



Think Automation and beyond...

**IDEC Group Green Procurement
Guidelines
Version 2.1**

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IDEC CORPORATION

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Introduction

Recognizing coexistence with the planet to be a shared wish of humanity and with regard to the relationship between business management and the environment the IDEC Group aims to realize sustainable growth by acting based on assigning top priority to environmental protection in all of its business activities.

As part of these efforts, these IDEC Group Green Procurement Guidelines have been established based on environmental laws and regulations in Japan and around the world, and the Group carries out environmental protection activities intended to lessen its environmental impact.

The understanding and cooperation of suppliers is essential to advancing green procurement activities to protect the environment. Suppliers' cooperation would be highly appreciated as we advance environmental protection activities as part of our corporate social responsibilities, in partnership with our suppliers.

Environmental Policy

Philosophy

Recognizing the goal of a harmonious existence with the earth that we all share, the IDEC Group makes environmental safety and quality a top priority in all aspects of our business while pursuing sustainable business growth.

Policy

1. We shall further strengthen the concept of "SAVE ALL," and shall develop our organization and management structure for promoting and practicing activities to conserve the global environment throughout our business activities.
2. We shall monitor the impact of our business activities on the environment and set environmental objectives within an economically and technologically possible range, hold reviews, and implement continuous improvements for the conservation of the global environment, including the prevention of pollution.
3. We shall obey all applicable laws, ordinances, agreements related to environmental aspects, and shall establish voluntary standards to achieve even further environmental conservation.
4. Our planning and development departments shall engage in conserving the global environment by developing new environmentally friendly products and improving our existing products.

Our production department shall strive to develop and improve environmentally friendly manufacturing technology, shall reduce and monitor production waste, and shall engage in conservation of the global environment.

Our sales and logistics departments shall engage in conservation of the global environment through reducing the environmental burden involved with all aspects of distribution.

5. We shall strive to save resources and energy, promote recycling, reduce waste in all of our business activities, and engage in conservation of the global environment.
6. We shall construct an environmental management system and implement internal audits, and strive to maintain and continually improve the system.
7. We shall hold environmental education and training, inform all employees of the Environment Policy, and raise their awareness.
8. We will actively participate in and contribute to social activities related to environmental conservation.

1. About these IDEC Group Green Procurement Guidelines

1.1. Purpose

The IDEC Group aims to advance materials procurement, manufacturing, and sales activities with minimal environmental impact. These Guidelines express our basic concepts and specific requirements intended to proactively act to protect the earth's environment together with our suppliers, in order to fulfill our responsibility to society to steadily decrease our environmental impact through activities, including thorough compliance with laws and regulations and thorough chemical substances management, efficient use of resources, and protection of biodiversity, throughout the entire product life cycle.

1.2. Scope

These Guidelines apply to activities related to all materials delivered to the IDEC Group for use in products and product packaging and packing materials.

Definition of materials: Raw materials, parts, products, subsidiary materials, labels, packaging materials, packing materials, user's manuals, OEM/ODM products

2. About chemical substances contained in materials delivered

2.1. IDEC Group restricted chemicals

The IDEC Group has identified IDEC Group restricted chemicals. It manages chemical substances contained in products in two categories: prohibited chemicals and controlled chemicals.

Depending on circumstances in the destinations of product delivery or sale, some chemicals may require separate handling. Information on such handling will be provided on a case-by-case basis as necessary.

2.1.1. Prohibited chemicals (Annex 1)

In principle, all materials delivered to the IDEC Group must be free from content of the prohibited chemicals identified in Annex 1 to these Guidelines in excess of their threshold values. In principle, use of these prohibited chemicals is prohibited under laws and regulations of Japan and other countries.

Suppliers are required to prove that the materials they deliver do not use any prohibited chemicals and to submit documentation, such as the IDEC Group Certification of Non-use of Prohibited Chemicals.

2.1.2. Controlled chemicals (Annex 2)

The controlled chemicals identified in Annex 2 to these Guidelines are chemical substances that, while not restricted at this time, are ones for which regulators are considering prohibiting use or ones thought to have environmental impact and for which the IDEC Group ascertains information on whether or not they are contained in products and, if applicable, their concentrations.

2.2. Development of a system for control of restricted chemicals

Suppliers are requested to develop control systems that make it possible to ascertain the latest information on subjects, such as whether or not prohibited chemicals (Annex 1) and controlled chemicals (Annex 2) are contained in materials delivered to the IDEC Group and, if applicable, their concentrations, and to keep the data in such systems up to date.

2.3. Information disclosure and communication

If asked to provide information on parts and materials used in materials delivered to the IDEC Group (i.e., types of materials included, whether or not any IDEC Group restricted chemicals are included, and, if so, their concentrations), suppliers are requested to cooperate in responding swiftly using formats, such as chemSHERPA-AI/CI.

3. Requests to suppliers

Suppliers are requested to understand and support the IDEC Group's environmental protection activities and to cooperate in proactively implementing the following items.

3.1. Development of environmental management systems

To promote environmental protection activities throughout the entire supply chain, it is recommended that suppliers develop environmental management systems through attaining and renewing third-party certifications, such as ISO 14001. Even suppliers that have not attained such certification are requested to develop systematic environmental management systems that include legal and regulatory compliance and environmental protection initiatives.

We can provide support for suppliers thinking about newly attaining ISO 14001 or other third-party certification or developing new environmental management systems. Please feel free to consult with us concerning such initiatives. As necessary, the IDEC Group's activities may include auditing of suppliers' environmental protection initiatives and control of chemical substances included in products, through on-site audits or questionnaires.

3.2. Conforming to laws and regulations in business activities

Suppliers are requested to prevent air, soil, and water pollution through strict compliance with the requirements of environmental regulations and applicable laws in the countries and regions in which their companies and business sites are located and proper handling and monitoring of restricted chemicals.

In Japan, suppliers are requested to comply with the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc., the Industrial Safety and Health Act, the Air Pollution Control Act, the Water Pollution Prevention Act, and other applicable laws and regulations, in both the procurement and manufacturing stages.

3.3. Lessening of impact on water resources

In light of the significant possibility of a massive reduction in water resources available for use due to growth in demand for such resources resulting from population growth and economic development, as well as variations in precipitation, the need to balance use with residence, the impact of climate change on water resources, and water pollution, the impact of business activities on water resources needs to be reduced. Suppliers are requested to strive to reduce their water use, improve the quality of drain water discharged, and protect water resources.

3.4. Waste reduction

In addition to proper disposal of waste at supplier facilities in accordance with laws and regulations, suppliers are requested to promote recycling and to strive to reduce waste.

3.5. Effective utilization of resources

The IDEC Group is promoting the supply of eco-friendly products reflecting consideration for resource saving and energy saving. Suppliers are requested to proactively propose the initiatives described under (1)-(9) below with regard to effective utilization of resources and promotion of recycling.

- (1) Not using, or reducing use of, raw materials at risk of depletion
- (2) Appropriate use of renewable resources
- (3) Utilization of closed-loop recycling
- (4) Use of materials with consideration for recycling after product use
- (5) Extending product life spans
- (6) Simplification of packing and packaging materials in distribution and reuse and recycling of packing materials
- (7) Reducing products' weights and sizes
- (8) Reducing electricity consumed and on standby
- (9) Simplification of disassembly for recycling

3.6. Control and reduction of CO₂ and other greenhouse-gas emissions

To combat global warming, the IDEC Group strives to reduce emissions of CO₂ and other greenhouse gases. Suppliers are requested to implement proactive initiatives to reduce emissions of greenhouse gases throughout the product life cycle from procurement of raw materials used in products and parts delivered to disposal as waste after product use.

Greenhouse gases: carbon dioxide, methane, dinitrogen monoxide (nitrous oxide), ozone-depleting substances, fluorine greenhouse gases

3.7. Initiatives to protect biodiversity

Consideration for living creatures and ecosystems is essential to environmental protection. Suppliers are requested to join us in consideration for protecting nature and biodiversity. In cases when building new facilities or expanding existing ones or changing waste storage locations or waste discharged, please implement an environmental impact assessment and try to minimize the impact on nature.

4. Terminology

4.1. Laws and regulations

(1) EU RoHS Directive

The EU RoHS Directive (2011/65/EU) (RoHS2 Directive) is an EU directive prohibiting use of harmful substances (cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyl [PBB], and polybrominated diphenyl ethers [PBDE]) in electrical and electronic equipment (EEE).

While the timing varies by product category, the substances of bis(2-ethylhexyl) phthalate (DEHP, DOP), benzyl butyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP) have been added as well. The maximum permissible concentration is 0.01 wt% for cadmium and 0.1 wt% for the other substances.

(2) REACH Regulations

The REACH Regulations were enacted by the EU in 2007 to control chemical substances. The following duties must be complied with when exporting articles to the EU.

Duty of restriction of use: Products containing the restricted substances identified in Annex XVII may be exported to the EU only in conformity to the restrictive conditions indicated.

Duty of communicating information: When exporting to the EU articles containing more than 0.1% by weight of substances of very high concern (SVHC), information to that effect must be communicated.

(3) Chinese RoHS

Restricts six specified harmful substances (toxic chemical substances and elements): cadmium, lead, mercury, hexavalent chromium, polybrominated biphenyl (PBB), and polybrominated diphenyl ethers (PBDE). While the threshold values it specifies are the same as those of the EU RoHS Directive, it does not include any exempted uses. Requires products to be labeled with their environment-friendly use periods.

(4) Minamata Convention on Mercury and Act to Prevent the Mercurial Pollution of the Environment

Prohibits manufacture of specific products using mercury and use of mercury and related materials in manufacturing processes. Requires labeling of products using components that contain mercury as using mercury or similar materials.

(5) Act on the Evaluation of Chemical Substances and Regulation of their Manufacture, etc.

A law intended to prevent environmental pollution by chemical substances that could be harmful to human health or be detrimental to the habitation or growth of plants and animals.

Includes restrictions on importation, manufacture, and use of chemical substances depending on their properties (i.e., decomposition, accumulation, toxicity, and environmental residuals).

(6) Industrial Safety and Health Act

A law intended to protect the health and safety of workers as well as encouraging the formation of comfortable working environments.

(7) Air Pollution Control Act

Establishes emissions standards by type of pollutant and type and size of facility for atmospheric pollutants emitted or dispersed from plants and other business sites.

(8) Water Pollution Prevention Act

Requires compliance with drain water standards related to drain water from plants and other business sites and establishes regulations, such as restrictions on groundwater penetration.

4.2. Other terms

- (1) Non-use
Clear indication that a chemical substance is not included in more than the threshold value in homogenous materials, whether as an intentional additive or an unintentional impurity.
- (2) Homogeneous materials
Materials with a homogenous composition that cannot be broken down further mechanically.
- (3) Threshold value
The threshold value for a prohibited chemical is the regulatory value of the concentration of such chemical, derived as the content of that chemical substance divided by the mass of the homogeneous material.
- (4) Impurities
Substances included in natural materials that cannot be removed through refining or subjects arising through reactions in manufacturing processes that cannot be removed technically.
- (5) Exempted uses
The EU RoHS Directive permits exceptional use of content in excess of threshold values, for a temporary period, for uses for which substitution is technically unfeasible. However, these are subject to periodic review.
- (6) Closed-loop recycling
Recycling remnants and scrap into the same products with similar levels of quality.
- (7) Subsidiary materials
These include materials, such as solder, grease, adhesives, ink, and residual detergents or chemicals remaining in delivered materials.
- (8) Labels, packaging materials, packing materials
These include, respectively, base materials and film, coating materials, and ink and cushioning materials.
- (9) chemSHERPA-AI/CI
A scheme for communicating throughout the entire supply chain information on chemical substances that may be used in products, developed under the leadership of the Ministry of Economy, Trade and Industry of Japan to integrate the information-communication schemes used by individual organizations. Tools downloadable from the chemSHERPA website include chemSHERPA-AI, used to support preparation of data on articles and chemSHERPA-CI, used to support preparation of data on chemical products.

Revision Record

Revised Date	Revised contents
October, 2018 Ver. 1	Established
January, 2020 Ver 2	2.3. Information disclosure and communication Deleted JAMP-AIS/MSDSplus from information disclosure format.
March, 2022 Ver.2.1	Changed the department in charge to Procurement Dept., Production/SCM Div and Environmental Promotion Office.

IDEC CORPORATION

Procurement Dept., Production/SCM Div.
2-6-64 Nishimiyahara, Yodogawa-ku,
Osaka 532-0004, Japan
Tel: +81-6-7668-7580

Environment Promotion Dept.
2-6-64 Nishimiyahara, Yodogawa-ku,
Osaka 532-0004, Japan
Tel: +81-6-6398-2507

