

Green Procurement Guidelines

KITO CORPORATION

Enacted April 1, 2009

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Document 1-1 “Prohibited Chemical Substances and Chemical Substances Subject to Restricted Use”

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Document 3: Memorandum on Green Procurement

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Preface

Environmental conservation on a global scale is a matter that concerns the livelihood of all mankind and how to pass on limited natural resources to future generations is one of the high-priority issues facing the Company as well as society in general.

It is from this perspective that the Company has embarked on technological developments that would mitigate the environmental burden at every stage, i.e. the manufacture, transport, use and disposal stage of the products. Additionally, KITO is making every effort to mitigate the environmental burden arising from business activities, including production, by identifying the 15 prohibited substances in its procurement.

In order to ensure the effectiveness of these activities, the cooperation of our suppliers is indispensable and thus KITO hopes to procure materials with the minimum environmental burden, mitigate the environmental burden and avoid risks while building a positive relationship with our suppliers.

KITO, in light of the above, has established the Green Procurement Guidelines to be observed in the procurement phase of materials, parts and products; and conducts procurement in accordance thereto. KITO, therefore, asks for the continued understanding and cooperation of its suppliers on this matter. The Environment Policy, which forms the basis of the environment management system, is reviewed on a regular basis and thoroughly communicated to all employees of the Company's Yamanashi Factory, through education and training, as well as being disclosed to the public.

Environment Policy

KITO will engage in business activities and provide products and services that will contribute to the environment in the material handling field, and every organization will make an effort in the ongoing promotion of environmental conservation activities.

1. We will observe laws and regulations related to the environment as well as any other requirements agreed to by KITO.
2. In order to fulfill the Environment Policy, KITO will set environmental goals and objectives based on the environmental management system, and strive to prevent pollution and to conduct ongoing improvements.
3. KITO will strive to mitigate the environmental burden in all of its business activities by conserving natural resources, conserving energy, recycling and reducing hazardous substances.
4. KITO will contribute to the community through environmental conservation.

Green Procurement Guidelines

1. Purpose

KITO, in order to provide customers with environmentally-friendly products, has set forth the Green Procurement Guidelines, in accordance with the Environment Policy; and with the cooperation of its suppliers, aims to proactively undertake initiatives to mitigate the environmental burden and build a recycling-oriented economic system.

2. Initiatives by KITO

-1. Restricted substances

KITO will establish its own set of restricted hazardous substances based on the RoHS Directive and the Joint Industry Guideline (JIG) and promote the “Non-containment of KITO’s 15 prohibited substances.” Additionally, revisions of threshold levels and other items will be made, as necessary, in accordance with future legislative developments and social trends.

-2. Selection criteria of suppliers

KITO will take into consideration whether a supplier has acquired or plans to acquire the ISO14001 and similar certifications related to environmental systems, and give preference to suppliers who comply with various laws and regulations including those relating to the environment and those who are actively engaged in initiatives toward environmental conservation. Preference will also be given to suppliers who are willing to appropriately comply with changes in specifications of the procured items, which may occur as a result of revisions of various laws and regulations.

-3. Classification of procured items

1) KITO classifies procurement into three categories and has established the initiatives to be taken for each category. Compliance with initiatives toward items in category (1) is mandatory, while the initiatives toward items in categories (2) and (3) are to be observed whenever possible, assuming that all the required specifications will be met.

(1) Initiatives toward products, parts, materials and auxiliary materials (oils, paints, adhesive agents, etc., hereinafter referred to as “auxiliary materials”) that make up KITO products

Products, parts, materials and auxiliary materials that make up KITO products denote all procured items that make up the products and services sold by KITO. KITO has been engaged in initiatives to eliminate hazardous substances from these items, as necessary, since 2005.

In order to mitigate the environmental burden of procured items, KITO has been promoting design changes toward eliminating hazardous substances in existing models, in accordance with the Environmental Design Standards; and in terms of new products, KITO has been addressing the priority task of selecting items with less environmental burden for procurement from the development phase.

(2) Initiatives toward procured items relating to production activities

Procured items relating to production activities denote general facilities and jigs/tools that manufacture and process the parts that make up the products and various facilities and equipment used in production. When procuring these items, which include general-purpose as well as dedicated

facilities or equipment, preference will be given to items that do not contain the 15 designated substances, whenever possible. Additionally, the auxiliary materials that are incidental to each facility or equipment are considered equivalent to the facility or equipment and preference will be given to those that do not contain said substances, whenever possible.

(3) Initiatives toward stationery and office supplies, etc.

KITO strives to expand the procurement of environmentally-friendly stationery, writing utensils, fixtures, files and other office supplies, while keeping in mind the promotion of the 3Rs (Reduce, Reuse and Recycle); and at the same time aims to build a recycling-oriented society.

3. Scope of application of the Guidelines

The Guidelines will basically apply to all items procured by KITO; and while certain items represent non-binding targets, the application of portions of the Guidelines relating to products (including OEM) and services sold by KITO will be mandatory.

4. Evaluation and selection criteria of suppliers and procured items

In terms of the evaluation and selection criteria of Green Procurement, suppliers will be evaluated as per the following, and selection will be performed with preference given to suppliers who actively comply with KITO's requirements and are receptive toward KITO's environmental initiatives.

-1. Evaluation and selection criteria of suppliers

1) Initiatives toward environmental activities

(1) Suppliers who have acquired certification for environment management systems (ISO14001) and those who have made self-proclamation of ISO14001 conformity, or those who are in the process of acquiring certification will be given preference.

(2) Suppliers who are engaged in the following initiatives relating to environmental conservation will be given preference.

a. Suppliers whose senior management has established goals for environmental conservation and those who are pursuing such policies and goals

b. Suppliers who are systematically engaged in activities based on the environment-related laws and are in compliance with such laws

c. Suppliers who have established secretariats and organizations/systems to promote and manage environmental conservation activities

d. Suppliers that provide all employees with education and training in environmental conservation

e. Suppliers who manufacture environmentally-friendly products and have streamlined their logistics including energy

2) Management of hazardous substances contained in materials and products, etc.

(1) Suppliers who have established systems to prevent the manufacture and sale of products and parts containing hazardous materials at every stage from manufacture to shipment; suppliers that are capable of responding to changes in requirements and constantly making efforts to maintain and enhance the quality of their products.

(2) Suppliers who are capable of obtaining information on chemical substances contained in materials in a timely manner and manage such information firmly; additionally, suppliers who are able to disclose such information in a timely manner in response to KITO's requests.

(3) Suppliers who have clarified each chief administrator in the system to manage hazardous substances contained in materials.

The chief manager shall obtain MSDS and other documents on hazardous substances and shall firmly instruct and inform the person in charge of the relevant workplace of the hazardous property and the dangers of the said substances.

(4) In the event that the Green Procurement Guidelines are revised due to future changes in legal requirements, Suppliers shall be ready to respond constructively to such requirements.

-2 Evaluation and selection criteria of procured materials

1) Procurement of products, parts, materials and auxiliary materials that make up KITO's products

(1) Procured items shall not contain KITO's 15 prohibited substances (Level A/ Prohibited Substances and Substances Subject to Use Restrictions). Substances prohibited in products, parts, materials and auxiliary materials shall be as per **Documents 1-1 and 1-2**.

(2) Exemptions from the application of the RoHS Directive on prohibited substances shall be as per **Document 1-3**.

(3) Additions may be made to the list of prohibited substances, if such designation has been made by KITO's customers.

2) Items relating to production activities

(1) Although all facilities and equipment are within the scope of the Guidelines, the Guidelines are considered "Non-binding targets" in regard to items relating to production activities.

(2) When considering specifications for purchasing facilities, items that do not contain prohibited substances should be purchased whenever possible, and efforts should be made to promote the mitigation of the environmental burden.

(3) Taking into consideration future relocations to external sites (including overseas sites), as well as the dismantling and disposal of facilities, items that are easily separated and items that prevent hazardous substances from becoming airborne should be purchased.

3) Stationery and office supplies

Similar to the items noted above, the Guidelines are applied as "Non-binding targets." However, taking into account the environmental burden, selection should be made that gives preference to items that lead to 3R, simplified packaging and reduction of waste after use.

-3. Request for cooperation in the survey of chemical substances contained in products

(1) KITO may conduct surveys on chemical substances contained in products, parts, materials and auxiliary materials, based on the Implementation Instructions of the Green Procurement Survey described in Section 5 below. In such event, suppliers are asked to lend their cooperation to the survey.

(2) Suppliers are asked to submit an MSDS whenever a new procurement is made or when changes are made by the manufacturer.

5. Implementation Instructions of the Green Procurement Survey

-1 Flow of the Green Procurement Survey

The following is an outline of the survey on products, parts, materials and auxiliary materials based on the requirements described in the preceding section.

The survey requires the submission of the following documents. Suppliers are asked to submit the replies to the questionnaire to KITO. If items have been procured by the suppliers, then said suppliers are asked to conduct the questionnaire on the suppliers that are further upstream and submit the results to KITO.

If, based on the results of the survey, KITO acknowledges the necessity of conducting a survey, such survey will be conducted, upon consultation with the supplier.

-2 Documents to be submitted in the Green Procurement Survey

No.	Documents to be submitted/ Agreements	Form
(1)	Questionnaire on initiatives toward environment conservation activities	Document 2
(2)	Memorandum on Green Procurement	Document 3
(3)	Certificate of Non-containment of KITO's 15 Prohibited Substances (Parts)	Document 4-1
(4)	Certificate of Non-containment of KITO's 15 Prohibited Substances (Auxiliary Materials)	Document 4-2

(1) Questionnaire on initiatives toward environment conservation activities

You are asked to state the acquisition status of certification of environment management systems and the status of establishment of systems to firmly manage chemical substances contained in products in the “Questionnaire on initiatives toward environment conservation activities.”

(2) Memorandum on Green Procurement

By signing the “Memorandum on Green Procurement,” you will be committing to the stable supply of environmentally-friendly products, parts, materials and auxiliary materials.

(3) Certificate of Non-containment of KITO's 15 Prohibited Substances (Parts)

Upon conducting a survey on the manufacturers and trading companies and confirming the substances contained in the products, parts and materials that make up KITO's products, the representative of your company or similar person is asked to fill out and affix his/her seal on the “Certificate of Non-containment of KITO's 15 Prohibited Substances (Parts).”

Additionally, KITO may request, as necessary, quantitative data on specific substances. In such case, your cooperation will be appreciated.

(4) Certificate of Non-containment of KITO's 15 Prohibited Substances (Auxiliary Materials)

This is a certificate of non-containment dedicated to auxiliary materials. KITO upholds the policy of a complete ban on the use of the 15 prohibited substances in its products and your understanding and cooperation on this matter will be appreciated.

6. Explanation of related documents; cooperation in surveys and other requests for suppliers

Document 1-1: Details of materials and chemical substances that are prohibited and subject to disclosure; and details of KITO's prohibited hazardous substances (Level A/ Prohibited)

Document 1-2: Details of Level A/ Prohibited Substances and Substances Subject to Use Restrictions

Document 1-3: Details of RoHS Directive and substances subject to exemption

Document 2: A survey will be conducted based on the “Questionnaire on initiatives toward environment conservation activities.”

Document 3: You will be asked to sign the Memorandum on Green Procurement, at the time of conclusion of the basic transaction agreement.

Document 4-1: You will be asked to conduct a survey and confirm that the 15 prohibited substances designated by KITO are not contained in the procured items by using the “Certificate of Non-containment of KITO’s 15 Prohibited Substances (products, parts and materials)” format.

(1) The representative of your company or similar person will be asked to fill out, affix seal to and submit the Certificate of Non-containment of KITO’s 15 Prohibited Substances.

Document 4-2: Similar to the procedure in (1) above, you will be asked to conduct research on oils, adhesive agents and paints added to KITO products by using the “Certificate of Non-containment of KITO’s 15 Prohibited Substances (Auxiliary Materials)” format.

7. Contact details

Procurement Department, Procurement Division,
KITO CORPORATION
TEL: 055-275-7771 FAX: 055-275-6165

8. Revision record of the Green Procurement Guidelines

Revision record	Enacted: April 1, 2009 (1 st Version) Revised: September 30, 2009 (Article 10-2 added to the Memorandum on Green Procurement) Revised: May 9, 2011 (Signatory portion of the Memorandum on Green Procurement is changed to General Manager, Procurement Division)
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“Prohibited Chemical Substances and Chemical Substances Subject to Restricted Use”

These Standards shall articulate the types, threshold levels and legal requirements of prohibited substances (Level A) for the purpose of designing and manufacturing environmentally-friendly products. These Standards shall also articulate certain exemptions from the list of prohibited substances.

(1) Level A

The 15 substances included in the Level A list of the JIG (Joint Industry Guide) (*1) shall be designated as prohibited substances or substances subject to restricted use.

(2) Exemptions (RoHS Directive)

If, due to unavoidable circumstances such as the absence of alternative items and exorbitant costs and time required in switching over to other substances, the six substance groups of lead, mercury, cadmium, hexavalent chromium, PBB and PBDE are to be used; exemptions under the RoHS Directive may be applied.

* 1: International standards on material composition compiled by the EIA (U.S. Electronic Industries Alliance), the JGPSSI (Japan Green Procurement Survey Standardization Initiative) and the EICTA (European Information and Communications Technology Industry Association).

(Level A/ Prohibited Substances and Substances Subject to Use Restrictions)

No.	Material / Substance	Legal and Regulatory Information	Threshold Level	Examples of Use
1	Asbestos	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (83/478/EEC; 85/610/EEC; 87/217/EEC; 91/659/EEC; 99/77/EEC) United States: Toxic Substances Control Act (restricts new use); Occupational Safety and Health Act (29 CFR 1910.1001-1051)	Intentionally added	Brake lining pad, insulator, filler, abrasive, pigment, paint, talc, adiabatic material
2	Azocolourants and Azodyes *1	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (2002/61/EC; 2003/03/EC)	Intentionally added (Refer to EU Directive 76/769/EEC for details)	Pigments, dyes and colorants
3	Cadmium and cadmium compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (91/338/EEC, 91/157/EEC, 93/86/EEC); 2000/53/EEC (EU/ELV Directive); 2002/95/EC (EU/RoHS Directive) ; 94/62/EEC (EU Packaging Directive) U.S. regulations on heavy metals in packaging (17 states)	100ppm or intentionally added	Pigment, anti-corrosion surface treatment, electric and electronic materials, optical material, stabilizer, plating, pigment for resin, fluorescent, electrode, solder, electric contract, contact point, zinc plating, stabilizer for PVC
4	Hexavalent Chromium and Hexavalent Chromium Compounds *2	2000/53/EEC (EU/ELV Directive), 2002/95/EC (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states)	1000ppm or intentionally added	Pigment, paint, ink, catalyst, plating, anti-corrosion surface treatment, dye, paint dryer, surface treatment, chrome treatment, paints adhesion enhancement, anti-corrosion
5	Lead and Lead Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, 93/86/EEC) 2000/53/EEC (EU/ELV Directive), 2002/95/EC (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), California Proposition 65	1000ppm or intentionally added, 300ppm (For PVC cables only)	Rubber hardener, pigment, paint, lubricant, plastic stabilizer, materials for battery, free-machining alloy, optical materials, X-ray shielding in CRT glass, electrical solder material, mechanical solder materials, curing agent, vulcanizing agent, ferroelectrics, resin stabilizer, plating, resin additives
6	Mercury and Mercury Compounds *2	76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (86/677/EEC, 91/157/EEC, 98/101/EEC) 2000/53/EEC (EU/ELV Directive), 2002/95/EC (EU/RoHS Directive), 94/62/EEC (EU Packaging Directive), U.S. regulations on heavy metals in packaging (17 states), also New	1000ppm or intentionally added	Fluorescent bulb, contact point material, pigment, anti-corrosion, switches, high-efficiency phosphor, antibacterial treatment

		England Mercury-Containing Product Legislation (VT, NH, MD, ME)		
7	Ozone Depleting Substances	Law Concerning the Protection of the Ozone Layer through the Control of Specified Substances and others (Japanese Law), Montreal Protocol, 1990 revision of Article 611 of the Clean Air Act (US Law), 76/769/EEC, Marketing and Use of Dangerous Substances and amendments: (94/60/EEC; 97/64/EEC)	Class I: Intentionally added Class II: HCFCs: 1000ppm	Refrigerant, foaming agent, extinguishant, solvent cleaner
8	Polybrominated Biphenyls (PBBs) *2	2002/95/EC (EU/RoHS Directive), German law on dioxin	1000ppm or intentionally added	Flame retardant
9	Polybrominated Diphenylethers (PBDEs) *2	2002/95/EC (EU/RoHS Directive), German law on dioxin, Marketing and Use of Dangerous Substances and amendments: (2003/11/EEC for Penta BDE, Octa BDE), US Law (Hawaii, Maine for Penta BDE and Octa BDE)	1000ppm or intentionally added	Flame retardant
10	Polychlorinated Biphenyls (PCBs)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law), 76/769/EEC Marketing and Use of Dangerous Substances and amendments	Intentionally added	Insulation oil, lubricant oil, electrical insulation medium, solvent, electrolytic solution
11	Polychlorinated Naphthalenes (more than 3 chlorine atoms)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Intentionally added	Lubricant, paint, stabilizer (electric characteristic, flame-resistant, water resistant), insulator, flame retardant
12	Radioactive Substances	Laws for the Regulation of Nuclear Source Material, Nuclear Fuel Material, and Reactors (Japanese law)	Intentionally added	Optical properties (thorium)
13	Short-chain Chlorinated Paraffins	76/769/EEC (+2002/45/EC)	Intentionally added	Plasticizer for PVC, flame retardant
14	Tributyl Tin (TBT) Triphenyl Tin (TPT)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 2 chemical substances: Japanese law)	Intentionally added	Stabilizer, antioxidant, antibacterial and antifungal agents, anti-staining
15	Tributyl Tin Oxide (TBTO)	The Law concerning the Examination and Regulation of Manufacture etc. of Chemical Substances (Class 1 chemical substances: Japanese law)	Intentionally added	Antiseptic, antifungal agent, paint, pigment, anti-staining, refrigerant, foaming agent, extinguishant, solvent cleaner

*1: Azocolourants and azodyes which form certain aromatic amines. Applicable use is limited to direct and prolonged contact with the skin.

*2: If, in the absence of alternative items, the six substance groups of lead, mercury, cadmium, hexavalent chromium, PBB and PBDE are to be used, exemptions under the RoHS Directive may be applied.

RoHS Directive / Appendix (Exemptions)

1. Mercury in compact fluorescent lamps not exceeding 5 mg per lamp.
2. Mercury in straight fluorescent lamps for general purposes in the following amounts:
 - not exceeding 10 mg in halophosphate lamps.
 - not exceeding 5 mg in triphosphate lamps with a normal lifetime.
 - not exceeding 8 mg in triphosphate lamps with a long lifetime.
3. Mercury in straight fluorescent lamps for special purposes.
4. Mercury in other lamps not specifically mentioned in this Annex.
5. Lead in the glass of cathode ray tubes, electronic components and fluorescent tubes.
6. Lead as an alloying element in steel containing up to 0.35 % lead by weight, aluminium containing up to 0.4 % lead by weight and as a copper alloy containing up to 4 % lead by weight.
7. Lead in high melting temperature type solders (i.e. lead based solder alloys containing 85 % by weight or more lead).
 - Lead in solders for servers, storage and storage array systems, network infrastructure equipment for switching, signaling, transmission as well as network management for telecommunications
 - Lead in electronic ceramic parts (e.g. piezoelectronic devices)
8. Cadmium and its compounds in electrical contacts and cadmium plating except for applications banned under Directive 91/338/EEC (1) amending Directive 76/769/EEC (2) relating to restrictions on the marketing and use of certain dangerous substances and preparations.
9. Hexavalent chromium as an anti-corrosion of the carbon steel cooling system in absorption refrigerators.
10. DecaBDE in high polymer materials.
11. Lead in lead-bronze bearing shells and bushes.
12. Lead used in compliant pin connector systems.
13. Lead as a coating material for the thermal conduction module c-ring.
14. Lead and cadmium in optical and filter glass.
15. Lead in solders consisting of more than two elements for the connection between the pins and the package of microprocessors with a lead content of more than 80 % and less than 85 % by weight.
16. Lead in solders to complete a viable electrical connection between a semiconductor die and carrier within integrated circuit Flip Chip packages.
17. Lead in linear incandescent lamps with silicate coated tubes.
18. Lead halide as a radiant agent in High Intensity Discharge (HID) lamps used for professional reprography applications.
19. Lead as an activator in the fluorescent powder (1 % lead by weight or less) of discharge lamps when used as sun tanning lamps containing phosphors such as BSP (BaSi₂O₅:Pb) as well as when used as specialty lamps for diazoprinting reprography, lithography, insect traps, photochemical and curing processes containing phosphors such as SMS ((Sr,Ba)₂MgSi₂O₇:Pb).
20. Lead with PbBiSn-Hg and PbInSn-Hg in specific compositions as main amalgam and with PbSn-Hg as auxiliary amalgam in very compact Energy Saving Lamps (ESL).
21. Lead oxide in glass used for bonding front and rear substrates of flat fluorescent lamps used for Liquid Crystal Displays (LCD).

22. Lead and cadmium in printing inks for the application of enamels on borosilicate glass.
23. Lead as impurity in RIG (rare earth iron garnet) Faraday rotators used for fiber optic communication systems.
24. Lead in finishes of fine pitch components other than connectors with a pitch of 0.65 mm or less with NiFe lead frames and lead in finishes of fine pitch components other than connectors with a pitch of 0.65 mm or less with copper lead frames.
25. Lead in solders for the soldering to machined through hole discoidal and planar array ceramic multilayer capacitors.
26. Lead oxide in plasma display panels (PDP) and surface conduction electron emitter displays (SED) used in structural elements; notably in the front and rear glass dielectric layer, the bus electrode, the black stripe, the address electrode, the barrier ribs, the seal frit and frit ring as well as in print pastes.
27. Lead oxide in the glass envelope of Black Light Blue (BLB) lamps.
28. Lead alloys as solder for transducers used in high-powered (designated to operate for several hours at acoustic power levels of 125 dB SPL and above) loudspeakers.
29. Hexavalent chromium in corrosion preventive coatings of unpainted metal sheetings and fasteners used for corrosion protection and Electromagnetic Interference Shielding in equipment falling under category three of Directive 2002/96/EC (IT and telecommunications equipment) (Expired July 1, 2007).
30. Lead bound in crystal glass as defined in Annex I (Categories 1, 2, 3 and 4) of Council Directive 69/493/EEC.

* The above has been compiled on the basis of the Official Journal of the European Union, as of the end of June 2006. Please refer to the latest Official Journal for the updated exemption list and the original list for details.

To Procurement Division
KITO CORPORATION

(Month) (Date), (Year)

Questionnaire on initiatives toward environment conservation activities

Company name _____ TEL _____
 Address _____ FAX _____
 Name _____ Seal _____ E-mail _____
 Department/Division, Position _____

We, hereby, report on the initiatives toward environment conservation activities implemented by our company, as follows.

[Acquisition of certification for environment management systems]

We have acquired ISO14001 or other certification from third-party organizations.
 Acquisition date (Month) (Date), (Year) Certification organization: _____ Certification number: _____

We are planning to acquire certification such as ISO14001.
 Scheduled acquisition date (Month) (Year) Certification organization: _____

We are not planning to acquire ISO14001 or other certification from third-party organizations.

Acquisition of certification similar to the above or self-proclamation: (_____)

[Establishment of a system to firmly manage chemical substances contained in products and parts]		
a	Has your company established a system to prevent the manufacture and sale of products and parts containing hazardous materials at every stage from manufacture to shipment and constantly made efforts to maintain and enhance the quality of your products? *If your company is planning to build such a system, please fill in the scheduled month and year.	<input type="checkbox"/> Yes <input type="checkbox"/> No Around (Month) (Year)
b	Does your company have a system to obtain and manage information on chemical substances contained in materials in a timely manner?	<input type="checkbox"/> Yes <input type="checkbox"/> No
c	Does your company have a system to promptly submit information on chemicals contained in materials, whenever requested by a customer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
d	Has your company appointed a chief administrator in each of the systems to manage hazardous substances contained in materials?	<input type="checkbox"/> Yes <input type="checkbox"/> No
e	Does your company have a system that independently conducts and monitors chemical substances contained in new process and production items?	<input type="checkbox"/> Yes <input type="checkbox"/> No
f	Does your company instruct and inform employees and workers engaged in related operations of chemical substances contained in products?	<input type="checkbox"/> Yes <input type="checkbox"/> No
g	Has your company prepared relevant documents on the system to firmly manage chemical substances contained in products? * Please attach copies of such documents, if any.	<input type="checkbox"/> Yes <input type="checkbox"/> No

NOTICE
 Materials and documents submitted by suppliers will not be disclosed without the consent of the supplier concerned.

Memorandum on Green Procurement

KITO CORPORATION (hereinafter referred to as “KT”) and _____ (hereinafter referred to as the “Supplier”), have agreed to the following, in regard to the application of the Green Procurement Guidelines (hereinafter referred to as the “Guidelines”), set forth by KT, to all transactions between KT and SUPPLIER (hereinafter referred to as the “Transactions”), pursuant to the Basic Procurement Agreement (hereinafter referred to as the “Original Agreement”), dated ____ (Month) ____ (Date), ____ (Year), concluded between KT and SUPPLIER.

Article 1 (Scope)

The Guidelines shall apply to all products, parts, materials and auxiliary materials, which KT procures from the SUPPLIER based on the Transactions (hereinafter referred to as the “Procured Items”).

Article 2 (Compliance with the Guidelines)

The SUPPLIER, unless otherwise instructed by KT, shall comply with the provisions of the Guidelines and deliver the Procured Items to KT. However, if the SUPPLIER has a valid or unavoidable reason for not complying with the Guidelines, the SUPPLIER shall give written notification of such reason in advance; and if KT determines that the SUPPLIER has such reason not to comply with the Guidelines, KT may, upon deliberation with the SUPPLIER, instruct specification changes or other actions to the SUPPLIER.

Article 3 (Revision of the Guidelines)

KT may revise the contents of the Guidelines, as necessary, in accordance with the revisions of related laws, changes in the economic situation and other circumstances; while the Guidelines after said revision shall be treated in the same manner as the Guidelines in this Memorandum. Upon receipt of the notice of revision to the Guidelines by KT, the SUPPLIER, unless otherwise instructed by KT, must promptly comply with the provisions of the Guidelines after said revision and deliver the Procured Items to KT. However, if the SUPPLIER has a valid or unavoidable reason for not complying with the Guidelines after said revision, the SUPPLIER shall give written notification of such reason in advance; and if KT determines that the SUPPLIER has such reason not to comply with the Guidelines, KT may, upon deliberation with the SUPPLIER, instruct specification changes or other actions to the SUPPLIER.

Article 4 (Establishment of a System to Promote Green Procurement and Audits Thereof)

The SUPPLIER, pursuant to Article 23 of the Original Agreement, must establish an internal system in order to enable compliance with the Guidelines (hereinafter referred to as the “Green Procurement Promotion Framework”). In the event that a material change occurs in the Green Procurement Promotion Framework during the term of the Memorandum, the SUPPLIER must give written notice to KT of such fact. If requested by the SUPPLIER, or if deemed necessary by KT, KT may enter the premises of the SUPPLIER and conduct an audit of the Green Procurement Promotion Framework. However, in cases deemed necessary by KT, KT shall conduct such audits upon obtaining prior approval by the SUPPLIER.

In such cases, the SUPPLIER shall not refuse the audits by KT, unless it has a reasonable cause to do so.

Article 5 (Warranty)

The Warranty set forth in Article 23-1 of the Original Agreement shall also contain the assurance that the SUPPLIER has met and is not in violation of the provisions of the Guidelines, which is warranted by the SUPPLIER; when requested by KT, the SUPPLIER shall submit the “Certificate of Non-use of Hazardous Substances” and the “Certificate of Non-containment (Quantitative) of Hazardous Substances” to KT. Article 24 of the Original Agreement shall be applied mutatis mutandis to warranties against hidden defects.

2. If, in the preceding paragraph, the concentration of hazardous substances changes, due to the changes in the products and parts used to make the Procured Items, or to the manufacturing method or process, the SUPPLIER (including the entity from which the SUPPLIER purchases materials and the subcontractors of the SUPPLIER) must promptly notify KT of such details.
3. Products supplied by KT and the Procured Items designated by KT, in the preceding paragraph 2, shall be excluded from the scope of the “Certificate of Non-use of Hazardous Substances” and the “Certificate of Non-containment (Quantitative) of Hazardous Substances” stipulated in paragraph 1 above.

Article 6 (Provision of Quantitative Data)

KT, in order to confirm the details of the Warranty prescribed in paragraph 1 of the preceding Article, may request the SUPPLIER to submit quantitative data on hazardous substances contained in the Procured Items.

Article 7 (Reporting)

In the event that any ambiguities and/or questions arise in connection with the contents of the documents and data submitted by the SUPPLIER, regarding the items set forth in Articles 5 and 6, KT may request the SUPPLIER to submit the necessary materials and reports.

Article 8 (Handling of Non-compliance)

In the event that the SUPPLIER breaches the Guidelines, or whenever it becomes evident that non-compliance with the Guidelines on the part of the SUPPLIER has occurred, KT may instruct redress to the SUPPLIER at any time, and the SUPPLIER shall immediately follow such instruction. However, this does not denote a waiver of the rights held by KT pursuant to the Original Agreement and individual contracts

Article 9 (Right to Claim Damages)

In the event that KT incurs any damages as a result of a breach of the Guidelines by the SUPPLIER, the SUPPLIER must indemnify KT for such damages. However, the details of the indemnification shall be determined on the basis of an agreement reached upon deliberation between KT and the SUPPLIER.

Article 10 (Confidentiality, Disclosure to Government Offices)

If specifically requested by the SUPPLIER, KT, pursuant to the provisions of Articles 5 and 7, must manage the quantitative data, documents and reports (hereinafter referred to as the “Quantitative Data Materials, etc.”) submitted or disclosed by the SUPPLIER, in accordance with the provisions of Article 29 of the Original Agreement.

2. In the event that KT receives inquiries on specific substances contained in KT’s products, and is requested or ordered to submit documents by Government Offices or similar institutions, or specified customers of KT (denotes individual customers of KT) (hereinafter referred to as “Customers including Government Offices”), KT, notwithstanding the preceding paragraph, may disclose the contents of the Quantitative Data Materials, etc., or submit such documents to Customers including Government Offices.

Article 11 (Term)

The Memorandum shall be effective from the signing of the Memorandum to the earlier of the date of termination of the Original Agreement and the date on which KT notifies the SUPPLIER of the cancellation of the Guidelines. However, unless otherwise instructed by KT, the Guidelines shall continue to apply to the Procured Items relating to existing individual contracts.

Article 12 (Consultation)

Any matters not stipulated in the Memorandum, and any ambiguities and/or questions arising from the Memorandum shall be settled in accordance with the Original Agreement and the individual contracts; if resolution is not reached on the basis of the Original Agreement and the individual contracts, KT and the SUPPLIER shall resolve the matter upon mutual consultation with each other.

IN WITNESS WHEREOF, the Memorandum has been prepared in duplicate, and after they are signed and seals have been affixed thereto, each party shall retain a copy.

(Month) (Date), (Year)

(KT) _____, Executive Officer and General Manager

Procurement Division

KITO CORPORATION

2000, Tsujiarai, Showa-cho, Nakakoma-gun, Yamanashi, JAPAN

(Month) (Date), (Year)

(SUPPLIER)
