

MegaChips Green Procurement Guideline

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MegaChips

Introduction

Environmental protection activities are gaining support in corporations, large and small, in order to preserve the Earth's precious natural environment for future generations. As part of their efforts, many corporations the world over are adopting green purchasing guidelines and programs designed to restrict and eliminate the use of chemical substances in manufacturing, end-products and packaging that are harmful or potentially harmful to the environment.

MegaChips Corporation considers environmental conservation one of its paramount management factors and has instituted a green procurement guideline to reduce the use of any environmentally unfriendly substances in its business operations.

The range of green purchase naturally involves suppliers and contractors, and their understanding and cooperation are essential. We hope this green procurement guideline will help to form a strong alliance at all levels of business for the reduction and elimination of hazardous substances.

MegaChips

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1. MegaChips Environmental Policy

MegaChips's mission is to contribute to the realization of people's safety and security, an affluent life and global environmental safety, security and _global sustainability on the basis of advanced technology.

To realize our mission, we will establish an environmental management system in accordance with requirements of ISO 14001. For the promotion of global environmental conservation, we will position continual improvement of environmental management system, contamination prevention and value creation for society as an important element of business management and will contribute to the global environment through our business plans, products and services

1. We will comply with regulatory requirements and any additional requirements by the organization, and work on contamination prevention.
2. For resource saving, energy saving and waste reduction, we will strengthen the product assessment and will work on realization of products with environmental considerations including high recycling products higher performance, downsizing, low power consumption and recyclability.
3. We will reduce environmental hazardous substances and control them appropriately by establishing and reviewing our green procurement guideline regularly.
4. We will work on resource saving, energy saving and recycling activities in R&D offices and facilities, and furthermore strive to improve environment by working with communities.
5. We will continue to provide our employees with training and educational programs on environmental preservation, and help them deepen their knowledge and acquire new technology in important fields. We also will familiarize employees with our MegaChips Environmental Policy, and encourage them to contribute their ideas to our corporate-wide response to the issue of environmental conservation.
6. Our environmental policy will be available to the public through our brochures and other media.

2. Green Procurement at MegaChips

2.1 Promotion of Green Procurement

- (1) In order to lower environmental burdens, we will reduce and eliminate the use of chemical substances shown in Table 1 and 2, including those substances that are contained in raw materials, parts, products, and containers and packaging materials.
- (2) To promote further reduction in the use of environmentally harmful elements, we will procure materials and products from suppliers and contractors whose environmental preservation activities are well established and widely recognized.

2.2 Green Procurement Items

We define green procurement items as the following raw materials, parts, products, and containers and packaging materials. However, materials supplied from our customers are excluded.

- (1) Parts, products, containers and packaging materials that suppliers and contractors design or produce at the request of MegaChips.
- (2) Raw materials, parts, products that MegaChips purchases.
- (3) Containers and packaging materials that are used for MegaChips products and supplied to MegaChips.
- (4) Repacking shipment from trading company.

2.3 The initial application time

After this guideline (Megachips green procurement guideline seventh edition) enforcement date, it shall be applied to a product made after this guideline establishment (update day).

2.4 Definition of term

- (1) Environmentally hazardous substances: The substances which have significant effect on the human body or the global environment.
- (2) Banned substances: Generic name for a substance to ban the use in the manufacturing process and material to prohibit the inclusion of our products
- (3) Prohibited inclusion substances: The substance to prohibit the inclusion to our products and packing materials.
- (4) Banned substances in manufacturing process: The substances which are not approved to use in the manufacturing process of our products.

- (5) Inclusion Restricted substances: The substance should be managed by clarifying the purpose of content, the content ratio, the content and the content position.
- (6) Homogeneous material: The material that cannot be mechanically separated into different sub-materials. The term “homogeneous” means “of uniform composition throughout.”
- (7) Mechanical separation: To separate a material by a mechanical method such as removal of screws, cutting, grinding or crushing.
- (8) Intentionally added: Deliberately used in the formulation of a product where its continued presence is desired to provide a specific characteristic, appearance, property, or quality.

2.5 The list of Banned Substances and Inclusion Restricted Substances:

The lists will be sent separately from this guideline. If the guideline has any revises please replace the revised guideline with previous one.

3. Requests for Our Suppliers and Contractors

3.1 Grasp of banned substances and control target chemical substances situation for delivery goods to the Company.

MCC requests Suppliers/Contractors to investigate whether the delivery goods use the banned chemical substances and the restriction substances. Please submit the latest content in the raw materials, the changed parts and the exception substances in the law also. In addition, we may request you to submit the latest data and the thing that even a lot unit has you submit it without a difference by a document.

3.2 Contain Criteria

Please be calculated in homogeneous material unit.

- Paint and adhesives are measured after being dried cure.
- Numeric data is maximum value (theoretical value or actual measurement)

3.3 Audits of suppliers

If necessary, we may audit your products, materials, secondary materials and manufacturing line when we start trading or regularly, in light of the green procurement guidelines.

3.4 Commitment of banned substances-free

We may request you to submit a certification which your products are complying with "The content suppression substance and the banned substances list". We send the list separately from this standard.

3.5 Laws and Regulations

Laws and regulations may exist, in Japan and overseas, governing uses of and restrictions on substances not included in this guideline. We request our suppliers and contractors to fully comply with such regulations.

3.6 Submission of detailed analysis report

We may request you to provide a detailed analysis report of all material every year to confirm obeying our green procurement guideline.

3.7 Customers Requirement

In order to provide environmental information to our customer, we may request to submit the composition of your products and its chemical substances information. Especially, when you develop a new structure product or using new material products, we may request you to submit a component survey sheet.

3.8 Nonconformity Products

If there is a possibility that the nonconformity products (including suspected products) are supplied to us, please report to us immediately.

3.9 Promotion of Environmental Preservation Activities

We request our suppliers and contractors to understand that the content of this guideline, and promote environmental preservation activities such as reducing ***the use of environmentally hazardous chemical substances***, and preventing adulteration in production process. Your manufacture line might use lead, like lead alloy solder ball and lead plating. I believe that you have been built measures already, but it does not mean there is no risk of lead contamination. I ask you to prevent thoroughly contamination to machine, person, tool and storage.

4. Inquiries

For further inquiries, please contact MegaChips Green Procurement office
(Osaka:+81-6-6399-2873, Makuhari:+81-43-296-7440).