

3 Reduction of Environmental Impact in Upstream Processes

Products must continue to be manufactured, materials and parts purchased, and machining and assembly subcontracted out. The Yokogawa Group therefore makes sure its purchasing is "green" to proactively reduce the environmental burden caused by suppliers and subcontractors.

1. Green Purchasing Guideline

The Yokogawa Group is committed to supplying environmentally friendly products as part of its global environmental protection activities. Purchasing environmentally friendly parts and materials is part of this, so the Group has issued its Green Purchasing Guideline, which puts priority on "green" purchasing and encourages suppliers and subcontractors to understand our attitude to the environment.

(1) Basic Policy

For global environment protection, the Yokogawa Group shall:

- Give priority to transactions with more environmentally-aware suppliers.
- Give priority to purchasing goods that do not contain toxic or harmful substances and that have a lower impact on the environment.

(2) Evaluation Criteria

Under the green purchasing program, the following evaluation criteria are applied to vendors (suppliers and subcontractors):

- Vendors are evaluated in terms of four indicators: the conventional three indicators of quality (Q), cost (C) and lead time (D), and a new indicator, environment (E).
- For the environment indicator of each vendor, the corporate structure and use of substances that cause environmental impacts are assessed.

2. Green Purchasing Activities

To purchase materials, parts, and products that have a low impact on the environment, we strongly encourage materials and parts suppliers and machining subcontractors to work with us on protecting the environment in line with the Yokogawa Group's environmental policy. As part of our green purchasing activities in fiscal 2000, we surveyed chosen vendors, classified them into three ranks (A, B, or C), and recorded these ranks in the purchase management system. We then selected particular vendors and urged them to take concrete measures to reduce their impact on the environment and to take other environmental protection measures such as reducing their use of toxic and harmful substances and making better use of energy. Also, we visited 10 machining subcontractors and gave them advice.

3. Green Purchasing of Stationery, Paper, and Office Equipment

Conventionally green purchasing activities have focused on increasing the ratio of "eco-goods" when making bulk purchases of stationery, paper, office equipment and stock. This is an outdated system, so we built a new e-commerce system featuring next-day-morning delivery, thus eliminating stock. With this new system, the number of eco-goods was doubled.

Eco-Goods in Stationery, Paper, and Office Equipment

	Old System	New System
Eco-goods items	66	113

Green Purchasing Guideline (booklet)

