

OMRON

OMRON Group Green Procurement Standards

Ver. 6.0, November 2019

OMRON Corporation

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Foreword

The OMRON Group (hereinafter, " OMRON ") recognizes that global environmental issues are the greatest challenge common to human beings. Standing on this firm belief, OMRON has established its Group Environmental Policy in 1996 and its Environmental Management Vision entitled "Green OMRON 21" in 2002 to promote its environmental management activities. OMRON further evolved this to "Green OMRON 2020" as its way of contributing to a sustainable recycling-based society. One of the activities here is the promotion of Green Procurement intended for OMRON to realize "eco-products" that are environmentally assured to be supplied to its customers.

OMRON positions "Ecology" (reduction of environmental load) and "Compliance" (adherence to laws, regulations and social norms) as key policies in its supply chain that it (and its Group companies) is working very proactively on.

OMRON seeks the continual support and understanding from its suppliers in its Green Procurement as without them, OMRON will find it difficult to proceed with its Green Procurement.

March 2014

Senior General Manager

Global Manufacturing Innovation Headquarters

OMRON Corporation

Chapter 1 Environmental Activities

1. OMRON Group Purchasing Policies

The OMRON Group fulfills its social responsibility through the promotion of a comprehensive global CSR procurement practices which include considerations on the environment as well as compliance with laws and regulations. It also aims to improve the satisfaction of its customers through the realization of high-value products and services by procuring products and services with the best overall QCDS (Quality, Cost, Delivery and Service) at all times.

In order to achieve these, it has established a Group Purchasing Policies consisting of "Basic Policies", "Management Policies" and "Supplier Code of Conduct" in the implementation of its purchasing activities.

The Group also envisions to realize its CSR procurement practices throughout its supply chain by working together with its suppliers in its activities.

Basic Policies

< OPEN >

Our procurement is based on an “open” policy and the principle of free competition

We are willing to provide any supplier, regardless of nationality, company size, and previous business relationship or lack thereof, and any other status with an opportunity to join us based on the principles of free competition. Positive and excellent suggestions and presentations are welcome.

< FAIR >

We place importance on partnership based on fairness and equality

In procuring component materials and services, we will select suppliers in a fair manner by not only taking into consideration product quality, price, delivery period, environmental conservation, technologies and healthy business management, but also through additional criteria such as compliance with laws, ordinances and social standards.

< GLOBAL >

We seek good international partners

From an international perspective, we will procure outstanding materials, parts and services from sources in optimal regions in the world.

Management Policies

< ECOLOGY >

We carry out purchasing and procurement activities that contribute to reducing adverse impact on the global environment

We will actively use materials and parts that do not contain hazardous chemical substances and promote “green” procurement that contributes to reducing any adverse impact on the environment.

< COMPLIANCE >

We strictly comply with laws, ordinances and social standards by maintaining a high level of morality

We will strictly observe laws, ordinances and social standards related to purchasing and procurement activities in building partnerships with our suppliers. We will also appropriately manage and protect supplier’s confidential and personal information which we have obtained through our purchasing and procurement activities.

Supplier Code of Conduct (excerpt from the "Environmental" section)

This Code of Conduct is based on OMRON Group's CSR Practice Guidelines and summarizes the actions and activities that suppliers have to specifically implement and comply with.

<Environmental>

1) Environmental Permits and Reporting

- All required environmental permits (e.g. discharge monitoring), approvals and registrations are to be obtained, maintained and kept current and their operational and reporting requirements are to be followed.

2) Pollution Prevention and Resource Reduction

- Waste of all types, including water and energy, are to be reduced or eliminated at the source or by practices such as modifying production, maintenance and facility processes, materials substitution, conservation, recycling and re-using materials.

3) Hazardous Substances

- Chemicals and other materials posing a hazard if released to the environment are to be identified and managed to ensure their safe handling, movement, storage, use, recycling or reuse and disposal.

4) Wastewater and Solid Waste

- Wastewater and solid waste generated from operations, industrial processes and sanitation facilities are to be characterized, monitored, controlled and treated as required prior to discharge or disposal.

5) Air Emissions

- Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone depleting chemicals and combustion by-products generated from operations are to be characterized, monitored, controlled and treated as required prior to discharge.

6) Product Content Restrictions

- All applicable laws, regulations and customer requirements regarding prohibition or restriction of specific substances, including labeling for recycling and disposal are adhered to.

Chapter 2 Green Procurement Activities

1. Objectives

We purchase raw materials, parts, subsidiary materials, packing and packaging materials, semi-finished and finished products etc. (hereinafter, "parts and materials") from various suppliers to manufacture our products.

In recent years, laws and regulations for the control of chemical substances have tightened both in Japan and abroad in the aspects of curbing environmental pollution and protection of consumers. As a result, the number of customers requiring the supply of "products with guaranteed control of regulated chemical substances" has increased. To meet such demands, we have specified "control of chemical substances in products" as criteria in addition to "quality, delivery and cost" and "environmentally conscious business operation" as our criteria when selecting suppliers. We certify suppliers that satisfy these criteria as "Green Supplier". Therefore, we would like to ask our suppliers to understand this "OMRON Group Green Procurement Standards" (this document) and comply with the requirements contained herein.

2. Scope

2.1 Applicable suppliers

This Standards is applicable to our first-tier suppliers that supply parts and materials (refer to "2.2 Applicable parts and materials") that form our products. First-tier suppliers shall also include suppliers to whom the assemblies of products or intermediate products are outsourced to.

In addition, our first-tier suppliers are required to inform their suppliers (OMRON 's second-tier suppliers) on the requirements specified in the latest version of "OMRON Group Green Procurement Standards" and "Investigation Manual for Regulated Chemical Substances" so as to build a chain of information transfer on the control of chemical substances in products. Depending on necessity, second-tier suppliers may also be subject to confirmation of requirements by OMRON.

2.2 Applicable parts and materials

This Standards is applicable to OMRON products, and supply parts and materials that form the products.

(1) Applicable products are as defined below.

- 1) Products that OMRON designs / manufactures and sells;
- 2) Products that OMRON outsource to third parties for designing / manufacturing or products that are bought from external companies to be sold under the OMRON name;
- 3) Products that are outsourced from third parties for designing / manufacturing (this shall not include supply parts and materials specified by the third parties);
Products that OMRON has no responsibility in designing or manufacturing such as products of external companies that are sold by OMRON as its sales agent are excluded from this Standards.

(2) Specific examples of parts and materials are as given below.

- 1) Parts and materials (electronic parts, processed parts, raw materials, packing and packaging materials etc.);

- 2) Assembled parts such as functional units / modules, board assemblies etc.;
- 3) Indirect materials such as subsidiary materials (solder materials, adhesives, inks, grease, tapes etc.);
- 4) Instruction manuals;
- 5) Maintenance supplies and accessories (optical disks, SD cards, cables etc.).

Below parts and materials are excluded from this Standards.

- Parts and materials that OMRON has no responsibility in designing / manufacturing such as products of external companies used in customer's systems (PCs and servers);

3. Requirements

OMRON requires its suppliers to conduct environmentally conscious business activities and meet the legal requirements on the content of regulated chemical substances in parts and materials supplied to OMRON and ensure the control thereof.

- (1) Establishment of environmentally conscious business activities (Establishment of EMS)
: Refer to section 3.1
- (2) Establishment of controls on the content of chemical substances in parts and materials delivered to OMRON (products supplied by suppliers) (Establishment of CMS)
 - 1) Management criteria and management system : Refer to section 3.2.1
 - 2) Provision of information : Refer to section 3.2.3.

We qualify suppliers that can meet above requirements as "Green Suppliers".

3.1 Establishment of environmentally conscious business activities (Establishment of EMS)

Suppliers are required to establish an Environmental Management System (EMS) that considers the reduction of environmental loads when conducting their business activities. Establishment of Environmental Management System (possesses either one of the following)

- (1) Has obtained ISO 14001 certification from a third party or has obtained EMAS certification;
- (2) Has obtained other certifications on Environmental Management System that is equivalent to ISO 14001 recognized by OMRON.

3.2 Establishment of controls on the content of chemical substances in parts and materials delivered to OMRON (products supplied by suppliers) (Establishment of CMS)

3.2.1 Establishment of a management system on chemical substances contained

Suppliers are required to establish a management system on chemical substances contained in products so that they can meet the requirements specified in the latest version of the "Investigation Manual for Regulated Chemical Substances (for Suppliers)" (* 2) that we have uploaded in our OMRON website (* 1)

Specifically, they shall establish a management system which is capable of practicing items (1) to (3) below:

- (1) Management on non-inclusion of the latest prohibited substances/intended uses (rank A) and non-use substances/intended uses (rank A1) specified by OMRON.
- (2) Management on inclusion of the latest content management substances/intended

uses (rank B) and self management substances/intended uses (rank C) specified by OMRON.

- (3) Appropriate process management and supplier management (including management of transfer contamination with phthalic acid esters via facilities, jigs and tools, packing materials and so forth used in manufacture) to prevent unintended contamination with the substances/intended uses specified in item (1) above.

A reference management system can be viewed in the latest version of the "Chemical Substances Management Guideline" (* 3)

3.2.2 Cooperation in on-site confirmation

To confirm the management system in section 3.2.1, auditors from OMRON may implement on-site confirmation at our suppliers. Please cooperate with us in this case.

3.2.3 Provision of information on content information using formats of our specification

The following information is required.

- (1) Report on the content of chemical substances using format specified by OMRON
OMRON - specified formats (standard forms) are as shown below.

- chemSHERPA-AI format

(The "Compliance" information MUST be completely filled in. However, the "Composition" information is to be provided when requested by OMRON)

- JAMA/IMDS (GADSL) format
- Other formats specified by OMRON

Depending on business and/or industry requirements, OMRON may ask suppliers to respond differently from above. Please respond according to instructions from OMRON 's department in- charge.

- (2) "Certificate of Non-inclusion for Regulated Substances" or "Declaration of Phase-out of Regulated Substances" forms specified by OMRON

Please refer to the latest version of OMRON's "Investigation Manual for the Regulated Chemical Substances (for Suppliers)" (* 2) that we have uploaded in OMRON website (* 1) for "Certificate of Non-inclusion for Regulated Substances", "Declaration of Phase-out of Regulated Substances" and "chemSHERPA format".

3.2.4. Cooperation in confirmation of details on content information

To conduct a careful examination on the content information in section 3.2.3, we may ask our suppliers to provide additional information, analysis reports issued by a third party analysis institute, analysis samples and so forth. Please cooperate with us in this case.

* 1: OMRON website

https://sustainability.omron.com/en/environ/procurement/green_procurement/

* 2: Investigation Manual for the Regulated Chemical Substances (for Suppliers)

Our Department in-charge distributes this Manual upon the commencement of business with new suppliers. However, we may review this Manual as and when necessary in tandem with trends in the environmental legislations. Suppliers are required to periodically check our latest version to assure us that banned substances / intended uses and/or non-use substances / intended uses that we have specified are not included in the parts and materials supplied to us.

* 3: Chemical Substances Management Guideline

This is a Guideline issued by JAMP (Joint Article Management Promotion-consortium).

Please refer to the latest version uploaded in chemSHERPA website.

<https://chemsherpa.net/docs/guidelines>

The control of chemical substances contained in automotive equipment meant for the automotive industry and the provision of such information shall comply with standard rules of the automotive industry. Please respond according to instructions from OMRON 's department in-charge.

Chapter 3 Green Supplier Certification Procedures

1. Certification Process

1.1 Confirmation on requirements

Suppliers are required to confirm our requirements as described in section 3 of Chapter 2.

1.2 Application

In order to apply for our Green Supplier Certification, please submit required documents separately provided by OMRON 's person in-charge.

- Necessary Documents to be Submitted -

- (1) Photocopy of supplier's EMS certificate issued by a third-party certifying (auditing) body
- (2) OMRON 's Chemical Management System Survey Sheet
- (3) Annex Check Sheet for Guidelines for the Management of Chemicals in Products (as necessary)

1.3 Certification

- (1) OMRON certifies suppliers based on information submitted in above section 1.2. If necessary, an on-site audit may be conducted by OMRON's auditors to proceed with the certification. At such time, suppliers may be asked to additionally present required documents.
- (2) OMRON 's person in-charge shall inform the applying suppliers on the results of their application for certification.

1.4 Renewal and review of certification

OMRON periodically checks the certification status of suppliers for the 2 points below. The certification is renewed when the supplier continues to maintain the certification criteria.

Otherwise, in principle, OMRON has to review the certification.

- (1) Establishment of environmentally conscious business activities (Establishment of EMS)

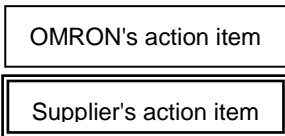
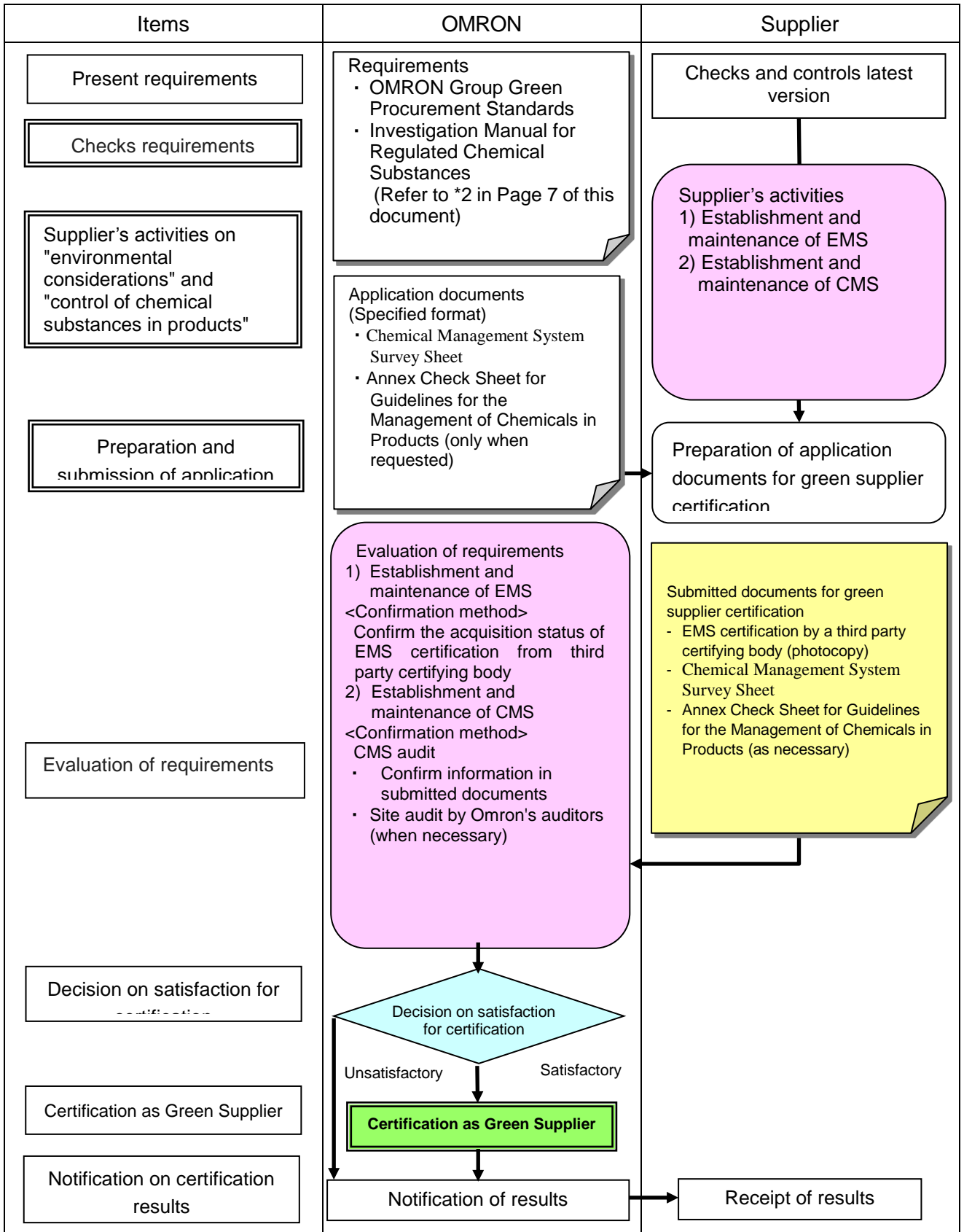
If the third-party issued EMS certification has been renewed, a photocopy of the renewed certification has to be sent to OMRON 's section in-charge.

- (2) Control of chemical substances in parts and materials (Establishment of CMS)

OMRON conducts periodical audit as the validity period of the certification is set at a maximum of 3 years from the date of the last audit. At such time, suppliers shall submit documents (3) stated in section 1.2 , Chapter 3" for our checking. Depending on necessity, OMRON 's auditor may conduct a site audit for verification. At such instance, suppliers may be asked to provide related documents, if necessary.

2. Certification Process Flow

The process flow of the certification of suppliers shall be as shown in below.



Chapter 4 Definition of Terms

1. **EMAS**
EMAS stands for Eco-Management and Audit Scheme and is a set of EU regulations on environmental management and audit systems applied in the EU.
2. **CMS (Chemical substances Management System in Products)**
CMS stands for Chemical Substances Management System in Products. In respect to the heightened international legislations on the use of chemical substances, an appropriate control (systematic activities on investigation, analysis, evaluation, corrective actions and preventive actions) on chemical substances in products are carried out in each stage, from the raw material procurement stage, production stage to the shipping stage. The CMS audit is a mean to verify this control system.
3. **chemSHERPA**
chemSHERPA stands for Chemical information SHaring and Exchange under Reporting Partnership in supply chain. This is a scheme developed by METI (Ministry of Economy, Trade and Industry) to transfer information on chemical substances in products across the supply chain.
4. **IMDS**
IMDS stands for International Material Data System. This is a system to collect information on materials and chemical substances contained in the materials for use in automotive industry.
5. **JAMP**
JAMP stands for Joint Article Management Promotion-consortium. This is an inter-industrial organization intended to establish and promote a clearly defined and operable mechanism that ensures appropriate management of chemical substances contained in articles (defined herein to mean parts, materials and molded items) and smoothly disclose and transmit such information across the supply chain. JAMP recommends chemSHERPA as the information transfer sheet for chemical substances contained in parts and materials.
6. **JAMA**
JAMA stands for Japan Automobile Manufactures Association. JAMA/JAPIA standard data sheet is a substance survey data sheet standardized mutually between JAMA and JAPIA (JAPIA: Japan Auto Parts Industries Association).
7. **GADSL**
GADSL stands for Global Automotive Declarable Substance List. This is a list of substances to exchange the information of substances of concern created through the consensual decision of the group formed by automotive manufacturers in various countries.

Chapter 5 Revision History

Green Procurement Standards is subject to change according to future trends in legal and social requirements.

Version	Date of revision	Major Points of Revision
Ver. A	May 2001	Original (established)
Ver. 2.0	May 2004	Amendment of requirement for certification, documents to be submitted, etc.
Ver. 2.01	July 2004	Responsible Managing Officer has Changed.
Ver. 2.02	October 2005	P9 (Note): The statement that "Investigation Manual for the Regulated Chemical Substances" can be seen on OMRON's environmental web site is deleted due to discontinuation of posting.
Ver. 2.03	February 2006	P.11: -Version No. of the "Investigation Manual for the Regulated Chemical Substances" described in the "Certificate of Non-inclusion for Regulated Substances" is changed to 1.1. -“OMRON's Prohibited Substances” are changed to 64 substance groups. P.13 to 15: "Survey Form for Regulated Chemical Substances, Sheets 1 through 3" is changed. (Manual version 1.1)
Ver. 2.1	December 2008	OMRON's environmental activities were updated. The list of third-party certification organizations was updated. Descriptions were completely reviewed. Attachments were updated.
Ver. 3.0	April 2011	Certification requirements: Survey sheets 1 to 3 replaced by JGPSSI survey format Certification requirements: Use of IMDS permitted for automobile parts and materials specified Requirement: Prohibition of ozone depleting substances in production processes added Requirement: Transmission of information with JAMP (AIS, MSDSplus) added Certification systems or organizations that satisfy the certification requirements added
Ver. 4.0	September 2013	Update of the contents of "Foreword" Chapter 1: Addition of the purchasing policies Chapter 2: Addition of requirements As requirements for suppliers, establishment of chemical substance management system based on the "Guideline for the Management of Chemical Substances in Products" was added. Chapter 3 and 4 Certification process and fill-in items were changed in response to implementation of confirmation for establishment status of chemical substance management system.
Ver. 4.1	March 2014	Review of the expression of the descriptions
Ver. 4.2	November 2016	Review of necessary documents for the application for green supplier certification
Ver. 5.0	September 2017 (Implementation date: November 2017)	Review to reflect the revision of purchasing policies Format change: JGPSSI → chemSHERPA Overall review on wordings and expressions
Ver. 6.0	November 2019 (Implementation date: November 2019)	3. Requirements Clarified the contents of management system establishment. Addition of the following to the requirements related to supply parts and materials (products of suppliers): - Cooperation in on-site confirmation - Cooperation in confirmation of details on content information - Change in URL from which to obtain Guidelines for the Management of Chemicals in Products Chapter 3 Green Supplier Certification Procedures With revision of Chapter 3, the documents required for green supplier certification application were changed. Issuing department name has changed.

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Purchasing Process Management Div

Quality Innovation Center

Environment Innovation Center