



# Green Purchasing Guidelines



October 2024

**KYOHO MACHINE WORKS,Ltd.**

PURCHASING DEPT

SAFETY, HEALTH & ENVIRONMENT PROMOTION DEPT

QUALITY ASSURANCE DEPT

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# Introduction

Kyoho has been contributed to society for the sustainable development of society based on the management philosophy of "Considering the natural environment, complying with the law and its spirit, and contributing to the development of society through corporate activities rooted in the community."

Currently, the global environment is becoming increasingly serious due to climate change, such as rising sea levels, an increase in abnormal weather events, and air pollution including PM2.5 and greenhouse gases. Therefore, companies are required to further increase international cooperation and engage in initiatives based on the Sustainable Development Goals (SDGs).

We will continue to position environmental conservation activities as the most important management issue. To this end, we would like all business partners to understand our corporate philosophy and to follow the Kyoho Green Purchasing Guideline to further environmental initiatives.

Chief of Parts Business Headquarters  
Director Executive Officer



# Requests for Business Partners

Kyoho focuses on environment-friendly business operation.

We request all business partners to understand the details of each chapter and follow this guideline.

Furthermore, we reiterate that legal compliance in each country or region is the fundamental assumption.

## List of requests

Items				Applicable business deal	Boundaries		
					Product Service ★1	Operation base★2	Logistics ★3
1	1.1	Establishment of Environmental Management System	Establishment of environmental management structure	All	—	○	—
	1.2		Promotion of environmental management throughout the product life cycle	All	○	○	○
2		Reduction of Greenhouse Gas Emissions	Reduction of GHG emissions throughout the product life cycle	All	○	○	○
3		Reduction of Impact on Water Environment	Reduction of impact on “water resource” and “water quality”	All	—	○	—
4		Promotion of Resource Recycling	Promote resource recycling of delivered products and resource recycling at operation base and in logistics	All	○	○	○
5		Management of Chemical Substances	(1) Management of elimination or reduction in use of chemical substances in relation to “parts, accessories, raw materials” for vehicles and outsourcing development vehicles including packaging materials for these products	Outsourcing development vehicles, parts, accessories, raw materials, packaging materials	○	—	○
			(2) Management of elimination or reduction in use of chemical substances in relation to “raw materials, indirect materials, packaging materials” used at operation base	Raw materials, indirect materials, packaging materials, equipment, construction, cleaning landscape	○	—	—
6		Establishment of a Society in Harmony with Nature	Consideration to biodiversity and promotion of harmony with nature	All	○	○	○

★1 Product and Service: Outsourcing development vehicles, parts, accessories, raw materials, indirect materials, packaging materials, equipment, construction, cleaning and landscaping are applicable. (Logistics service is applicable to ★3.)

★2 Operation base: Plants, R&D centers, offices, sales offices and logistics facilities where they are relevant to business operation.  
(Logistics partners and service providers are also included.)

★3 Logistics: Delivery logistics and logistics performed at the request of Kyoho are applicable.

# 1 Establishment of Environmental Management System

## 1.1 Establishment of Environmental Management Structure

Kyoho undertakes systematic management of environmental conservation activities and engages continuously to improve these activities. As Kyoho's business partners, you are required to establish environmental management, and implement such activities for continuous improvement.

### Establishment of environmental management structure

In order to ensure proper environmental management, as our business partners, you are required to acquire and renew "ISO14001" or other certification systems approved by a third-party certification organization. We will check on the certification acquisition status of our business partners accordingly.

Additionally, in order to realize the entire supply chain management, business partners are required to confirm, advise and direct on environmental management system to the upstream business partners, (e.g. your tier 1 suppliers) and roll out and enlighten them to the farther level where necessary.

## 1.2 Promotion of Environmental Management throughout the Product Life Cycle

We evaluate and strive for reduction of environmental impact in each stage of the product life cycle. Our business partners need to consider environmental impact throughout the product life cycle from the development stage, and implement initiatives to reduce such impact on environment.

### Promotion of environmental management throughout the product life cycle of the delivered products

Business partners are required to promote environmental management throughout the product life cycle and submit data to confirm environmental performance.

## 2 Reduction of Greenhouse Gas Emissions

Kyoho strives to reduce greenhouse gas (GHG) emissions throughout the product life cycle. Our business partners need to take an active approach to reduce GHG emissions by product or service life cycle.

### Reduction of GHG emissions throughout the product life cycle of the delivered products

Throughout the product life cycle, business partners are required to develop low GHG emission products and proactively make a proposal on daily work to us.

#### a) Reduction of GHG emissions by materials purchased

Business partners are requested to implement the following activities to reduce GHG emissions from the products you purchased. (from as far back as upstream procurement to production)

- Reduce usage of raw materials by using weight saving of parts
- Promote low GHG emission raw materials during production
- Promote usage of recycling materials
- Promote usage of biomass materials

#### b) Reduction of GHG emissions at operation base

Business partners are requested to manage and reduce actual GHG emissions during production.

#### c) Reduction of GHG emissions at logistics

Business partners are requested to reduce GHG emissions from delivery logistics and logistics performed at the request of Kyoho.

#### d) Reduction of GHG emissions at use stage

At design and development stage of the delivered products, you are requested to design and develop products that contribute to GHG emissions reduction (fuel efficiency improvement) when completed vehicles are traveling.

#### e) Reduction of GHG emissions at disposal and recycling

At design and development stage of the delivered products, you are requested to design and develop products that contribute to GHG emissions reduction when your products are recycled or are of no use.

★ Please refer to Chapter 4 b) “Develop materials and products considering proper treatment, reuse and recycling at disposal stage of end-of-life products”.

#### **f) Reduction of GHG emissions**

Business partners who use chlorofluorocarbon (CFC) at your operation base or CFC contained products are requested to change them to low GWP CFC.

★In Japan, in order to encourage users to shift to low GWP CFC or non-CFC, “Act on Rational Use and Proper Management of Fluorocarbons” which stipulates proper treatment of used fluorocarbons through their recovery and destruction put in force from April 1, 2015.

#### **g) Reduction of GHG emissions from installing equipment**

Business partners are requested to design, develop and propose equipment that contributes to reduce GHG emissions (energy efficiency improvement) from the production equipment delivered to Kyoho

### 3 Reduction of Impact on Water Environment

“Water resource depletion” is becoming more important issue in the mid-to long-term perspective. Kyoho has been promoting reduction of impact (effect) on the water environment. Thus, our business partners are requested to reduce impact on water environment.

#### Reduction of impact on “water resource” and “water quality” at operation base

After evaluation is made from the perspective of the water risks, quantity and quality considering water environment in operation base (plants, R&D facility, offices sales offices and logistics facility), business partners are requested to implement the following activities to reduce impact (effect) on water environment.

- Reduction of the amount of water used
- Use rain water
- Recycling water at plants
- Improve water quality of discharged water
- Conservation of intake source



## 4 Promotion of Resource Recycling

Kyoho has been promoting various resource recycling initiatives such as utilization of recycling materials, recyclable design, waste reduction activities in addition to legal compliance in and outside Japan such as Automobile (ELV) Recycling Law in Japan and EU ELV Directive. Business partners are requested to implement resource recycling initiatives.

### Promote resource recycling of the delivered products, resource recycling at operation base and in logistics

Business partners are requested to reduce dwindling resource usage in products, to properly treat after use, to develop products considering recycling, and proactively make proposals on the daily work to us. You are also asked to reduce waste, to recycle resources at operation bases, and to reduce usage of packaging materials.

#### a) Develop technology to reduce usage of dwindling resources to be used in the delivery products

In order to reduce the usage of dwindling resources, business partners are requested to develop the following technology and proactively make proposals on daily work to us.

- Promote resource saving design
- Promote utilization of recycling materials
- Promote closed-loop recycling
- Promote utilization of biomass materials

**b) Develop materials and products considering proper treatment,  
reuse and recycling at disposal stage of end-of-life products**

Business partners are requested to implement the following activities so that end-of-life products can be properly treated, reused and recycled at the time of disposal, and proactively make proposals on daily work to us.

- Materials selection
- Easy to remove/dismantle
- Easy disposal process
- Longer product life

Furthermore, you are requested to explain the proper treatment method and recycling method where necessary. In the case where it is unlikely to perform proper treatment of the new materials or products, please contact our responsible person in advance.

**c) Reduce waste at operation base and promote recycling**

For the waste materials at operation bases such as plants, R&D facility, offices, sales offices and logistics facilities, business partners are requested to reduce waste and promote recycling.

**d) Reduce usage of packaging materials in logistics**

Business partners are requested to reduce usage of packaging materials in logistics.

## 5 Management of Chemical Substances

Kyoho has been implementing initiatives to manage chemical substances (i.e. elimination or reduction in use) and improving recycling rate ahead of Japanese and overseas legislations, such as the EU ELV Directive, the EU REACH Regulation and the Chemical Substances Control Law of Japan. All applicable business partners are required to deliver parts and raw materials in compliance with laws, Kyoho standards, and various quality management manuals pertaining to the following items, and report the history of their use to Kyoho.

### (1) Management of elimination or reduction in use of chemical substances in relation to “parts, accessories, raw materials<sup>(\*)</sup>” for vehicles and outsourcing development vehicles including packaging materials for these products

<sup>(\*)</sup>Materials that remain in the vehicle or part at point of sale

Business partners are required to eliminate or reduce chemical substances at development, design preparation/ mass production stage and packaging materials, and to manage materials marking of plastics and rubber products.

#### a) Management of chemical substances at development/design and mass production stage

■ Please manage chemical substances elimination, reduction and use information control with Kyoho technical standards, “Control Method for Substances of Environmental Concern (KSZ0001G)”.

■ In case that newly-parts and raw materials are adopted or changes are made in raw materials including mass change, please make sure to submit data of materials and chemical substances used in products into IMDS by the designated deadline.

For “Control Method for Substances of Environmental Concern (KSZ0001G)”, please use the latest version. Aforementioned document will be revised once a year in accordance with regulation trends in each country and our policy.

■ When we request survey on raw materials or chemical substance data for individual parts or raw materials to business partners, please make sure to submit data into IMDS by the designated deadline.

■ We may perform process audit of business partners where necessary at the stage of development, design, production preparation and mass production.

■ In order to be consistent with details reported by IMDS, business partners are requested to manage purchasing parts and materials not to incorporate them in the production process. We also ask you to submit data where necessary.

#### **b) Management of chemical substances in packaging materials**

■ When introducing new packaging materials, select materials that do not contain any of the prohibited or restricted substances specified in aforementioned KSZ0001G.

#### **c) Material labeling on plastic/rubber parts**

■ Laws and regulations in relation to this issue started from Europe, and it tends to expand.

■ Kyoho adopted material labeling for plastic/rubber parts that meets the international standards regardless of destination.

■ This material labeling applies to over weighing 100g plastic parts and 200g rubber parts, however, we ask business partners to label materials weighing 100g or less as much as possible.

#### **(2) Management of elimination or reduction in use of chemical substances in relation to “raw materials<sub>(★1)</sub>, indirect materials, packaging materials<sub>(★2)</sub>” used at operation base**

(★1) Materials that don't remain in the vehicle or part at point of sale.

(★2) Packaging materials which are delivered to logistics centers of Kyoho.

Business partners are requested to eliminate or reduce in use of chemical substances used in raw materials, indirect materials and packaging materials at operation bases, and materials delivered or brought in to Kyoho.

#### **< Ensuring Compliance with REACH and Other Global Regulations on Chemical Substances >**

Following the World Summit on Sustainable Development held in Johannesburg in 2002, and adoption of the Strategic Approach to International Chemicals Management (SAICM), there have been an increasing number of chemical substance management regulations being implemented globally.

The international trend in regulations on chemical substances is changing from hazard management, which focuses only on the toxicity of individual substances, to risk management, which takes into consideration the degree of impact on people, plants and animals.

For this reason, it is necessary to also consider in what sort of situation the chemical substances are being used. In addition to the Japanese Chemical Substances Control Law, and the European ELV Directive and REACH Regulation, North America and Asia are introducing their own regulations on chemical substances. These regulations require corporations to collect information on the chemical substance content of their products and manage their supply chains.

## 6 Establishment of a Society in Harmony with Nature

Based on the notion that consideration to nature is premises of continuation of business activities, Kyoho understands the importance of nature conservation and biodiversity, and we have been undertaking establishment of a society in harmony with nature. We request that business partners give a maximum consideration to biodiversity, and implement initiatives in order to establish a society in harmony with nature.

### Delivered products and activities at operation base which contribute to biodiversity and promote harmony with nature

Kyoho requests that business partners deliver products, implement activities at operation base with a focus on biodiversity, and minimize adverse effect on the nature. Furthermore, you are requested to proactively propose products that contribute to biodiversity.

#### a) Deliver products that contribute to biodiversity

Business partners are requested to develop products that minimize effect on biodiversity tracking back to raw materials. Especially, in case of using plant-derived raw materials, you are required to substantially consider biodiversity.

#### b) Activities at operation base that contribute to biodiversity

Business partners are requested to formulate environmental policy on biodiversity and minimize effect on nature caused by development.

In addition to collaboration or partnership with regions or NGOs which tackle nature conservation, we would like to ask you to implement such activities as much as possible to make nature environment ever better.

#### c) Harmony with nature by promotion of activities from Chapter 1 to 5

Promoting activities from “1. Establishment of Environmental Management System”, “2. Reduction of GHG Emissions”, “3. Reduce Impact on Water Environment”, “4. Promotion of Resource Recycling”, “5. Management of Chemical Substances”, which lead to indirectly establishment of a society in harmony with nature. Therefore, we would like to ask you to strengthen such activities considering a society in harmony with nature.

# Glossary

## Laws, Regulations and Policy

### (1) Automobile (ELV) Recycling Law

In order to promote the recycling and proper handling of End-of-Life Vehicles, the Automobile (ELV) Recycling Law enforced in 2005 obliges automobile manufactures and related business operators to play appropriate roles.

### (2) EU ELV Directive

The ELV Directive on the recycling of End-of-Life Vehicles, entered into force in 2000 (2000/53/EC). To reduce the environmental impact of End-of-Life Vehicles, this directive requires member states to restrict the use of chemical substances in vehicle parts and establish a network for recovering ELVs to increase the recycling rate. This directive does not apply to certain chemical substances that cannot be replaced by other substances in consideration of reliability.

### (3) EU REACH Regulation

EU's regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals, entered into force in 2007 <(EC) No1907/2006> It places greater responsibility on industry to manage chemical substances. Under this regulation, each company is required to identify chemical substances used by the company or contained in its product and assess the risks from them.

### (4) Chemical Substances Control Law of Japan

The law pertaining to the examination of chemical substances, and regulation of their manufacture, etc. enacted in 1974. This law requires prior examination of new industrial chemical substances and regulation of their manufacture and import into Japan depending on the hazardous propertise of the substances. The primary objective of this law is to protect human health and plants/animals from possible hazards from chemical substances by evaluating the bioaccumulation potential, degradation properties, and toxicity of chemical substances and controlling their manufacture and import.

### (5) TSCA (Toxic Substances Control Act) of the USA

This act, instituted in 1976, is intended to protect human health and the environment from exposure to hazardous chemicals. Under the TSCA, the Environmental Protection Agency (EPA) requires information management (reporting and record-keeping), testing, and restrictions relating to chemical substance and/or mixtures, and regulates the production, importation, use, and, disposal of specific chemicals.

### (6) EU's Packaging and Packaging Waste Directive

The directive on packaging and packaging waste, entered into force in 1994 (94/62/EC) To reduce the environmental impact by packaging, this directive requires the member states to restrict the use of chemical substances in packaging materials and establish a recovery and recycling system to increase the recycling rate.

### (7) The Aichi Biodiversity Targets

New global target for post 2011 pertinent to biodiversity, which was adopted at the 10th Conference of the Parties in 2010

### (8) The National Biodiversity Strategy of Japan 2023–2030

National basic plan pertinent to conservation and sustainable use of biodiversity based on “Convention of Biological Diversity” and “Basic Act on Biodiversity”

## Other Glossary

### (1) ISO14001

International standards pertinent to environmental management system

### (2) Life cycle

All stages ranging from raw material procurement, production, distribution, use, maintenance, disposal to recycling of products and services

### (3) LCA (Life Cycle Assessment)

A method of evaluating a product's environmental impact on products and services throughout the product life cycle, from design, production, use to disposal

### (4) Low GWP chlorofluorocarbon (CFC)

CFC with low Global Warming Potential (GWP), which has less effect on global warming.

### (5) ELV (End of Life Vehicle)

Any vehicle that has come to the end of its useful life. Under the Automobile (ELV) Recycling Law, all vehicles collected by collection operators are defined as ELV.

### (6) Vehicle parts

Parts for mass-produced or special purpose vehicles, and service parts

### (7) Raw materials

Sheet steel, steel, coating, adhesives, oil, coolants, etc. used at Kyoho plants

### (8) Packaging materials

Packaging materials delivered directly to Kyoho, and those used for the shipment/transportation of vehicle parts and accessories

### (9) VOC (Volatile Organic Compounds)

Volatile organic compounds, such as solvents of paints and adhesives that tend to evaporate under normal temperatures and pressures

### (10) IMDS (International Material Data System)

Standardized system to collect material data in the automotive industry. Suppliers of vehicle parts, etc. are requested to enter data on product materials and contained chemical substances using a standardized format and process.

### (11) SDS (Safety Data Sheet)

This describes necessary information to safely handle chemical substances or raw materials containing chemical substances

### (12) GADSL (Global Automotive Declarable Substance List)

Standardized list of reportable chemical substances in the automotive industry.

The list has been agreed upon by the automotive manufacturers, automotive parts suppliers, and chemical manufacturers in Japan, Europe, and the U.S. to use when data is entered into the IMDS.

Items				Applicable business deal	Boundaries		
					Product Service ★1	Operation base★2	Logistics ★3
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	1.2		Promotion of environmental management throughout the product life cycle	All	○	○	○
2		Reduction of Greenhouse Gas Emissions	Reduction of GHG emissions throughout the product life cycle	All	○	○	○
3		Reduction of Impact on Water Environment	Reduction of impact on “water resource” and “water quality”	All	—	○	—
4		Promotion of Resource Recycling	Promote resource recycling of delivered products and resource recycling at operation base and in logistics	All	○	○	○
5		Management of Chemical Substances	(1) Management of elimination or reduction in use of chemical substances in relation to “parts, accessories, raw materials ” for vehicles and outsourcing development vehicles including packaging materials for these products	Outsourcing development vehicles, parts, accessories, raw materials, packaging materials	○	—	○
			(2) Management of elimination or reduction in use of chemical substances in relation to “raw materials, indirect materials, packaging materials ” used at operation base	Raw materials, indirect materials, packaging materials, equipment, construction, cleaning landscape	○	—	—
6		Establishment of a Society in Harmony with Nature	Consideration to biodiversity and promotion of harmony with nature	All	○	○	○