



Think Automation and beyond...

IDEC Group Green Procurement Guidelines

Version 3.0

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IDEC CORPORATION

Table of Contents

1 Introduction 2

2 Purpose of the Green Procurement Guidelines 2

3 Scope of the Guidelines 2

4 Requests to Our Suppliers 3

 4.1 Establishment of an Environmental Management System 3

 4.2 IDEC Group’s Management of Restricted Chemicals 3

 4.2.1 Prohibited Chemicals 4

 4.2.2. Controlled Chemicals 4

 4.2.3. Exemptions..... 4

 4.2.4. Establishment, disclosure, and communication of a restricted chemicals management system 4

 4.3 Development of circulating society (effective utilization of resources) 5

 4.4 Reduction of GHG emissions, including CO2..... 5

 4.5 Compliance with laws and regulations in business activities..... 6

 4.6 Reducing impacts on water resources..... 6

 4.7 Initiatives to conserve biodiversity and ecosystems of land, marine and freshwater.....6

Revision records..... 7

[ANNEX] Restricted chemicals

Table 1. Prohibited chemicals1

Table 2. Controlled chemicals3

Table 3. Applicable laws and regulations3

Table 4. Exemptions4

Revision records7

1 Introduction

The IDEC Group is committed to creating an optimum environment for humans and machines, aiming to realize safety, ANSHIN, and well-being for people worldwide.

Our planet is now facing environmental crises that threaten the foundation of life for humanity and all living creatures, including climate change, biodiversity loss, and pollution. These environmental crises pose significant risks to natural capital and are also critical social issues that must be addressed as risks that impact people's health and well-being.

To achieve safety, ANSHIN, and well-being for people, as well as for the future, we must take immediate and effective actions to mitigate these environmental crises.

Additionally, there is growing recognition that the way companies address environmental issues impacts their competitiveness. Since the declaration of carbon neutrality by 2050, ESG investments have expanded, and initiatives to disclose climate- and nature-related information have become more widespread. Recognizing that climate change and biodiversity loss are not only risks but also business opportunities, there is increasing movement to link environmental solutions to the creation of corporate value.

The IDEC Group is dedicated to contributing to the transition toward a sustainable society through environmentally conscious and responsible corporate actions. We prioritize environmental management as a core issue, including minimizing the potential negative impacts of all our business activity, products, and services, while proposing solutions to address and respond to climate change to pass on a sustainable society to future generations. We sincerely ask for the understanding and cooperation of all our suppliers in supporting these efforts.

2 Purpose of the Green Procurement Guidelines

The IDEC Group promotes the procurement of eco-friendly materials and products. These guidelines are designed to encourage our suppliers to actively participate in environmental management activities with us. This joint effort aims to continuously reduce environmental impact throughout the entire product lifecycle by ensuring strict compliance with laws and regulations, thorough management of chemical substances, reduction of CO2 emissions, efficient use of resources, and the preservation of biodiversity. The guidelines set forth our principles and specific requirements to achieve these objectives.

3 Scope of the Guidelines

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

Definition of materials: Raw materials, components, finished products, auxiliary materials, labels, packaging materials for the IDEC Group's products, printed materials such as instruction manuals included with IDEC Group products.

4 Requests to Our Suppliers

To address environmental challenges such as climate change, biodiversity loss, and pollution throughout the entire lifecycle of products and services, from material procurement to disposal, it is essential to implement environmental management activities across the entire supply chain. The environmental fields companies must tackle have become increasingly diverse, including carbon neutrality, nature positivity, and the circular economy.

Moreover, ESG investments and international environmental disclosure standards demand responsible corporate conduct, including the implementation of due diligence and fulfillment of accountability.

Due diligence involves identifying any negative impacts arising from corporate activities along the value chain (such as global overheating, ecosystem degradation, hazardous waste, and soil, air, and water pollution). It also requires taking measures to prevent and mitigate these impacts and explaining how these measures have been implemented. This process necessitates active two-way collaboration with our suppliers.

We kindly ask our suppliers to understand and support the IDEC Group's environmental management activities, actively engage in the areas outlined in the Green Procurement Guidelines and cooperate in sharing relevant information.

4.1 Establishment of an Environmental Management System

To promote environmental management activities, we request that you establish an environmental management system that clearly defines the formulation of environmental policies, the setting of eco-friendly objectives, the function of monitoring for environmental activities, management of chemical substances, and environmental education for employees. We recommend adopting a credible environmental management system, such as ISO 14001, which includes third-party audits for verification.

For suppliers considering the establishment of a new environmental management system, we are available to provide support. Please do not hesitate to contact us for assistance.

As part of the IDEC Group's initiatives, we may conduct audits of our suppliers' environmental management activities and chemical substance management, as necessary. These audits may be conducted through on-site visits or by using self-assessment forms.

4.2 IDEC Group's Management of Restricted Chemicals

To ensure compliance with laws and regulations applicable to IDEC Group's business activities and to prevent environmental contamination by chemical substances, we have clearly defined prohibited and controlled chemicals, along with applicable exemptions, for materials used in our products.

Additionally, if specific chemicals require special management due to requests from product recipients or legal requirements in sales regions, we will provide detailed information and instruction on a case-by-case basis.

4.2.1 Prohibited Chemicals

As a general rule, all materials delivered to the IDEC Group must not contain prohibited chemicals listed in Annex Table 1 in amounts exceeding their specified threshold values. However, exemptions outlined in Annex Table 4 are excluded from this requirement. Suppliers must ensure that the materials they deliver comply with these requirements and guarantee the absence of prohibited chemicals above the threshold values. Additionally, they are required to submit relevant documentation, such as the IDEC Group's Certification of Non-use of Prohibited Chemicals.

4.2.2. Controlled Chemicals

The controlled chemicals listed in Annex Table 2 are not currently restricted but are either under consideration for prohibition by laws and regulations or are of environmental concerns. The IDEC Group requires information on whether these substances are present in products and, if so, their concentrations.

4.2.3. Exemptions

Based on the exemptions allowed under major laws and regulations, the IDEC Group permits its own "exceptional uses" of substances exceeding threshold values have each limited period, provided that substitution is technically unfeasible. These exemptions are listed in Annex Table 4. Please note that, due to characteristics of IDEC Group products and the possibility of extended inventory periods, some exemptions may end or are scheduled to end earlier than required by legal regulations. These exemptions are subject to periodic review.

4.2.4. Establishment of a restricted chemicals management system, disclosure, and communication

Suppliers are requested to establish management systems to monitor and maintain up-to-date information on whether prohibited and controlled chemicals specified by the IDEC Group are present in materials delivered to us, as well as their concentrations.

When we request information on the composition of delivered materials, the presence and concentrations of the IDEC Group's restricted substances of them, and the supporting evidence, we kindly ask for your prompt cooperation in providing this information using any formats or standardized formats such as chemSHERPA-AI/CI.

If it is discovered that prohibited chemical substances exceed threshold values or that contamination has occurred during the manufacturing process, please notify us immediately.

4.3 Development of circulating society (effective utilization of resources)

For the development of circulating society, we are committed to reducing resource usage and improving resource circulation throughout the entire value chain.

The recycle and reuse of resources not only help reduce waste generations and dependency on underground resources, such as fossil fuels, but also address international competition for resource security, geopolitical risks, and contribute to reducing GHG emissions.

Furthermore, there is a growing global trend, particularly in Europe, towards the use of recycled materials. Failure to act promptly could result in a loss of industrial competitiveness.

The IDEC Group is dedicated to promoting the development of eco-friendly products that support a circulating society.

We encourage suppliers to proactively propose and adopt the best technologies listed in items (1) to (10) as long as they are feasible.

In addition, we ask that suppliers properly dispose of waste at their business locations in accordance with laws and regulations, promote recycling, and strive to reduce waste.

- (1) Extended product lifespan (durability, stable quality)
- (2) Weight-reduction and miniaturization of products
- (3) Utilization of recycled materials and biomass materials.
- (4) Materials designed for recyclability after the end-of-life product life.
- (5) Ease of product disassembly
- (6) Reduction of power consumption and standby power.
- (7) Potential for product upgrades and repairs
- (8) Substitution and reduction of resources with supply risks.
- (9) Simplification of packaging for logistics, and reuse or recycling of packaging materials
- (10) Product carbon footprint

4.4 Reduction of GHG emissions, including CO2

Companies play a vital role in contributing to the achievement of climate change mitigation and adaptation goals, including the internationally agreed-upon target of achieving carbon neutrality by 2050.

The impact of climate change caused by global boiling are not limited to affected areas. They also pose significant risks to business operations worldwide due to the disruptions in supply chains and logistics.

The IDEC Group is accelerating efforts to reduce GHG emissions to achieve carbon neutrality by 2050. However, achieving this goal requires a reduction in GHG emissions across the entire supply chain.

We ask our suppliers to actively work on reducing of GHG emissions throughout their business operations by promoting energy-saving, adopting renewable energy, and utilizing next-generation energy sources.

Furthermore, we request that suppliers measure CO2 emissions generated during the processes leading to material delivery including raw materials procurement, manufacturing, and transportation. Please provide this information upon requested by the IDEC Group.

4.5 Compliance with laws and regulations in business activities

Suppliers are requested to comply with all applicable environmental and occupational safety regulations, as well as relevant legal requirements in the countries and regions where their companies and business facilities operate. This includes compliance during procurement and manufacturing stages.

4.6 Reducing impacts on water resources

With the global population expected to grow rapidly, issues related to water resources such as limited availability, reduced surplus land for development, and heightened competition for use are becoming increasingly evident. Additionally, factors such as extreme droughts, seasonal fluctuations in rainfall, competing demands with local communities, climate change impacts on water resources, and contamination of water sources pose significant challenges. These factors suggest a substantial potential reduction in accessible water resources, necessitating proactive measures within business activities. Suppliers are therefore requested to actively work on reducing water consumption, improving wastewater quality, and preserving water resources.

4.7 Initiatives to conserve biodiversity and ecosystems of land, marine and freshwater

To realize a society that coexists with nature, the IDEC Group evaluates the dependency and impact of its business activities on biodiversity and considers local ecosystems. We are committed to reducing negative environmental impacts across the entire value chain.

Biodiversity and ecosystems have been reported to be changing at an unprecedented rate in human history over the past 50 years, with almost 25% of animal and plant species at risk of extinction. Achieving nature positive in 2030 (to halt nature loss and reverse the trend by 2030) is a globally agreed target.

Suppliers are requested to consider the impacts by the various aspects in their operations on both domestic and international ecosystems and biodiversity. In case of changes in raw material procurement, waste storage conditions, emissions, or the establishment or expansion of facilities, suppliers must conduct an environmental impact assessment (environmental assessment) and implement measures to minimize negative environmental impacts.

5. Terminology

(1) Intentional use

The deliberate inclusion of a specific chemical substance.

(2) Homogeneous materials

Materials with a uniform composition that cannot be further separated mechanically.

(3) Threshold value

The regulatory limit for the concentration of a prohibited chemical substance, calculated as the content of the substance divided by the mass of the homogeneous material.

(4) REACH Regulation

Requirements for compliance with IDEC Group's products:

Duty of restrictions of use: The placing on the EU market of articles containing certain dangerous substances listed in Annex 17 is subject to restrictions on the conditions of their use.

Duty of communicating information: When placing on the EU market of articles containing more than 0.1% by weight of substances of very high concern (SVHC), information must be communicated to users and registered in the database.

(5) Subsidiary materials

Chemical substances such as detergents, treatment agent, and processing oil that may remain in solder, grease, adhesives, paint, ink, and parts.

Revision records

October 2018 Version 1

January 2020 Version 2

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