the Protection of Measures to Cope with Global Warming |
| 31 | C | | Hydrofluorocarbons (HFC) | Chlorofluorocarbons, refrigerant | |
| 32 | C | | Sulfur hexafluoride (SF6) | Circuit breaker insulation material, insulation gas | |
| 33 | C | C04 | Hydrochlorofluorocarbons (HCFC) | Chlorofluorocarbons, refrigerant, blowing agent | Law concerning the Protection of the Ozone Layer through the Control of Specified Substances and Other Measures |
| 34 | C | | 1,2-Dichloroethane | solvent | Air Pollution Control Law (Guidelines for the promotion of voluntary control on air pollution substances by enterprisers) |
| 35 | C | | 1,3-Butadiene | gum raw material | |
| 36 | C | | Acrylonitrile | Pigment, synthesized resin | |
| 37 | C | | Acetaldehyde | solvent, cleaning agent | |
| 38 | C | | Ethene, chloro- | synthesized resin | |
| 39 | C | | Dichloromethane (methylene chloride) | exfoliation | |
| 40 | C | | Tetrachloroethylene | solvent | |
| 41 | C | | Benzene (除く gum) | paint, solvent | |
| 42 | C | | Trichloroethylene | solvent, cleaning agent | |
| 43 | C | | Trichloromethane | solvent, cleaning agent | |
| 44 | C | | Trinickel disulphide | catalyst | |
| 45 | C | | Formaldehyde | surface-active agent, disinfectant | |
| 46 | C | | Nickel sulfate | coloring agent (zinc and brass) | |
| 47 | C | | Ethylbenzene | paint | |
| 48 | C | | Xylene | paint | |
| 49 | C | | Toluene | paint | |
| 50 | D | A04 | Bismuth and its Compounds | low-melting point alloy, catalyst, permanent magnet, semiconductor | Green Procurement Survey Standardization Guidelines(JGPSSI) |
| 51 | D | C05 | Phthalates | Plasticizer | |
| 52 | D | A01 | Antimony and its Compounds | Semiconductor material, alloy, fire retardant, pigment, glass cleaning agent, catalyst | |
| 53 | D | A11 | Nickel and its Compounds | Electric plating, electrotyping, catalyst, dye mordant, coloring agent, battery | |
| 54 | D | A02 | Arsenic and its Compounds | High-purity semiconductor, low-purity alloy additive (metallic arsenic), preservative, pharmaceutical raw material (arsenic acid), anti-ant agent, rodenticide, dye manufacturing, glass | |
| 55 | D | A03 | Beryllium and its Compounds | alloy, research reagent, metallic beryllium lining, glass | |
| 56 | D | B07 | Polyvinylchloride(PVC) | Resin raw material, synthesized resin | |
| 57 | D | B09 | Short Chain Chlorinated paraffins | Fire retardant, plasticizer, covering material | |
| 58 | D | D01 | Copper and its Compounds | Pigment, battery, metallurgy, copper plating, paint, coloring agent, catalyst | |
| 59 | D | C06 | Radioactive Substances | optical glass | |
| 60 | D | A18 | Tributyl Tins & Triphenyl Tins | polyvinyl chloride stabilizer, Antioxidant | |
| 61 | D | C02 | Azo Colorants | covering material | |
| 62 | D | A13 | Selenium and its Compounds | photo conductor, pigment, photocell, semiconductor | |
| 63 | D | A16 | Magnesium | battery, glass, duralumin | |
| 64 | D | B08 | Brominated Flame Retardants(except for PPBs and PBDEs) | Fire retardant, resin | |
| 65 | D | D02 | Gold and its Compounds | Semiconductor, pole, plating | |
| 66 | D | D03 | Palladium and its Compounds | plating, circuit board, pole | |
| 67 | D | D04 | Silver and its Compounds | plating, circuit board, pole | |

1:Including alloyed metal.
2:Short Chain Chlorinated Paraffins(C10-13).
3:Azo dyes and pigment forming certain amines. The subjected applications are limited to parts that may come into direct contact with human skin for a long time. (certain amines are the substances listed 76/769/EEC, the 19th Amendment, refer to Appendix 3-1.)
4:Substances of Montreal Protocol
5:Please answer by ISO code 1043-4 or CASNo.
6:Only applies to the following 5 compounds which have been subjected to EU risk assessment (Appendix-3)
Dibutylphthalate, Di(2-ethylhexyl)phthalate, Diisononyl phthalate,
1,2-Benzenedicarboxylic acid dodecyl ester, Butyl

< Definition of control ranking >
A: [Prohibited substances]
B: [Content total abolition substances]
C: [Substances subject to reduction]
D: [Concentration investigation substances]