

Green Procurement Guidelines

13th edition

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CITIZEN MACHINERY Co., Ltd.

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1 Introduction

CITIZEN MACHINERY Co., Ltd. abides by the law and strives to continuously improve the management of environmental loads by operating a transparent Environmental Management System (EMS) as a part of corporate activities under its corporate philosophy, which states: “Contributing to and Striving to be Respected by the Citizens of the World”.

We take it that, for consideration for the environment, it is important to “produce environment-friendly products”, which minimize the impact on the environment, in the “presentation of products” as a main duty for a manufacturer, as much as the saving of energy and resources and the reduction of waste and hazardous chemical substances.

Our “Green Procurement” is one of our efforts to lessen the burden on the environment by purchasing products, parts and raw materials preferentially from suppliers which are promoting environmental management activities.

We would very much appreciate it if you also could reconsider the importance of concern for the environment and cooperate with our green procurement activities.

CITIZEN MACHINERY Co., Ltd.

Hideo Ina

Representative director and president

2 Outline of the Green Procurement

CITIZEN MACHINERY Co., Ltd. is operating its Green Procurement Guidelines as follows. The scope of application covers **products, component parts, raw materials, packing and packaging materials and accessories**.

Equipment and office supplies are excluded.

2.1 About Green Procurement

Green procurement is an activity to purchase products, parts, raw materials, or other items which cause less impact on the environment, preferentially from suppliers which are promoting environmental management activities.

2.2 Purchasing Policy of CITIZEN MACHINERY

We purchase “green parts” from “green suppliers” according to our “Green Procurement Guidelines”.

2.2.1 About green parts

Green parts means products, parts, raw materials, etc., which have less impact on the environment.

More specifically, they are the products, parts and raw materials which meet the requirements of 1) to 3) of the following chemical substance management standards.

- 1) Chemical substance management standards, Rank 1: Prohibited substances should not be contained.
- 2) Chemical substance management standards, Rank 2: Conditionally prohibited substances are not contained.
- 3) Chemical substance management standards, Rank 3: The amount and location of the content of substances to be surveyed are clearly identified.
 - * For the ranks in the chemical substance management standards, refer to the “Green Procurement Guidelines - Supplementary Volume”.
 - * The Rank 3 survey is performed only by information transfer with chemSHERPA-AI. For details, please refer to the "Green Procurement Standards / Supplementary Volume ".
- 4) Chemical substance management standards, Rank 4: Substances that are prohibited from use in the manufacturing process.

2-2-2 About green suppliers

Green suppliers are those which are promoting environmental management activities and implementing 1) to 4) below.

- 1) It is guaranteed that no prohibited or conditionally prohibited substances are used.

It can be guaranteed that no prohibited substances are used (a prohibited substance is considered not to be used if the amount of substance in use is smaller than the threshold value, if specified), regardless of whether such substances are included intentionally or not.

- 2) Establishment and maintenance of an environmental management system
Regardless of whether certification by an external certification body has been obtained or not, an environmental management system is owned or there is a concrete plan to obtain such certification.

- 3) Hazardous substances are not used in production processes or there is a plan to totally abolish their use.

Hazardous substances as the term is used here means the ozone depleting substances and organochlorine cleaning agents. For further details, refer to the “Chemical Substance Management Standards, Rank 4 (Green Procurement Guidelines, Supplementary Volume)”.

- 4) Information can be disclosed.

Information on chemical substances which are contained in products can be disclosed.

— Confirmation of the Purchasing Policy —

- Articles which contain prohibited substances of Rank 1 and Rank 2 cannot be purchased.
- Articles which meet the standards of Rank 3 are purchased preferentially.
Articles are purchased preferentially from suppliers which implement 1) to 4) in 2-2-2 above.

3 Ways of Promoting Green Procurement

3.1 Submission of Documents

3.1.1 Documents to be submitted by suppliers

Suppliers are required to submit documents according to the “Green Procurement Guidelines, Supplementary Volume”.

3.1.2 When any request is made based on any standard other than the green procurement guidelines

In accordance with any specific request for a survey from customers to whom we supply our products or according to laws or regulations in Japan or abroad, suppliers may be requested to follow procedures other than those based on these Standards.

3.1.3 Others

- 1) Suppliers may be requested to confirm the contents in their replies from our department in charge.
- 2) In the event that the prohibited substances of Ranks 1 and 2 are suspected to have been mixed in as a result of accident occurred on processes, or other, it should be reported immediately to the Green Procurement Desk of CITIZEN MACHINERY.

3.2 About Updating

The “green parts” and the “green suppliers” will be updated every year in order to promote green procurement securely and smoothly. You will be contacted on such occasions from the Green Procurement Desk of CITIZEN MACHINERY.

When any change has occurred earlier than the updating, you will be requested to comply with it.

3.2.1 When there is any change in the content of submitted documents

When any event occurs after submitting the “Guarantee Statement” according to the Green Procurement Guidelines and the Supplementary Volume” that causes you to become unable to observe any of contents of the document, you are requested report it immediately to our green procurement desk.

3.2.2 Changes to processes, materials, etc.

Such changes should be reported in advance to our green procurement contact. You may be requested to implement a survey on the content of chemical substances.

3.2.3 Changes in arrangements

When any change occurs in relation to a newly employed article or there is a design change, you may be requested by our green procurement desk to implement a survey on the content

of chemical substances.

3.2.4 Updating of submitted documents

Resubmission of each certificate and information transmission sheet may be required when relevant legislations or standards have been changed.

3.3 Contact Desk

You are requested to submit documents related to the “Green Procurement Guidelines” and the “Green Procurement Guidelines, Supplementary Volume” to our Green Procurement Desk or to contact the Desk if you have any questions.

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You can download the “Green Procurement Guidelines” and the “Green Procurement Guidelines, Supplementary Volume” from the following web site of CITIZEN MACHINERY.

Web site: <https://cmj.citizen.co.jp/csr/green.html>

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